

File No. 171253

Committee Item No. 7
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS
AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date January 11, 2018

Board of Supervisors Meeting

Date _____

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
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OTHER (Use back side if additional space is needed)

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Completed by: Linda Wong Date January 5, 2018
Completed by: Linda Wong Date _____

1 [Sale of General Obligation Bonds - Transportation and Road Improvement Bonds, 2014 - Not
2 to Exceed \$177,000,000]

3 **Resolution authorizing and directing the sale of not to exceed \$177,000,000 aggregate**
4 **principal amount of City and County of San Francisco General Obligation Bonds**
5 **(Transportation and Road Improvement Bonds, 2014), Series 2018B; prescribing the**
6 **form and terms of said bonds; authorizing the execution, authentication, and**
7 **registration of said bonds; providing for the appointment of depositories and other**
8 **agents for said bonds; providing for the establishment of accounts related to said**
9 **bonds; providing for the manner of sale of said bonds by either competitive or**
10 **negotiated sale; approving the forms of Official Notice of Sale and Notice of Intention**
11 **to Sell Bonds; directing the publication of the Notice of Intention to Sell Bonds;**
12 **approving the form of the Preliminary Official Statement and the form and execution of**
13 **the Official Statement relating to the sale of said bonds; approving the form of the**
14 **Continuing Disclosure Certificate; authorizing and approving modifications to**
15 **documents, as defined herein; declaring the City's official intent to reimburse certain**
16 **expenditures; waiving the deadline for submission of Bond Accountability Reports;**
17 **adopting findings under the California Environmental Quality Act (CEQA), CEQA**
18 **Guidelines and Chapter 31 of the Administrative Code; ratifying certain actions**
19 **previously taken as defined herein; and granting general authority to City officials to**
20 **take necessary actions in connection with the authorization, issuance, sale, and**
21 **delivery of said bonds, as defined herein.**

22
23 WHEREAS, By Resolution No. 228-14 adopted by the Board of Supervisors (the
24 "Board") of the City and County of San Francisco (the "City") on July 8, 2014 and signed by
25 the Mayor of the City (the "Mayor") on July 18, 2014, it was determined and declared that

1 public interest and necessity demands the acquisition, construction and improvement of
2 street, transportation and related infrastructure therein described (the "Project"); and

3 WHEREAS, By Ordinance No. 148-14 adopted by the Board on July 15, 2014, and
4 signed by the Mayor on July 24, 2014 (the "Bond Ordinance"), the Board duly called a special
5 election to be held on November 4, 2014 (the "Bond Election"), for the purpose of submitting
6 to the electors of the City a proposition to incur bonded indebtedness in the amount of
7 \$500,000,000 to finance the Project ("2014 Proposition A") , and such proposition was
8 approved by not less than a two-thirds vote of the qualified electors of the City voting on such
9 proposition; and

10 WHEREAS, By Resolution No. 193-15 adopted by the Board on June 2, 2015 and
11 signed by the Mayor on June 9, 2015 (the "Authorizing Resolution"), the City authorized the
12 issuance of not to exceed \$500 million of its General Obligation Bonds (Transportation and
13 Road Improvement Bonds, 2014) (the "Bonds"); and

14 WHEREAS, By Resolution No. 192-15, adopted by the Board of Supervisors on June
15 2, 2015, and signed by the Mayor on June 9, 2015, the City authorized the sale of the Bonds
16 (the "Series 2015B Bonds"), which Series 2015B Bonds were issued in the principal amount
17 of \$67,005,000; and

18 WHEREAS, It is now necessary and desirable to issue a second series of Bonds in
19 aggregate principal amount of not to exceed \$177,000,000 City and County of San Francisco
20 General Obligation Bonds (Transportation and Road Improvement Bonds, 2014), Series
21 2018B (the "Series 2018B Bonds"), to finance a portion of the costs of the Project; and

22 WHEREAS, The Series 2018B Bonds are being issued pursuant to the Authorizing
23 Resolution and Title 5, Division 2, Part 1, Chapter 3, Article 4.5 of the California Government
24 Code, the Charter of the City (the "Charter"), the Bond Ordinance and the Bond Election; and
25

1 WHEREAS, The City has paid and expects to pay certain expenditures in connection
2 with the Project to be financed by the Series 2018B Bonds prior to the issuance and sale of
3 the Series 2018B Bonds, and the City intends to reimburse itself and to pay third parties for
4 such prior expenditures from the proceeds of the Series 2018B Bonds; and

5 WHEREAS, Section 1.150-2 of the Treasury Regulations promulgated under the
6 Internal Revenue Code of 1986 (the "Reimbursement Regulations") requires the City to
7 declare its reasonable official intent to reimburse prior expenditures with the proceeds of a
8 subsequent borrowing; and

9 WHEREAS, The Reimbursement Regulations require that any reimbursement
10 allocation of proceeds of the Series 2018B Bonds to be made with respect to expenditures
11 incurred prior to the issuance of the Series 2018B Bonds will occur not later than eighteen
12 (18) months after the later of (i) the date on which the expenditure is paid or (ii) the date on
13 which the facilities are placed in service, but in no event later than three (3) years after the
14 expenditure is paid; and

15 WHEREAS, The Citizens' General Obligation Bond Oversight Committee shall conduct
16 an annual review of bond spending and shall provide an annual report on the management of
17 the program to the Mayor and the Board, and, to the extent permitted by law, one-tenth of one
18 percent (0.1%) of the gross proceeds of the Series 2018B Bonds shall be deposited in a fund
19 established by the City Controller's Office and appropriated by the Board at the direction of
20 the Citizens' General Obligation Bond Oversight Committee to cover the costs of such
21 Committee and its review process; now, therefore, be it

22 RESOLVED by the Board of Supervisors of the City and County of San Francisco, as
23 follows:

24 Section 1. Recitals. All of the recitals in this Resolution are true and correct.
25

1 Section 2. Conditions Precedent. All conditions, things and acts required by law to
2 exist, to happen and to be performed precedent to the issuance of the Series 2018B Bonds
3 and the adoption of this Resolution exist, have happened and have been performed in due
4 time, form and manner in accordance with applicable law, and the City is now authorized
5 pursuant to the Bond Election and the Charter and applicable law to incur indebtedness in the
6 manner and form provided in this Resolution.

7 Section 3. Documents. The documents presented herein to the Board are on file
8 with the Clerk of the Board in File No. 171253.

9 Section 4. Issuance and Sale of Series 2018B Bonds; Determination of Certain
10 Terms; Designation. The Board hereby authorizes the issuance and sale of not to exceed
11 \$177,000,000 in aggregate principal amount of Bonds to be designated as "City and County of
12 San Francisco General Obligation Bonds (Transportation and Road Improvement Bonds,
13 2014), Series 2018B" (or such other designation as may be necessary or appropriate), for the
14 purposes set forth in the Bond Ordinance and in 2014 Proposition A approved by the voters at
15 the Bond Election.

16 The Director of Public Finance of the City or his or her designee (the "Director of Public
17 Finance") is hereby authorized to determine, for the Series 2018B Bonds, the sale date, the
18 interest rates, the definitive principal amount, the maturity dates and the redemption dates, if
19 any, and the terms of any optional or mandatory redemption thereof, subject to the other
20 specific provisions of this Resolution, including the following terms and conditions: (i) the
21 Series 2018B Bonds shall not have a true interest cost in excess of 12% (as such term is
22 defined in the Official Notice of Sale (as defined in Section 14(a) hereof); and (ii) the Series
23 2018B Bonds shall not have a final maturity date after June 15, 2043. The Director of Public
24 Finance is further authorized to give the Series 2018B Bonds such additional or other series
25 designation, or to modify such series designation, as may be necessary or appropriate to

1 distinguish the Series 2018B Bonds from every other series of Bonds and from other bonds
2 issued by the City.

3 Section 5. Execution, Authentication and Registration of the Series 2018B Bonds.

4 Each of the Series 2018B Bonds shall be in fully registered form without coupons in
5 denominations of \$5,000 or any integral multiple thereof. The officers of the City are hereby
6 directed to cause the Series 2018B Bonds to be prepared in sufficient quantity for delivery to
7 or for the account of the purchaser thereof and the Controller of the City or his or her designee
8 (the "Controller") is hereby directed to cause the blanks in the Series 2018B Bonds to be
9 completed in accordance with the Authorizing Resolution and the Bond Award (as defined in
10 Section 14(c) hereof), to procure their execution by the proper officers of the City (including by
11 facsimile signature if necessary or convenient, excluding any facsimile signature for the Clerk
12 of the Board, which shall be required to be signed manually) and authentication as provided in
13 this Section 5, and to deliver the Series 2018B Bonds when so executed and authenticated to
14 said purchaser in exchange for the purchase price thereof, all in accordance with the
15 Authorizing Resolution.

16 The Series 2018B Bonds and the certificate of registration and authentication, to be
17 manually executed by the Treasurer of the City or designee thereof (the "City Treasurer"), and
18 the form of assignment to appear on the Series 2018B Bonds shall be substantially in the form
19 attached hereto as Exhibit A (a copy of which is on file with the Clerk of the Board and which
20 is hereby declared to be a part of this Resolution as if fully set forth in this Resolution), with
21 such necessary or appropriate variations, omissions and insertions as permitted or required
22 by this Resolution.

23 Only Series 2018B Bonds bearing a certificate of registration and authentication
24 executed by the City Treasurer shall be valid or obligatory for any purpose or entitled to the
25 benefits of the Authorizing Resolution and this Resolution, and such certificate of the City

1 Treasurer, executed as provided in this Resolution, shall be conclusive evidence that the
2 Series 2018B Bonds so authenticated have been duly authenticated and delivered under, and
3 are entitled to the benefits of, the Authorizing Resolution and this Resolution.

4 The Controller shall assign a distinctive letter, or number, or letter and number to each
5 Series 2018B Bond authenticated and registered by the City Treasurer and shall maintain a
6 record thereof which shall be available for inspection.

7 Section 6. Registration Books. The City Treasurer shall keep or cause to be kept, at
8 the office of the City Treasurer, or at the designated office of any registrar appointed by the
9 City Treasurer, separate and sufficient books for the registration and transfer of Series 2018B
10 Bonds, which books shall at all times be open to inspection, and upon presentation for such
11 purpose, the City Treasurer shall, under such reasonable regulations as he or she may
12 prescribe, register or transfer or cause to be registered or transferred, on said books Series
13 2018B Bonds, as provided in this Resolution. The City and the City Treasurer may treat the
14 registered owners of each Series 2018B Bond in such registration book (the "Registered
15 Owners") as the absolute owners thereof for all purposes, and the City and the City Treasurer
16 shall not be affected by any notice to the contrary.

17 Section 7. Transfer or Exchange of Series 2018B Bonds. Any Series 2018B Bond
18 may, in accordance with its terms, be transferred upon the registration books required to be
19 kept pursuant to the provisions of Section 6 hereof, by the Registered Owner, in person or by
20 the duly authorized attorney of such person in writing, upon surrender of such Series 2018B
21 Bond for cancellation, accompanied by delivery of a duly executed written instrument of
22 transfer in a form approved by the City Treasurer.

23 Any Series 2018B Bond may be exchanged at the office of the City Treasurer for a like
24 aggregate principal amount of other authorized denominations of the same interest rate and
25 maturity.

1 Whenever any Series 2018B Bond shall be surrendered for transfer or exchange, the
2 designated City officials shall execute (as provided in Section 5 hereof) and the City Treasurer
3 shall authenticate and deliver a new Series 2018B Bond of the same interest rate and maturity
4 in a like aggregate principal amount. The City Treasurer shall require the payment by any
5 Registered Owner requesting any such transfer of any tax or other governmental charge
6 required to be paid with respect to such transfer or exchange.

7 No transfer or exchange of Series 2018B Bonds shall be required to be made by the
8 City Treasurer during the period from the Record Date (as defined in Section 8 hereof) next
9 preceding each interest payment date to such interest payment date or after a notice of
10 redemption shall have been mailed with respect to such Series 2018B Bonds.

11 Section 8: Terms of the Series 2018B Bonds; General Redemption Provisions.

12 (a) Date of the Series 2018B Bonds. The Series 2018B Bonds shall be dated the
13 date of their delivery or such other date (the "Dated Date"), as specified in the Bond Award.

14 (b) Payment of the Series 2018B Bonds. The principal of the Series 2018B Bonds
15 shall be payable in lawful money of the United States of America to the Registered Owner
16 thereof, upon the surrender thereof at maturity or earlier redemption at the office of the City
17 Treasurer. The interest on the Series 2018B Bonds shall be payable in like lawful money to
18 the Registered Owner whose name appears on the bond registration books of the City
19 Treasurer as the Registered Owner thereof as of the close of business on the last day of the
20 month immediately preceding an interest payment date (the "Record Date"), whether or not
21 such day is a Business Day (as defined below).

22 Except as may be otherwise provided in connection with any book-entry only system
23 applicable to the Series 2018B Bonds, payment of the interest on any Series 2018B Bond
24 shall be made by check mailed on the interest payment date to its Registered Owner at such
25 Owner's address as it appears on the registration books as of the Record Date; provided,

1 however, if any interest payment date occurs on a day that banks in California or New York
2 are closed for business or the New York Stock Exchange is closed for business, then such
3 payment shall be made on the next succeeding day that banks in both California and New
4 York are open for business and the New York Stock Exchange is open for business (each, a
5 "Business Day"); and provided, further, that the Registered Owner of an aggregate principal
6 amount of at least \$1,000,000 of Series 2018B Bonds may submit a written request to the City
7 Treasurer on or before a Record Date preceding an interest payment date for payment of
8 interest on the next succeeding interest payment date and thereafter by wire transfer to a
9 commercial bank located within the United States of America.

10 For so long as any Series 2018B Bonds are held in book-entry form by a securities
11 depository selected by the City pursuant to Section 11 hereof, payment of principal and
12 interest shall be made to the Registered Owner of the Series 2018B Bonds designated by
13 such securities depository by wire transfer of immediately available funds.

14 (c) Interest on the Series 2018B Bonds. The Series 2018B Bonds shall bear
15 interest at rates to be determined upon the sale of the Series 2018B Bonds, calculated on the
16 basis of a 360-day year comprised of twelve 30-day months, payable on June 15, 2018 (or
17 such other date as may be designated in the applicable Bond Award), and semiannually
18 thereafter on June 15 and December 15 of each year. Each Series 2018B Bond shall bear
19 interest from the interest payment date next preceding the date of authentication thereof
20 unless it is authenticated as of a day during the period from the Record Date next preceding
21 any interest payment date to the interest payment date, inclusive, in which event it shall bear
22 interest from such interest payment date, or unless it is authenticated on or before the first
23 Record Date, in which event it shall bear interest from the Dated Date; provided, however,
24 that if, at the time of authentication of any Series 2018B Bond, interest is in default on the
25 Series 2018B Bonds, such Series 2018B Bond shall bear interest from the interest payment

1 date to which interest has previously been paid or made available for payment on the Series
2 2018B Bonds or from the Dated Date if the first interest payment is not made.

3 (d) Optional Redemption. The Series 2018B Bonds shall be subject to optional
4 redemption prior to maturity as provided in the Official Notice of Sale or the Bond Award.

5 (e) Mandatory Redemption. The Series 2018B Bonds shall be subject to mandatory
6 redemption at par, by lot, in any year in which the purchaser thereof has designated that the
7 principal amount payable with respect to that year shall constitute a mandatory sinking fund
8 payment, as and to the extent permitted by the Official Notice of Sale. Any Series 2018B
9 Bonds subject to mandatory redemption shall be designated as such in the Official Notice of
10 Sale or the Bond Award.

11 The principal of and interest on the Series 2018B Bonds subject to mandatory
12 redemption shall be paid from the Series 2018B Bond Subaccount (as defined in Section 9
13 hereof), pursuant to Section 9 hereof. In lieu of any such mandatory redemption for the
14 Series 2018B Bonds, at any time prior to the selection of the Series 2018B Bonds for
15 mandatory redemption, the City may apply amounts on deposit in the Series 2018B Bond
16 Subaccount to purchase Series 2018B Bonds subject to such redemption, at public or private
17 sale, as and when and at such prices not in excess of the principal amount thereof (including
18 sales commission and other charges but excluding accrued interest), as the City may
19 determine.

20 (f) Selection of Series 2018B Bonds for Redemption. Whenever less than all of the
21 outstanding Series 2018B Bonds are called for redemption on any date, the City Treasurer will
22 select the maturities of the Series 2018B Bonds to be redeemed in the sole discretion of the
23 City Treasurer. Whenever less than all of the outstanding Series 2018B Bonds maturing on
24 any one date are called for redemption on any one date, the City Treasurer will select the
25 Series 2018B Bonds or portions thereof, in denominations of \$5,000 or any integral multiple

1 thereof, to be redeemed from the outstanding Series 2018B Bonds maturing on such date not
2 previously selected for redemption, by lot in any manner which the City Treasurer deems fair.

3 If the Series 2018B Bonds to be optionally redeemed are also subject to mandatory
4 redemption, the City Treasurer shall designate the mandatory sinking fund payment or
5 payments (or portions thereof) against which the principal amount of the Series 2018B Bonds
6 optionally redeemed shall be credited.

7 (g) Notice of Redemption. The date on which Series 2018B Bonds that are called
8 for redemption are to be presented for redemption is herein called the "Redemption Date."
9 The City Treasurer shall mail, or cause to be mailed, notice of any redemption of Series
10 2018B Bonds, postage prepaid, to the respective Registered Owner thereof at the addresses
11 appearing on the registration books not less than twenty (20) days nor more than sixty (60)
12 days prior to the Redemption Date. The notice of redemption shall (i) state the Redemption
13 Date; (ii) state the redemption price; (iii) state the maturity dates of the Series 2018B Bonds to
14 be redeemed and, if less than all of any such maturity is called for redemption, the distinctive
15 numbers of the Series 2018B Bonds of such maturity to be redeemed, and in the case of any
16 Series 2018B Bonds to be redeemed in part only, the respective portions of the principal
17 amount thereof to be redeemed; (iv) state the CUSIP number, if any, of each Series 2018B
18 Bond to be redeemed; (v) require that such Series 2018B Bonds be surrendered by the
19 Registered Owners at the office of the City Treasurer or his or her agent; and (vi) give notice
20 that interest on such Series 2018B Bonds or portions of such Series 2018B Bonds to be
21 redeemed will cease to accrue after the designated Redemption Date. Notice of optional
22 redemption may be conditional upon receipt of funds or other events specified in the notice of
23 redemption as provided in Section 8(j) hereof.

24 The actual receipt by the Registered Owner of any Series 2018B Bond of notice of
25 such redemption shall not be a condition precedent to redemption, and failure to receive such

1 notice, or any defect in such notice so mailed, shall not affect the validity of the proceedings
2 for the redemption of such Series 2018B Bonds or the cessation of accrual of interest on such
3 Series 2018B Bonds on the Redemption Date.

4 Notice of such redemption also shall be given, or caused to be given, by the City
5 Treasurer, by (i) registered or certified mail, postage prepaid, (ii) confirmed facsimile
6 transmission, (iii) overnight delivery service, or (iv) to the extent acceptable to the intended
7 recipient, email or similar electronic means, to (A) all organizations registered with the
8 Securities and Exchange Commission as securities depositories and (B) such other services
9 or organizations as may be required in accordance with the Continuing Disclosure Certificate
10 described in Section 19 hereof.

11 The notice or notices required for redemption shall be given by the City Treasurer, or
12 any agent appointed by the City. A certificate of the City Treasurer or such other appointed
13 agent of the City that notice of redemption has been given to the Registered Owner of any
14 Series 2018B Bond in accordance with this Resolution shall be conclusive against all parties.

15 (h) Series 2018B Redemption Account. At the time the City Treasurer determines
16 to optionally call and redeem any of the Series 2018B Bonds, the City Treasurer or his or her
17 agent shall establish a redemption account to be described or known as the "General
18 Obligation Bonds (Transportation and Road Improvement Bonds, 2014), Series 2018B
19 Redemption Account" (the "Series 2018B Redemption Account"), and prior to or on the
20 Redemption Date there must be set aside in the Series 2018B Redemption Account moneys
21 available for the purpose and sufficient to redeem, as provided in this Resolution, the Series
22 2018B Bonds designated in said notice of redemption, subject to the provisions of Section 8(j)
23 hereof. Said moneys must be set aside in the Series 2018B Redemption Account solely for
24 the purpose of, and shall be applied on or after the Redemption Date to, payment of the
25 redemption price of the Series 2018B Bonds to be redeemed upon presentation and

1 surrender of such Series 2018B Bonds. Any interest due on or prior to the Redemption Date
2 may be paid from the Series 2018B Bond Subaccount as provided in Section 9 hereof or from
3 the Series 2018B Redemption Account. Moneys held from time to time in the Series 2018B
4 Redemption Account shall be invested by the City Treasurer pursuant to the City's policies
5 and guidelines for investment of moneys in the General Fund of the City. If, after all of the
6 Series 2018B Bonds have been redeemed and canceled or paid and canceled, there are
7 moneys remaining in the Series 2018B Redemption Account, said moneys shall be
8 transferred to the General Fund of the City or to such other fund or account as required by
9 applicable law; provided, however, that if said moneys are part of the proceeds of refunding
10 bonds, said moneys shall be transferred pursuant to the resolution authorizing such refunding
11 bonds.

12 (i) Effect of Redemption. When notice of optional redemption has been given,
13 substantially as provided in this Resolution, and when the amount necessary for the
14 redemption of the Series 2018B Bonds called for redemption (principal, premium, if any, and
15 accrued interest to such Redemption Date) is set aside for that purpose in the Series 2018B
16 Redemption Account, the Series 2018B Bonds designated for redemption shall become due
17 and payable on the Redemption Date therefor, and upon presentation and surrender of said
18 Series 2018B Bonds at the place specified in the notice of redemption, such Series 2018B
19 Bonds shall be redeemed and paid at said redemption price out of the Series 2018B
20 Redemption Account. No interest will accrue on such Series 2018B Bonds called for
21 redemption after the Redemption Date and the Registered Owners of such Series 2018B
22 Bonds shall look for payment of such Series 2018B Bonds only to the Series 2018B
23 Redemption Account. All Series 2018B Bonds redeemed shall be canceled forthwith by the
24 City Treasurer and shall not be reissued.

1 (j) Conditional Notice of Optional Redemption; Rescission of Redemption. Any
2 notice of optional redemption given as provided in Section 8(g) hereof may provide that such
3 redemption is conditioned upon: (i) deposit in the Series 2018B Redemption Account of
4 sufficient moneys to redeem the Series 2018B Bonds called for optional redemption on the
5 anticipated Redemption Date, or (ii) the occurrence any other event specified in the notice of
6 redemption. If conditional notice of optional redemption has been given, substantially as
7 provided herein, and on the scheduled Redemption Date (A) sufficient moneys to redeem the
8 Series 2018B Bonds called for optional redemption on the Redemption Date have not been
9 deposited in the Series 2018B Redemption Account, or (B) any other event specified in the
10 notice of redemption as a condition to the redemption has not occurred, then (y) the Series
11 2018B Bonds for which conditional notice of redemption was given shall not be redeemed on
12 the anticipated Redemption Date and shall remain Outstanding for all purposes of this
13 Resolution, and (z) the redemption not occurring shall not constitute an event of default under
14 this Resolution or the Authorizing Resolution.

15 The City may rescind any optional redemption and notice thereof for any reason on any
16 date prior to any Redemption Date by causing written notice of the rescission to be given to
17 the Registered Owners of all Series 2018B Bonds so called for redemption. Notice of such
18 rescission of redemption shall be given in the same manner notice of redemption was
19 originally given. The actual receipt by the Registered Owner of any Series 2018B Bond of
20 notice of such rescission shall not be a condition precedent to rescission, and failure to
21 receive such notice or any defect in such notice so mailed shall not affect the validity of the
22 rescission.

23 Section 9. Series 2018B Bond Subaccount. There is hereby established with the
24 City Treasurer a special subaccount in the General Obligation Bonds (Transportation and
25 Road Improvement Bonds, 2014) Bond Account (the "Bond Account") created pursuant to the

1 Authorizing Resolution to be designated the "General Obligation Bonds (Transportation and
2 Road Improvement Bonds, 2014), Series 2018B Bond Subaccount" (the "Series 2018B Bond
3 Subaccount"), to be held separate and apart from all other accounts of the City. Any bid
4 premium received upon the delivery of the Series 2018B Bonds shall be deposited into the
5 Series 2018B Bond Subaccount. All interest earned on amounts on deposit in the Series
6 2018B Bond Subaccount shall be retained in the Series 2018B Bond Subaccount.

7 On or prior to the date on which any payment of principal of or interest on the Series
8 2018B Bonds is due, including any Series 2018B Bonds subject to mandatory redemption on
9 said date, the City Treasurer shall allocate to and deposit in the Series 2018B Bond
10 Subaccount, from amounts held in the Bond Account, an amount which, when added to any
11 available moneys contained in the Series 2018B Bond Subaccount, is sufficient to pay
12 principal of and interest on the Series 2018B Bonds on such date.

13 On or prior to the date on which any Series 2018B Bonds are to be redeemed at the
14 option of the City pursuant to this Resolution, the City Treasurer may allocate to and deposit
15 in the Series 2018B Redemption Account, from amounts held in the Bond Account pursuant to
16 Section 8 of the Authorizing Resolution, an amount which, when added to any available
17 moneys contained in the Series 2018B Redemption Account, is sufficient to pay principal,
18 interest and premium, if any, with respect to such Series 2018B Bonds on such date. The
19 City Treasurer may make such other provision for the payment of principal of and interest and
20 any redemption premium on the Series 2018B Bonds as is necessary or convenient to permit
21 the optional redemption of the Series 2018B Bonds.

22 Amounts in the Series 2018B Bond Subaccount may be invested in any investment of
23 the City in which moneys in the General Fund of the City are invested. The City Treasurer
24 may (i) commingle any of the moneys held in the Series 2018B Bond Subaccount with other
25 City moneys, or (ii) deposit amounts credited to the Series 2018B Bond Subaccount into a

1 separate fund or funds for investment purposes only; provided, however, that all of the
2 moneys held in the Series 2018B Bond Subaccount shall be accounted for separately
3 notwithstanding any such commingling or separate deposit by the City Treasurer.

4 Section 10. Series 2018B Project Subaccount. There is hereby established with the
5 City Treasurer a special subaccount in the General Obligation Bonds (Transportation and
6 Road Improvement Bonds, 2014) Project Account (the "Project Account") created pursuant to
7 the Authorizing Resolution to be designated the "General Obligation Bonds (Transportation
8 and Road Improvement Bonds, 2014), Series 2018B Project Subaccount" (the "Series 2018B
9 Project Subaccount"), to be held separate and apart from all other accounts of the City. All
10 interest earned on amounts on deposit in the Series 2018B Project Subaccount shall be
11 retained in the Series 2018B Project Subaccount. Amounts in the Series 2018B Project
12 Subaccount shall be expended in accordance with the provisions of the Authorizing
13 Resolution for the acquisition, construction or reconstruction of the Project or portions thereof.

14 Amounts in the Series 2018B Project Subaccount may be invested in any investment of
15 the City in which moneys in the General Fund of the City are invested. The City Treasurer
16 may (i) commingle any of the moneys held in the Series 2018B Project Subaccount with other
17 City moneys, or (ii) deposit amounts credited to the Series 2018B Project Subaccount into a
18 separate fund or funds for investment purposes only; provided, however, that all of the
19 moneys held in the Series 2018B Project Subaccount (including interest earnings) hereunder
20 shall be accounted for separately notwithstanding any such commingling or separate deposit
21 by the City Treasurer.

22 The City Treasurer also is hereby authorized to pay or cause to be paid from the
23 proceeds of the Series 2018B Bonds on deposit in the Series 2018B Project Subaccount, on
24 behalf of the City, the costs of issuance associated with the Series 2018B Bonds. Costs of
25 issuance of the Series 2018B Bonds shall include, without limitation, bond and financial

1 printing expenses, mailing and publication expenses, rating agency fees, the fees and
2 expenses of paying agents, registrars, financial consultants, disclosure counsel and co-bond
3 counsel and the reimbursement of departmental expenses in connection with the issuance of
4 the Series 2018B Bonds.

5 Section 11. Appointment of Depositories and Other Agents. The City Treasurer is
6 authorized and directed to appoint one or more depositories as he or she may deem desirable
7 and the procedures set forth in Sections 6, 7 and 8 hereof relating to registration of ownership
8 of the Series 2018B Bonds and payments and redemption notices to owners of the Series
9 2018B Bonds may be modified to comply with the policies and procedures of such depository.
10 The City will not have any responsibility or obligation to any purchaser of a beneficial
11 ownership interest in any Series 2018B Bonds or to any participants in such depository with
12 respect to (i) the accuracy of any records maintained by such securities depository or any
13 participant therein; (ii) any notice that is permitted or required to be given to the Registered
14 Owners of such Series 2018B Bonds under this Resolution; (iii) the selection by such
15 securities depository or any participant therein of any person to receive payment in the event
16 of a partial redemption of such Series 2018B Bonds; (iv) the payment by such securities
17 depository or any participant therein of any amount with respect to the principal or redemption
18 premium, if any, or interest due with respect to such Series 2018B Bonds; (v) any consent
19 given or other action taken by such securities depository as the Registered Owner of such
20 Series 2018B Bonds; or (vi) any other matter.

21 The Depository Trust Company ("DTC") is hereby appointed as securities depository
22 for the Series 2018B Bonds. The Series 2018B Bonds shall be initially issued only in book-
23 entry form. Upon initial issuance, the ownership of each Series 2018B Bond shall be
24 registered in the bond registration books in the name of Cede & Co., as nominee of DTC. So
25 long as each Series 2018B Bond is registered in book-entry form, each Series 2018B Bond

1 shall be registered in the name of Cede & Co. or in the name of such successor nominee as
2 may be designated from time to time by DTC or any successor as depository.

3 The City Treasurer is hereby also authorized and directed to appoint one or more
4 agents, as he or she may deem necessary or desirable. To the extent permitted by applicable
5 law and under the supervision of the City Treasurer, such agents may serve as paying agent,
6 fiscal agent, rebate calculation agent, escrow agent or registrar for the Series 2018B Bonds,
7 or may assist the City Treasurer in performing any or all of such functions and such other
8 duties as the City Treasurer shall determine. If the City Treasurer appoints one or more
9 paying agents, the procedures set forth in Sections 6 and 8 hereof relating to registration of
10 ownership of the Series 2018B Bonds and payments and redemption notices to Registered
11 Owner of the Series 2018B Bonds may be modified to comply with the policies and
12 procedures of such paying agent. Such agents shall serve under such terms and conditions
13 as the City Treasurer shall determine. The City Treasurer may remove or replace agents
14 appointed pursuant to this paragraph at any time.

15 Section 12. Defeasance Provisions. Payment of all or any portion of the Series
16 2018B Bonds may be provided for prior to the respective stated maturities of the Series
17 2018B Bonds by irrevocably depositing with the City Treasurer (or any commercial bank or
18 trust company designated by the City Treasurer to act as escrow agent with respect thereto):

19 (a) An amount of cash equal to the principal amount of all of such Series 2018B
20 Bonds or a portion thereof, and all unpaid interest thereon to maturity, except that in the case
21 of the Series 2018B Bonds that are to be redeemed prior to such Series 2018B Bonds'
22 respective stated maturities and in respect of which notice of such redemption shall have
23 been given as provided in Section 8 hereof or an irrevocable election to give such notice shall
24 have been made by the City, the amount to be deposited shall be the principal amount
25

1 thereof, all unpaid interest thereon to the Redemption Date, and premium, if any, due on such
2 Redemption Date; or

3 (b) Defeasance Securities (as defined below) not subject to call, except as provided
4 below in the definition thereof, maturing and paying interest at such times and in such
5 amounts, together with interest earnings and cash, if required, as will, without reinvestment,
6 as certified by an independent certified public accountant, be fully sufficient to pay the
7 principal and all unpaid interest to maturity, or to the Redemption Date, as the case may be,
8 and premium, if any, due on the Series 2018B Bonds to be paid or redeemed, as such
9 principal and interest come due; provided, that, in the case of such Series 2018B Bonds that
10 are to be redeemed prior to maturity, notice of such redemption shall be given as provided in
11 Section 8 hereof or an irrevocable election to give such notice shall have been made by the
12 City; then, all obligations of the City with respect to said outstanding Series 2018B Bonds shall
13 cease and terminate, except only the obligation of the City to pay or cause to be paid from the
14 funds deposited pursuant to paragraph (a) or (b) of this Section 12, to the owners of such
15 Series 2018B Bonds all sums due with respect thereto; provided, that the City shall have
16 received an opinion of nationally recognized bond counsel, that provision for the payment of
17 such Series 2018B Bonds has been made in accordance with this Section 12.

18 For purposes of this Section 12, "Defeasance Securities" shall mean any of the
19 following that at the time are legal investments under the laws of the State of California for the
20 moneys proposed to be invested therein:

21 (1) United States Obligations (as defined below); and

22 (2) Pre-refunded fixed interest rate municipal obligations meeting the following
23 conditions: (a) the municipal obligations are not subject to redemption prior to maturity, or the
24 trustee has been given irrevocable instructions concerning their calling and redemption and
25 the issuer has covenanted not to redeem such obligations other than as set forth in such

1 instructions; (b) the municipal obligations are secured by cash or United States Obligations;
2 (c) the principal of and interest on the United States Obligations (plus any cash in the escrow
3 fund or the Series 2018B Redemption Account) are sufficient to meet the liabilities of the
4 municipal obligations; (d) the United States Obligations serving as security for the municipal
5 obligations are held by a trustee or escrow agent; (e) the United States Obligations are not
6 available to satisfy any other claims, including those against the trustee or escrow agent; and
7 (f) the municipal obligations are rated (without regard to any numerical modifier, plus or minus
8 sign or other modifier), at the time of original deposit to the escrow fund, by two of the Rating
9 Agencies (as defined herein) not lower than the rating then maintained by the respective
10 Rating Agency on United States Obligations.

11 For purposes of this Section 12, "United States Obligations" shall mean (i) direct and
12 general obligations of the United States of America, or obligations that are unconditionally
13 guaranteed as to principal and interest by the United States of America, including without
14 limitation, the interest component of Resolution Funding Corporation (REFCORP) bonds that
15 have been stripped by request to the Federal Reserve Bank of New York in book-entry form
16 or (ii) any security issued by an agency or instrumentality of the United States of America that
17 is selected by the Director of Public Finance that results in the escrow fund being rated by two
18 of the Rating Agencies, at the time of the initial deposit to the escrow fund and upon any
19 substitution or subsequent deposit to the escrow fund, no lower than the rating then
20 maintained by the respective Rating Agency on United States Obligations described in (i)
21 above.

22 For purposes of this Section 12, "Rating Agencies" shall mean Moody's Investors
23 Service, Inc., Fitch Ratings, and Standard and Poor's Rating Services, or any other nationally
24 recognized bond rating agency that is the successor to any of the foregoing rating agencies or
25 that is otherwise recognized as a national rating agency after the date hereof.

1 Section 13. Sale of Series 2018B Bonds by Competitive or Negotiated Sale. The
2 Board authorizes the sale of the Series 2018B Bonds by solicitation of competitive bids or by
3 negotiated sale to one or more underwriters to be appointed in accordance with City policies,
4 if so determined by the Director of Public Finance. If the Series 2018B Bonds are sold by
5 competitive sale such sale shall be conducted in accordance with the Office Notice of Sale in
6 Section 14 below.

7 Section 14 Official Notice of Sale; Receipt of Bids; Bond Award.

8 (a) Official Notice of Sale. The form of proposed Official Notice of Sale inviting bids
9 for the Series 2018B Bonds (the "Official Notice of Sale") submitted to the Board is hereby
10 approved and adopted as the Official Notice of Sale inviting bids for the Series 2018B Bonds,
11 with such changes, additions and modifications as may be made in accordance with Section
12 21 hereof. The Director of Public Finance is hereby authorized and directed to cause to be
13 mailed or otherwise circulated to prospective bidders for the Series 2018B Bonds copies of
14 the Official Notice of Sale, subject to such corrections, revisions or additions as may be
15 acceptable to the Director of Public Finance.

16 (b) Receipt of Bids. Bids shall be received on the date designated by the Director of
17 Public Finance pursuant to Section 4 hereof and the Official Notice of Sale.

18 (c) Bond Award. As provided in the Official Notice of Sale, the City may reject any
19 and all bids received for any reason. The Controller is hereby authorized to award the Series
20 2018B Bonds to the responsible bidder whose bid (i) is timely received and conforms to the
21 Official Notice of Sale, except to the extent informalities and irregularities are waived by the
22 City as permitted by the Official Notice of Sale, and (ii) represents the lowest true interest cost
23 to the City in accordance with the procedures described in the Official Notice of Sale. The
24 award, if made, shall be set forth in a certificate signed by the Controller setting forth the
25 terms of the Series 2018B Bonds and the original purchasers thereof (the "Bond Award").

1 The Controller shall provide a copy of the Bond Award as soon as practicable to the Clerk of
2 the Board and the Director of Public Finance; provided, however, that failure to provide such
3 copies shall not affect the validity of the Bond Award.

4 Section 15. Publication of Notice of Intention to Sell Bonds. The form of proposed
5 Notice of Intention to Sell the Series 2018B Bonds (the "Notice of Intention to Sell Bonds")
6 submitted to the Board is hereby approved and adopted as the Notice of Intention to Sell the
7 Series 2018B Bonds, and the Director of Public Finance is hereby authorized and directed to
8 cause the Notice of Intention to Sell Bonds, subject to such corrections, revisions or additions
9 as may be made in accordance with Section 21 hereof, to be published once in The Bond
10 Buyer or another financial publication generally circulated throughout the State of California.

11 Section 16. Sale of Series 2018B Bonds by Negotiated Sale; Authorization to Select
12 Underwriters; Form of Purchase Contract. The Controller, in consultation with the Director of
13 Public Finance, is hereby authorized to conduct the sale of the Series 2018B Bonds by
14 negotiated sale pursuant to one or more Purchase Contracts (each, a "Purchase Contract"),
15 each by and between the City and the underwriter(s) named therein (the "Underwriters"), if the
16 Controller determines that such manner of sale is in the best financial interest of the City,
17 such determination to be conclusively evidenced by the execution and delivery of such
18 Purchase Contract as hereinafter approved. The form of such Purchase Contract as
19 presented to this Board, a copy of which is on file with the Clerk of the Board, is hereby
20 approved. The Controller or the Director of Public Finance is hereby authorized to execute
21 such Purchase Contract with such changes, additions and modifications as the Controller or
22 the Director of Public Finance may make or approve in accordance with Section 21 hereof;
23 provided however, that the Underwriters' discount under any such Purchase Contract shall not
24 exceed 2.00% of the principal amount of the Series 2018B Bonds.

1 In order to facilitate the sale of the Series 2018B Bonds by negotiated sale, the
2 Controller or the Director of Public Finance is hereby authorized and directed to appoint one
3 or more financial institutions to act as underwriter for the Series 2018B Bonds in accordance
4 with City policies and procedures, including, but not limited to, the City's policy to provide
5 locally disadvantaged minority business enterprises and women enterprises an equal
6 opportunity to participate in the performance of all City contracts.

7 Section 17. Disposition of Proceeds of Sale. The proceeds of sale of the Series
8 2018B Bonds shall be applied by the City Treasurer as follows: (a) accrued interest, if any,
9 shall be deposited into the Series 2018B Bond Subaccount, (b) original issue premium, if any,
10 shall be deposited into the Series 2018B Bond Subaccount, and (c) remaining proceeds of
11 sale shall be deposited into the Series 2018B Project Subaccount.

12 Section 18. Official Statement. The form of proposed Preliminary Official Statement
13 describing the Series 2018B Bonds (the "Preliminary Official Statement") submitted to the
14 Board is hereby approved and adopted as the Preliminary Official Statement describing the
15 Series 2018B Bonds, with such additions, corrections and revisions as may be determined to
16 be necessary or desirable to be made in accordance with Section 21 hereof. The Controller is
17 hereby authorized to cause the distribution of a Preliminary Official Statement deemed final
18 for purposes of Securities and Exchange Commission Rule 15c2-12 promulgated under the
19 Securities Exchange Act of 1934, as amended (the "Rule"), and to sign a certificate to that
20 effect. The Director of Public Finance is hereby authorized and directed to cause to be
21 printed and mailed or electronically distributed to prospective bidders for the Series 2018B
22 Bonds copies of the Preliminary Official Statement in substantially the form of the Preliminary
23 Official Statement approved and adopted hereby, as completed, supplemented, corrected or
24 revised. The Controller is authorized and directed to approve, execute, and deliver the final
25 Official Statement with respect to the Series 2018B Bonds, which final Official Statement shall

1 be in the form of the Preliminary Official Statement, with such additions, corrections and
2 revisions as may be determined to be necessary or desirable made in accordance with
3 Section 21 hereof and as are permitted under the Rule. The Director of Public Finance is
4 hereby authorized and directed to cause to be printed and mailed or electronically distributed
5 copies of the final Official Statement to all actual initial purchasers of the Series 2018B Bonds.

6 Section 19. Tax Covenants.

7 (a) General. The City hereby covenants with the owners and holders of the Series
8 2018B Bonds that, notwithstanding any other provisions of this Resolution, it shall not take
9 any action, or fail to take any action, if any such action or failure to take action would
10 adversely affect the exclusion from gross income of interest on the Series 2018B Bonds under
11 Section 103 of the Code, and the regulations issued thereunder, as the same may be
12 amended from time to time, and any successor provisions of law. Reference to a particular
13 section of the Code shall be deemed to be a reference to any successor to any such section.
14 The City shall not, directly or indirectly, use or permit the use of proceeds of the Series 2018B
15 Bonds or any of the property financed or refinanced with proceeds of the Series 2018B
16 Bonds, or any portion thereof, by any person other than a governmental unit (as such term is
17 used in Section 141 of the Code), in such manner or to such extent as would result in the loss
18 of exclusion of interest on the Series 2018B Bonds from gross income for federal income tax
19 purposes.

20 (b) Use of Proceeds. The City shall not take any action, or fail to take any action, if
21 any such action or failure to take action would cause the Series 2018B Bonds to be "private
22 activity bonds" within the meaning of Section 141 of the Code, and in furtherance thereof,
23 shall not make any use of the proceeds of the Series 2018B Bonds or any of the property
24 financed or refinanced with proceeds of the Series 2018B Bonds, or any portion thereof, or
25 any other funds of the City, that would cause the Series 2018B Bonds to be "private activity

1 bonds” within the meaning of Section 141 of the Code. To that end, so long as any Series
2 2018B Bonds are outstanding, the City, with respect to such proceeds and property and such
3 other funds, will comply with applicable requirements of the Code and all regulations of the
4 United States Department of the Treasury issued thereunder, to the extent such requirements
5 are, at the time, applicable and in effect. The City shall establish reasonable procedures
6 necessary to ensure continued compliance with Section 141 of the Code and the continued
7 qualification of the Series 2018B Bonds as “governmental bonds.”

8 (c) Arbitrage. The City shall not, directly or indirectly, use or permit the use of any
9 proceeds of the Series 2018B Bonds, or of any property financed or refinanced by the Series
10 2018B Bonds, or other funds of the City, or take or omit to take any action, that would cause
11 the Series 2018B Bonds to be “arbitrage bonds” within the meaning of Section 148 of the
12 Code. To that end, the City shall comply with all requirements of Section 148 of the Code and
13 all regulations of the United States Department of the Treasury issued thereunder to the
14 extent such requirements are, at the time, in effect and applicable to the Series 2018B Bonds.

15 (d) Federal Guarantee. The City shall not make any use of the proceeds of the
16 Series 2018B Bonds or any other funds of the City, or take or omit to take any other action,
17 that would cause the Series 2018B Bonds to be “federally guaranteed” within the meaning of
18 Section 149(b) of the Code.

19 (e) Information Reporting. The City shall take or cause to be taken all necessary
20 action to comply with the informational reporting requirement of Section 149(e) of the Code
21 with respect to the Series 2018B Bonds.

22 (f) Hedge Bonds. The City shall not make any use of the proceeds of the Series
23 2018B Bonds or any other amounts or property, regardless of the source, or take any action
24 or refrain from taking any action that would cause the Series 2018B Bonds to be considered
25

1 "hedge bonds" within the meaning of Section 149(g) of the Code unless the City takes all
2 necessary action to assure compliance with the requirements of Section 149(g) of the Code.

3 (g) Compliance with Tax Certificate. In furtherance of the foregoing tax covenants
4 of this Section 19, the City covenants that it will comply with the provisions of the Tax
5 Certificate to be executed by the City with respect to the Series 2018B Bonds, dated the date
6 of issuance of the Series 2018B Bonds, as such Tax Certificate may be amended from time to
7 time. This covenant shall survive payment in full or defeasance of the Series 2018B Bonds.

8 Section 20. Continuing Disclosure Certificate. The form of Continuing Disclosure
9 Certificate (the "Continuing Disclosure Certificate") to be signed by the City to permit the
10 original purchasers of the Series 2018B Bonds to comply with the Rule, submitted to the
11 Board is hereby approved and adopted as the Continuing Disclosure Certificate, with such
12 additions, corrections and revisions as may be determined to be necessary or desirable to be
13 made in accordance with Section 21 hereof. The Controller is hereby authorized and directed
14 to execute the Continuing Disclosure Certificate on behalf of the City and deliver the
15 Continuing Disclosure Certificate to the original purchasers of the Series 2018B Bonds.

16 Section 21. Modification to Documents. Any City official authorized by this Resolution
17 to execute any document is hereby further authorized, in consultation with the City Attorney
18 and co-bond counsel, to approve and make such changes, additions, amendments or
19 modifications to the document or documents such official is authorized to execute as may be
20 necessary or advisable (provided that such changes, additions, amendments or modifications
21 shall not authorize an aggregate principal amount of Series 2018B Bonds in excess of
22 \$177,000,000 or conflict with the provisions of Section 4 hereof). The approval of any
23 change, addition, amendment or modification to any of the aforementioned documents shall
24 be evidenced conclusively by the execution and delivery of the document in question.

1 Section 22. Ratification. All actions heretofore taken by officials, employees and
2 agents of the City with respect to the sale and issuance of the Series 2018B Bonds, as
3 consistent with the documents herein and the Resolution, are hereby approved, confirmed
4 and ratified.

5 Section 23. Relationship to Authorizing Resolution. In the event of any conflict
6 between this Resolution and the Authorizing Resolution, the terms of this Resolution shall
7 control. Without limiting the foregoing and notwithstanding the provisions of the Authorizing
8 Resolution, the City is not obligated to transfer money from the General Fund of the City to the
9 Bond Account to pay the principal of or interest on the Series 2018B Bonds.

10 Section 24. Accountability Reports. The Series 2018B Bonds are subject to
11 accountability requirements under the City's Administrative Code and the Bond Ordinance.
12 The deadline for submission of the Accountability Reports under Administrative Code Section
13 2.71(a) is hereby waived with respect to the Series 2018B Bonds.

14 Section 25. Citizens' Oversight Committee. The Series 2018B Bonds are subject to,
15 and incorporate by reference, the applicable provisions of San Francisco Administrative Code
16 Sections 5.30-5.36 (the "Citizens' General Obligation Bond Oversight Committee, to the
17 extent permitted by law, one-tenth of one percent (0.1%) of the gross proceeds of the Series
18 2018B Bonds shall be deposited in a fund established by the Controller's Office and
19 appropriated by the Board at the direction of the Citizens' General Obligation Bond Oversight
20 Committee to cover the costs of such Committee.

21 Section 26. Reimbursement. The City declares its official intent to reimburse prior
22 expenditures of the City incurred prior to the issuance and sale of the Series 2018B Bonds in
23 connection with the Project or portions thereof to be financed by the Series 2018B Bonds.
24 The Board declares the City's intent to reimburse the City with the proceeds of the Series
25 2018B Bonds for the expenditures with respect to the Project (the "Expenditures" and each an

1 "Expenditure") made on and after that date that is no more than 60 days prior to adoption of
2 this Resolution. The City reasonably expects on the date of adoption of this Resolution that it
3 will reimburse the Expenditures with the proceeds of the Series 2018B Bonds.

4 Each Expenditure was and will be either (a) of a type properly chargeable to a capital
5 account under general federal income tax principles (determined in each case as of the date
6 of the Expenditure), (b) a cost of issuance with respect to the Series 2018B Bonds, (c) a
7 nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a
8 party that is not related to or an agent of the City so long as such grant does not impose any
9 obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the
10 City. The maximum aggregate principal amount of the Series 2018B Bonds expected to be
11 issued for the Project is \$177,000,000. The City shall make a reimbursement allocation,
12 which is a written allocation by the City that evidences the City's use of proceeds of the Series
13 2018B Bonds to reimburse an Expenditure, no later than 18 months after the later of the date
14 on which the Expenditure is paid or the Project is placed in service or abandoned, but in no
15 event more than three years after the date on which the Expenditure is paid. The City
16 recognizes that exceptions are available for certain "preliminary expenditures," costs of
17 issuance, certain de minimis amounts, expenditures by "small issuers" (based on the year of
18 issuance and not the year of expenditure) and expenditures for construction projects of at
19 least 5 years.

20 Section 27. CEQA Determinations.

21 (a) The Board hereby reaffirms and incorporates by reference the CEQA findings
22 and determinations set forth in San Francisco Municipal Transportation Commission Board of
23 Director's Resolution No. 14-041, Resolution No.14-042, Resolution 15-081, Resolution 16-
24 013, Resolution 16-113, Resolution 16-128, and Resolution 16-132, which findings are
25 incorporated by reference as if set forth in full herein. The use of bond proceeds to finance

1 any project or portion of any project with bond proceeds will be subject, as necessary, to
2 approval of the Board upon completion of any planning and any further required
3 environmental review under CEQA for the individual facilities and projects.

4 Section 28. General Authority. The Clerk of the Board, the Mayor, the City Treasurer,
5 the Director of Public Finance, the City Attorney and the Controller are each hereby
6 authorized and directed in the name and on behalf of the City to take any and all steps and to
7 issue, deliver or enter into any and all certificates, requisitions, agreements, notices, consents,
8 and other documents as may be necessary to give effect to the provisions of this Resolution,
9 including but not limited to letters of representations to any depository or depositories, which
10 they or any of them might deem necessary or appropriate in order to consummate the lawful
11 issuance, sale and delivery of the Series 2018B Bonds. Any such actions are solely intended
12 to further the purposes of this Resolution, and are subject in all respects to the terms of this
13 Resolution. No such actions shall increase the risk to the City or require the City to spend any
14 resources not otherwise granted herein. Final versions of any such documents shall be
15 provided to the Clerk of the Board for inclusion in the official file within 30 days of execution by
16 all parties, together with a brief explanation of any changes from the date of the adoption of
17 this Resolution.

18
19 APPROVED AS TO FORM:
20 DENNIS J. HERRERA, City Attorney

21
22
23 By: _____

24 Mark D. Blake
25 Deputy City Attorney

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EXHIBIT A

[FORM OF SERIES 2018B BOND]

Unless this bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the City or its agent for registration of transfer, exchange, or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge, or other use of this bond for value or otherwise by or to any person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Number R-____ UNITED STATES OF AMERICA Amount
STATE OF CALIFORNIA \$ _____

CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(TRANSPORTATION AND ROAD IMPROVEMENT BONDS, 2014),
SERIES 2018B

Interest Rate Maturity Date Dated CUSIP Number

June 15, _____

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: DOLLARS

THE CITY AND COUNTY OF SAN FRANCISCO, State of California (the "City"),
acknowledges itself indebted to and promises to pay to the Registered Owner specified above

or registered assigns, on the Maturity Date specified above, the Principal Amount of this bond specified above in lawful money of the United States of America, and to pay interest on the Principal Amount in like lawful money from the interest payment date next preceding the date of authentication of this bond (unless this bond is authenticated as of the day during the period from the last day of the month next preceding any interest payment date (the "Record Date") to such interest payment date, inclusive, in which event it shall bear interest from such interest payment date, or unless this bond is authenticated on or before May 31, 2018, in which event it shall bear interest from its dated date) until payment of such Principal Amount, at the Interest Rate per annum specified above calculated on the basis of a 360-day year comprised of twelve 30-day months, payable on June 15, 2018, and semiannually thereafter on June 15 and December 15 in each year; provided, however, if any interest payment date occurs on a day that banks in California or New York are closed for business or the New York Stock Exchange is closed for business, then such payment shall be made on the next succeeding day that banks in both California and New York are open for business and the New York Stock Exchange is open for business (a "Business Day"). The Principal Amount of this bond is payable to the Registered Owner of this bond upon the surrender of this bond at the office of the Treasurer of the City (the "City Treasurer"). The interest on this bond is payable to the person whose name appears on the bond registration books of the City Treasurer as the Registered Owner of this bond as of the close of business on the Record Date immediately preceding an interest payment date, whether or not such day is a Business Day, such interest to be paid by check mailed on the interest payment date to such Registered Owner at such Owner's address as it appears on such registration books; provided, however, that the Registered Owner of bonds in an aggregate principal amount of at least \$1,000,000 may submit a written request to the City Treasurer on or before the Record

Date preceding any interest payment date for payment of interest hereon by wire transfer to a commercial bank located in the United States of America.

This bond is one of a duly authorized issue of bonds of like tenor (except for such variations, if any, as may be required to designate varying numbers, denominations, interest rates and maturities), in the aggregate principal amount of \$ _____ (the "Series 2018B Bonds"), which is part of a bond authorization in the aggregate original principal amount of \$500,000,000 and is authorized by the affirmative votes of more than two-thirds of the voters voting at a special election duly and legally called, held and conducted, in the City on November 4, 2014 and is issued and sold by the City pursuant to and in strict conformity with the provisions of the Constitution and laws of the State of California, and Charter of the City and of resolutions adopted by the Board of Supervisors of the City (the "Board of Supervisors") on _____, 2017 (together with the related Certificate of Award, the "Resolutions").

The Series 2018B Bonds are issuable as fully registered bonds without coupons in the denominations of \$5,000 or any integral multiple thereof, provided that no bond shall have principal maturing on more than one principal maturity date. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Resolutions, the Series 2018B Bonds may be exchanged for a like aggregate principal amount of Series 2018B Bonds or other authorized denominations of the same interest rate and maturity.

This bond is transferable by the Registered Owner, in person or by its attorney duly authorized in writing, at said office of the City Treasurer, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolutions, and upon surrender and cancellation of this bond. Upon such transfer, a new bond or bonds of authorized denomination or denominations for the same interest rate and same aggregate principal amount will be issued to the transferee in exchange for this bond.

The City Treasurer will not be required to exchange or register the transfer of this bond during the period (a) from the Record Date for an interest payment date to the opening of business of such interest payment date or (b) after notice of redemption of this bond or any portion of this bond has been mailed.

The Series 2018B Bonds maturing on or before June 15, 20__ are not subject to redemption prior to maturity. The Series 2018B Bonds maturing on and after June 15, 20__ are subject to optional redemption, from any available funds, in whole or in part, on any date on or after June 15, 20__, at redemption price equal to 100% of the principal amount redeemed, together with accrued interest to the redemption date, without premium. If less than all of the outstanding Series 2018B Bonds are to be redeemed, they may be redeemed in any order of maturity as determined by the City. If less than all of the outstanding Series 2018B Bonds of a maturity are to be redeemed, the Series 2018B Bonds or portions of Series 2018B Bonds of such maturity to be redeemed shall be selected by the City Treasurer, in authorized denominations of \$5,000 or integral multiples of that amount, from among Series 2018B Bonds of that maturity not previously called for redemption, by lot in any manner which the City Treasurer deems fair.

The Series 2018B Bonds maturing on June 15, 20__, shall be subject to mandatory sinking fund redemption on June 15 or each of the years 20__ through 20__, inclusive, and at maturity in the respective amounts provide in the Resolutions.

Notice of the redemption of the Series 2018B Bonds shall be given or caused to be given to the Registered Owner of each Series 2018B Bond or portion of a Series 2018B Bond called for redemption not less than 20 or more than 60 days before any date established for redemption of the Series 2018B Bonds, by the City Treasurer on behalf of the City, by first class mail, postage prepaid, sent to the Registered Owner's last address, if any, appearing on the registration books kept by the City Treasurer.

Any notice of optional redemption may provide that such redemption is conditional upon occurrence of a specified event, as provided in the Resolutions. In the event that such conditional notice of optional redemption has been given, and on the scheduled Redemption Date such condition has not been satisfied, the Series 2018B Bonds for which notice of conditional optional redemption was given shall not be redeemed and shall remain Outstanding for all purposes of the Resolutions and the redemption not occurring shall not constitute an event of default under the Resolutions.

In addition, the City may rescind any optional redemption and notice thereof for any reason on any date prior to any Redemption Date by causing written notice of the rescission to be given to the Registered Owners of the Series 2018B Bonds so called for redemption. Notice of such rescission of redemption shall be given in the same manner notice of redemption was originally given. The actual receipt by the Registered Owner of any Series 2018B Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice so mailed shall not affect the validity of the rescission.

Official notice of redemption having been given as aforesaid, the Series 2018B Bonds or portions of Series 2018B Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless such redemption and notice of it shall have been rescinded or unless the City shall default in the payment of the redemption price), such Series 2018B Bonds or portions of Series 2018B Bonds shall cease to bear interest. Neither the failure to mail such redemption notice, nor any defect in any notice so mailed, to any particular Registered Owner, shall effect the sufficiency of such notice with respect to the other Series 2018B Bonds.

Notice of redemption, or notice of rescission of an optional redemption, having been properly given, failure of a Registered Owner to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or redemption action described in the notice.

The City and the City Treasurer may treat the Registered Owner of this bond as the absolute owner of this bond for all purposes, and the City and the City Treasurer shall not be affected by any notice to the contrary.

The City Treasurer may appoint agents to serve as bond registrar or paying agent, as provided in the Resolutions.

The Board of Supervisors hereby certifies, recites and declares that the total amount of indebtedness of said City, including the amount of this bond, is within the limit provided by law, that all acts, conditions and things required by the law to be done or performed precedent to and in the issuance of this bond have been done and performed in strict conformity with the laws authorizing the issuance of this bond, that this bond is in the form prescribed by order of the Board of Supervisors duly made and entered on its minutes, and the money for the payment of principal of this bond, and the payment of interest thereon, shall be raised by taxation upon the taxable property of said City as provided in the Resolutions.

This Series 2018B Bond shall not be entitled to any benefit under the Resolutions, or become valid or obligatory for any purpose, until the Certificate of Registration and Authentication hereon endorsed shall have been signed by the City Treasurer.

IN WITNESS WHEREOF the Board of Supervisors of the City and County of San Francisco (the "Board") has caused this Series 2018B Bond to be executed by the Mayor of the City and County of San Francisco, and to be countersigned by the Clerk of said Board, all as of _____, 2018.

Mayor of the City and
County of San Francisco

Countersigned:

Clerk of the Board of Supervisors

CERTIFICATE OF REGISTRATION AND AUTHENTICATION

This is one of the Series 2018B Bonds described in the within-mentioned Resolutions, which has been authenticated on the date set forth below.

Date of Authentication: _____, 20__.

By: _____
Treasurer of the City and County
of San Francisco

ASSIGNMENT

FOR VALUE RECEIVED the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address, and Tax Identification or Social Security Number of Assignee)

the within-mentioned registered bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the books of the paying agent with full power of substitution in the premises.

Dated: _____

NOTE: The signature to this assignment must correspond with the name as written on the face of the within bond in every particular, without enlargement or any change whatsoever.

Signature Guaranty: _____

NOTE: Signature must be approved by a qualified guarantor.

Tax ID Number: _____

Items 7 and 8
Files 17-1253 and 17-1248

Department:
 Municipal Transportation Agency (MTA)

EXECUTIVE SUMMARY

Legislative Objectives

File 17-1253: The proposed resolution would authorize the sale of not-to-exceed \$177,000,000 aggregate principal amount of 2014 Transportation and Road Improvement Bonds (Series 2018B).

File 17-1248: The proposed ordinance would appropriate \$177,000,000 in Series 2018B bond proceeds to the San Francisco Municipal Transportation Agency for street and transit projects in FY 2017-18.

Key Points

- In November 2014, voters approved Proposition A, which authorizes the City to issue \$500 million in General Obligation (GO) bonds to implement various infrastructure repairs and improvements identified by the Transportation 2030 Task Force.
- In July 2015, \$67,005,000 of bonds were sold in the first issuance (Series 2015B). The second issuance of \$177,000,000 in bonds is anticipated for January 2018 (Series 2018B). The remaining \$255,995,000 will be issued in amounts to be determined at dates anticipated in summer 2019 and spring 2020.

Fiscal Impact

- The proposed ordinance would appropriate (a) \$4.3 million to bond issuance costs and reserves, and (b) \$172.7 million to transportation projects. The transportation projects consist of Muni Forward Rapid Network improvements (\$49.7 million), Muni facility upgrades (\$41.5 million), pedestrian safety (\$26.3 million), major transit corridors (\$21.6 million), Caltrain upgrades (\$20.0 million), and other improvements.
- Average annual debt service over 20 years on the Series 2018B GO Bonds is expected to be approximately \$12,574,600. The estimated total principal and interest payment over the approximate 20-year life of the GO Bonds is \$251,492,017; of which \$76,902,017 is interest and \$174,590,000 is principal.
- If the Series 2018B GO Bonds are approved, the debt ratio would increase by 0.08 percent to 0.96 percent—within the 3 percent legal debt limit.
- Debt service payments will be recovered through increases in the annual Property Tax rate, which would be \$0.00554 per \$100 or \$5.54 per \$100,000 of assessed valuation over the anticipated 20-year term of the bonds. If the Series 2018B GO Bonds are approved, the property tax rate for GO bonds for FY 2017-18 would increase from \$0.1074 to \$0.1129 per \$100 of assessed value, which would be below the FY 2005-06 rate of \$0.1201 and within the Capital Planning Committee's approved financial constraint.

Recommendation

- Approve the proposed resolution (File 17-1253) and the proposed ordinance (File 17-1248).

MANDATE STATEMENT

City Charter Section 9.105 provides that the issuance and sale of General Obligation (GO) bonds is subject to Board of Supervisors approval in accordance with State law or local procedures adopted by ordinance.

City Charter Section 9.105 states that amendments to the Annual Appropriation Ordinance are subject to Board of Supervisors approval by ordinance after the Controller certifies the availability of funds.

BACKGROUND

On November 4, 2014, a two-thirds majority of voters of the City approved Proposition A, the San Francisco Transportation and Road Improvement General Obligation (GO) Bond to finance the construction, acquisition, and improvement of various transportation and transit-related improvements, and other related costs. Proposition A authorizes the City to issue \$500 million in GO bonds to implement various infrastructure repairs and improvements identified by the Transportation 2030 Task Force.

The projects to be funded through the proposed second bond sale include: Muni Forward Rapid Network improvements, Caltrain upgrades, accessibility improvements, Muni facility upgrades, major transit corridor improvements, pedestrian safety improvements, traffic signal improvements, and street infrastructure improvements.

The second bond sale is expected to occur in January 2018 upon approval of File 17-1253. Table 1 below shows the details for the 2014 Bond sale schedule.

Table 1: Transportation and Road Improvement GO Bond Sale Schedule

	Date	Amount	Series
Total Authorization		\$500,000,000	
First Bond Issuance	July 2015	67,005,000	Series 2015B
Proposed Second Bond Issuance	January 2018	177,000,000	Series 2018B
Total Issued and Proposed		\$244,005,000	
Future Third Bond Issuance	Summer 2019	TBD	TBD
Future Fourth Bond Issuance	Spring 2020	TBD	TBD
Total Future Bond Issuances		\$255,995,000	

DETAILS OF PROPOSED LEGISLATION

File 17-1253: The proposed resolution would:

1. Authorize the sale of not-to-exceed \$177,000,000 aggregate principal amount of 2014 Transportation and Road Improvement Bonds (Series 2018B);
2. Prescribe the form and terms of the bonds;
3. Authorize the execution, authentication, and registration of the bonds;
4. Provide for the appointment of depositories and other agents for the bonds;
5. Provide for the establishment of accounts related to the bonds;

6. Provide for the manner of sale of the bonds by competitive or negotiated sale;
7. Approve the forms of Official Notice of Sale and Intention to Sell Bonds;
8. Direct the publication of the Notice of Intention to Sell Bonds;
9. Approve the form of the Preliminary Official Statement and the form and execution of the Official Statement relating to the sale of the bonds;
10. Approve the form of the Continuing Disclosure Certificate;
11. Authorize and approve modifications to documents declaring the City's intent to reimburse certain expenditures;
12. Waive the deadline for submission of Bond Accountability Reports;
13. Adopt findings under the California Environmental Quality Act (CEQA);
14. Ratify certain actions previously taken; and
15. Grant authority to City officials to take necessary actions for the authorization, issuance, sale, and delivery of the bonds.

File 17-1248: The proposed ordinance would appropriate \$177,000,000 in Series 2018B bond proceeds to the San Francisco Municipal Transportation Agency for street and transit projects in FY 2017-18. The \$177,000,000 appropriation would be placed on Controller's Reserve pending receipt of proceeds of indebtedness.

The proposed resolution (File 17-1253) waives the deadline for submission of accountability reports required under Administrative Code Section 2.71(a). According to Mr. Vishal Trivedi, Financial Analyst in the Office of Public Finance, the waiver was to ensure that the sale would not be delayed if the bond accountability report was not submitted 60 days prior to appropriation of the bond proceeds. However, the bond accountability report was published on September 14, 2017, and the appropriation of bond proceeds will occur no earlier than January 16, 2018, or more than 60 days after completion of the bond accountability report.

Table 2 below outlines anticipated sources and uses for the bonds.

Table 2: Sources and Uses of Series 2018B Bond Proceeds

Sources	
Par Amount	\$174,590,000
Reserve Proceeds	2,410,000
Total Sources	\$177,000,000
Uses	
<i>Administrative Costs</i>	
Costs of Issuance	\$453,977
Underwriter's Discount	872,947
Controller's Audit Fund	345,486
Citizens' GO Bond Oversight Committee	174,590
Reserve for Market Uncertainty	2,410,000
Administrative Costs Subtotal	\$4,257,000
<i>Projects</i>	
Muni Forward Rapid Network Improvements	\$49,736,011
Pedestrian Safety Improvements	26,268,525
Caltrain Upgrades	20,020,000
Accessibility Improvements	3,000,000
Muni Facility Upgrades	41,522,343
Major Transit Corridor Improvements	21,588,937
Traffic Signal Improvements	6,000,000
Complete Streets Improvements	4,607,184
Projects Subtotal	\$172,743,000
Total Uses	\$177,000,000

As shown in Table 3 below, with the proposed appropriation of \$177,000,000 in Series 2018B GO bond proceeds to SFMTA and Public Works, the sale and appropriation of 2014 Transportation and Road Improvement GO Bonds would total \$244,540,000. The Attachment shows the specific projects funded by the Series 2015B and proposed Series 2018B bond issuances.

As noted above, of the \$500,000,000 in 2014 Transportation and Road Improvement GO Bonds, \$255,995,000 will be issued in amounts to be determined at dates anticipated in summer 2019 and spring 2020.

Table 3: 2014 Transportation and Road Improvement Funds Allocation

	1 st Sale (Series 2015B)	Series 2018B Bond Sale (File 17-1253)	Remainder to be Allocated	Total
SFMTA				
Muni Forward Rapid Network Improvements	\$22,551,965	\$49,736,011	\$112,497,273	\$184,785,249
Caltrain Upgrades	7,760,000	20,020,000	11,220,000	39,000,000
Accessibility Improvements	0	3,000,000	26,023,861	29,023,861
Muni Facility Upgrades	26,200,000	41,522,343	0	67,722,343
Pedestrian Safety Improvements	3,989,567	26,268,525	35,529,327	65,787,419
Traffic Signal Improvements	0	6,000,000	15,284,165	21,284,165
Complete Streets Improvements	0	4,607,184	45,700,842	50,308,026
SFMTA Subtotal	\$60,501,533	\$151,154,063	\$246,255,468	\$457,911,063
Public Works				
Major Transit Corridor Improvements	\$5,500,000	\$21,588,937	\$0	\$27,088,937
Program Subtotal	\$66,001,533	\$172,743,000	\$246,255,468	\$485,000,000
Cost of Issuance	\$503,606	\$453,977	TBD	TBD
Underwriter's Discount	300,853	872,947	TBD	TBD
Controller's Audit Fund	132,003	345,486	TBD	TBD
Citizens' GO Bond Oversight Committee	67,005	174,590	TBD	TBD
Issuance and Oversight Subtotal	\$1,003,468	\$1,847,000	\$9,739,532	\$15,000,000
Reserve		\$2,410,000		
Total	\$67,005,000^a	\$177,000,000	\$255,995,000	\$500,000,000

^a May not add due to rounding error

FISCAL IMPACT

Annual Debt Service

As shown above in Table 2, the Office of Public Finance expects to sell \$174,590,000 in par value Series 2018B bonds.

The proposed resolution authorizes the Director of Public Finance to determine the sale date, interest rates, principal amount, and maturity dates of the bonds, subject to the following conditions: (1) the true interest cost shall not exceed 12 percent; and (2) the maturity date shall not be after June 15, 2043.

The Office of Public Finance estimates that, based on a conservative estimate of 3.99 percent interest rate, that average annual debt service over 20 years on the Series 2018B GO Bonds is \$12,574,600. The anticipated par value of \$174,590,000 is estimated to result in approximately \$76,902,017 in interest payments over the 20-year life of the GO Bonds. The estimated total principal and interest payment over the approximate 20-year life of the GO Bonds is \$251,492,017, of which \$76,902,017 is interest and \$174,590,000 is principal.

The Office of Public Finance intends to sell the GO Bonds through a competitive sale process, but in the case of significant change in market conditions, reserves the option to seek a negotiated sale with underwriter(s) selected competitively.

Debt Limit

Section 9.106 of the City Charter limits the amount of GO bonds the City can have outstanding at any given time to 3 percent of the total assessed value of property in San Francisco. The City calculates its debt limit on the basis of total assessed valuation net of non-reimbursable and homeowner exemptions. On this basis, the City's gross general obligation debt limit for FY 2017-18 is approximately \$7.02 billion, based on a net assessed valuation of approximately \$234.1 billion. This net assessed valuation is based on the Controller's Certificate of Assessed Valuation, as of August 1, 2017.

As of October 1, 2017, the City had outstanding approximately \$2.07 billion in aggregate principal amount of GO bonds, which equals approximately 0.88 percent of the net assessed valuation for FY 2017-18. If the Board of Supervisors approves the issuance of the Series 2018B GO Bonds, the debt ratio would increase by 0.08 percent to 0.96 percent—within the 3 percent legal debt limit. If all of the City's authorized and unissued bonds were issued, the total debt burden would be 1.47 percent of the net assessed value of property in the City.

Property Tax Rates

For Series 2018B, repayment of the annual debt service will be recovered through increases in the annual Property Tax rate, which, according to the Controller's Office, would be \$0.00554 per \$100 or \$5.54 per \$100,000 of assessed valuation over the anticipated 20-year term of the bonds based on current valuations. The owner of a residence with an assessed value of \$600,000, assuming a homeowner's exemption of \$7,000, would pay average annual additional Property Taxes to the City of \$32.85 per year if the \$174,590,000 Series 2018B Bonds are sold.

Capital Plan

Under financial constraints adopted by the City's Capital Planning Committee, debt service on approved and issued GO bonds may not increase property owners' long-term property tax rates above FY 2005-06 levels. The FY 2005-06 property tax rate for the GO bond fund was \$0.1201 per \$100 of assessed value. If the Board of Supervisors approves the issuance of the Series 2018B GO Bonds, the property tax rate for GO bonds for FY 2017-18 would increase from \$0.1074 to \$0.1129, which would be below the FY 2005-06 rate and within the Capital Planning Committee's approved financial constraint.

RECOMMENDATION

Approve the proposed resolution (File 17-1253) and the proposed ordinance (File 17-1248).

Projects	1st Bond Issuance ^a	Total Expenditures and Encumbrances as of August 2017 ^b	Remaining Balance	2nd Bond Issuance	Total 1st and 2nd Bond Issuance
Muni Forward Rapid Network Improvements					
1) 7 Haight-Noriega: Haight Street Rapid Project	\$891,978	\$3,788,041	(\$2,896,063)	\$6,766,975	\$7,658,953
2) 5 Fulton: East of 6th Ave (Inner) Rapid Project	2,582,424	2,621,961	(39,537)	1,254,218	3,836,642
3) N Judah: Arguello to 9th Ave Rapid Project	684,330	176,582	507,748	2,633,194	3,317,524
4) 30 Stockton: East of Van Ness Avenue Transit Priority Project	331,461	266,698	64,763	675,000	1,006,461
5) 30 Stockton: Chestnut St (W of VN) Transit Priority Project	3,003,687	3,362,411	(358,724)	3,576,648	6,580,335
6) 14 Mission: Division to Randall (Inner) Rapid Project	1,580,582	3,213,553	(1,632,971)	3,254,301	4,834,883
7) 28 19th Avenue: 19th Ave Rapid Project	13,631	13,631	0	3,900,000	3,913,631
8) 22 Fillmore Extension to Mission Bay	3,675,633	2,569,780	1,105,853	20,008,259	23,683,892
9) L-Taraval Transit Improvement Project	4,335,627	1,126,199	3,209,428	3,100,000	7,435,627
10) 10 Townsend: Sansome Contraflow Signals	1,814,036	1,586,277	227,759	0	1,814,036
11) 9 San Bruno: 11th St and Bayshore Blvd Rapid Project	2,157,632	2,126,624	31,008	0	2,157,632
12) 22 Fillmore: Overhead lines on Church/Duboce	90,944	0	90,944	0	90,944
13) 14 Mission: Mission & S Van Ness Transit Priority Project	1,390,000	1,051,594	338,406	0	1,390,000
14) 8 Bayshore - Geneva Transit Priority Project	0	0	0	1,000,000	1,000,000
15) 1 California: Laurel Village	0	0	0	1,200,000	1,200,000
16) 19 Polk: Polk Street Transit Priority Project	0	0	0	74,000	74,000
17) Lombard Street Streetscape	0	0	0	2,293,416	2,293,416
Total Muni Forward Rapid Network Improvements	22,551,965	21,903,351	648,614	49,736,011	72,287,976

Projects	1st Bond Issuance ^a	Total Expenditures and Encumbrances as of August 2017 ^b	Remaining Balance	2nd Bond Issuance	Total 1st and 2nd Bond Issuance
Pedestrian Safety Improvements					
1) New Signals on High Injury Corridors (10 intersections)	596,620	2,984,789	(2,388,169)	1,349,194	1,945,814
2) Add PCS to High Injury Corridors (18 locations)	492,076	478,659	13,417	1,725,442	2,217,518
3) Potrero Avenue Roadway Improvements	306,209	336,186	(29,977)	713,000	1,019,209
4) 8th & Market Street Transit Boarding Island	335,800	0	335,800	186,000	521,800
5) Mission Street & Trumbull Street Intersection Upgrade	201,246	168,799	32,447	69,000	270,246
6) Arguello Boulevard Traffic Signals Upgrade	6,111	12,392	(6,281)	243,889	250,000
7) Geary Pedestrian Improvements	2,051,506	1,168,899	882,607		2,051,506
5) Geary Bus Rapid Transit Phase I: Near-Term Improvements				7,400,000	7,400,000
6) Lombard Street Streetscape				4,250,000	4,250,000
7) 4th St - I-80 Vision Zero Improvements				1,400,000	1,400,000
8) Permanent Painted Safety Zone Conversion				575,000	575,000
9) 11th Street Safety Improvements				435,000	435,000
10) 6th Street Streetscape				2,590,000	2,590,000
11) Western Addition Area - Traffic Signal Upgrades				1,100,000	1,100,000
12) Contract 35 - Traffic Signal Modifications				4,232,000	4,232,000
Total Pedestrian Safety Improvements	3,989,568	5,149,724	(1,160,156)	26,268,525	30,258,093
Muni Facility Upgrades ^a					
1) Burke Facility Renovation	9,900,000	0	9,900,000	32,400,000	42,300,000
2) Muni Metro East Facility	4,200,000	0	4,200,000	9,122,343	13,322,343
3) Islais Creek Phase II	11,100,000	0	11,100,000		11,100,000
4) Underground Storage Tanks	1,000,000	0	1,000,000		1,000,000
Total Muni Facility Upgrades	26,200,000	0	26,200,000	41,522,343	67,722,343

Projects	1st Bond Issuance ^a	Total Expenditures and Encumbrances as of August 2017 ^b	Remaining Balance	2nd Bond Issuance	Total 1st and 2nd Bond Issuance
Major Transit Corridor Improvements					
1) Better Market Street	5,500,000	5,082,147	417,853	6,593,275	12,093,275
2) L-Taraval Transit Improvements				14,995,662	14,995,662
Total Major Transit Corridor Improvements	5,500,000	5,082,147	417,853	21,588,937	27,088,937
Transit Signal Improvements					
1) Better Market Street				6,000,000	6,000,000
Total Transit Signal Improvements	0	0	0	6,000,000	6,000,000
Caltrain Upgrades - San Francisco Contribution					
1) Caltrain Communications Based Overlay Signal System Positive Train Control	7,760,000	7,760,000	0		7,760,000
2) Caltrain Electrification				20,020,000	20,020,000
Total Caltrain Upgrades	7,760,000	7,760,000	0	20,020,000	27,780,000
Complete Streets Improvements					
1) Townsend Street Bicycle Strategy				2,700,000	2,700,000
2) 7th Street Streetscape				1,907,184	1,907,184
Total Complete Streets Improvements	0	0	0	4,607,184	4,607,184
Accessibility Improvements					
1) BART Canopies				3,000,000	3,000,000
Total Accessibility Improvements	0	0	0	3,000,000	3,000,000
Total	\$66,001,533	\$39,895,222	\$26,106,311	\$172,743,000	\$238,744,533

^a In July 2017, the Board of Supervisors re-appropriated \$26.2 million in 2014 Transportation and Road Improvements GO Bonds Series 2015A from Muni Forward Rapid Network Improvements and Pedestrian Safety Improvements to the Muni Facility Upgrades shown in the Table above (File 17-0673). According to the Budget and Legislative Analyst’s report to the June 15, 2017 Budget and Finance Committee, the Muni Forward Rapid Network Improvements and Pedestrian Safety Improvements projects were to be funded with proceeds from future bond issuances or other capital program funds. According to the September 2017 Bond Accountability Report, the \$26.2 million re-appropriation had not been fully processed as of August 31, 2017

^b Expenditure and encumbrance figures will be adjusted as part of the \$26.2 million re-appropriation

NOTICE OF INTENTION TO SELL

\$ _____ *

**CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(CLEAN AND SAFE NEIGHBORHOOD PARKS BONDS, 2012), SERIES 2018A**

\$ _____ *

**CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(TRANSPORTATION AND ROAD IMPROVEMENT BONDS, 2014), SERIES 2018B**

NOTICE IS HEREBY GIVEN that the City and County of San Francisco (the "City") intends to offer for public sale on _____, 2018, at 8:30 a.m. (California time) \$ _____ * aggregate principal amount of City and County of San Francisco General Obligation Bonds (Clean and Safe Neighborhood Parks, 2012), Series 2018A and City and County of San Francisco General Obligation Bonds (Transportation and Road Improvement Bonds, 2014), Series 2018B (the "Bonds") by sealed bids at the Controller's Office of Public Finance, 1 Dr. Carlton B. Goodlett Place, City Hall, Room 336, San Francisco, California 94102 and by electronic bids through Ipreo LLC's BiDCOMP™/PARITY® System ("Parity").

The City reserves the right to postpone or cancel the sale of the Bonds or change the terms thereof upon notice given through Thomson Reuters and Bloomberg Business News (collectively, the "News Services") and/or Parity. If no bid is awarded for the Bonds, the City may reschedule the sale of the Bonds to another date or time by providing notification through Parity and/or the News Services.

The Bonds will be offered for public sale subject to the terms and conditions of the Official Notice of Sale, dated _____, 2018 (the "Official Notice of Sale") relating to the Bonds. Additional information regarding the proposed sale of the Bonds, including copies of the Preliminary Official Statement for the Bonds, dated _____, 2018 (the "Preliminary Official Statement"), and the Official Notice of Sale, are expected to be available electronically at Ipreo Prospectus www.i-dealprospectus.com on or around January __, 2018, or may be obtained from either of the City's Co-Financial Advisors: (i) Acacia Financial Group, Inc.; 1441 Broadway, 5th Floor, New York, NY 10018, telephone: (212) 432-4020, Attention: Rich Lopatin, e-mail: rlopatin@acaciafin.com; or (ii) CSG Advisors Incorporated, One Post Street, Ste. 575, San Francisco, CA 94104, telephone: (415) 830-8894, Attention: Scott Smith e-mail: ssmith@csgadvisors.com. Failure of any bidder to receive such notice shall not affect the legality of the sale.

Other than with respect to postponement or cancellation as described above, the City reserves the right to modify or amend the Official Notice of Sale in any respect, as more fully described in the Official Notice of Sale; provided, that any such modification or amendment will be communicated to potential bidders through Parity and/or the News Services not later than 1:00 p.m. (California time) on the business day preceding the date for receiving bids for the Bonds or as otherwise described in the Official Notice of Sale. Failure of any potential bidder to receive notice of any modification or amendment will not affect the sufficiency of any such notice or the legality of the sale. The City reserves the right, in its sole discretion, to reject any and all bids and to waive any irregularity or informality in any bid which does not materially affect such bid or change the ranking of the bids.

Dated: _____, 2018

* Preliminary, subject to change.

APPENDIX A

CITY AND COUNTY OF SAN FRANCISCO
ORGANIZATION AND FINANCES

This Appendix contains information that is current as of October 1, 2017

This Appendix A to the Official Statement of the City and County of San Francisco (the “City” or “San Francisco”) covers general information about the City’s governance structure, budget processes, property taxation system and other tax and revenue sources, City expenditures, labor relations, employment benefits and retirement costs, and investments, bonds and other long-term obligations.

The various reports, documents, websites and other information referred to herein are not incorporated herein by such references. The City has referred to certain specified documents in this Appendix A which are hosted on the City’s website. A wide variety of other information, including financial information, concerning the City is available from the City’s publications, websites and its departments. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded and is not a part of or incorporated into this Appendix A. The information contained in this Official Statement, including this Appendix A, speaks only as of its date, and the information herein is subject to change. Prospective investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

TABLE OF CONTENTS

	<u>Page</u>
CITY GOVERNMENT.....	A-3
City Charter.....	A-3
Mayor and Board of Supervisors.....	A-3
Other Elected and Appointed City Officers.....	A-4
CITY BUDGET.....	A-5
Overview.....	A-5
Budget Process.....	A-5
November 2009 Charter Amendment Instituting Two-Year Budgetary Cycle.....	A-6
Role of Controller; Budgetary Analysis and Projections.....	A-7
General Fund Results; Audited Financial Statements.....	A-7
Five-Year Financial Plan.....	A-12
City Budget Adopted for Fiscal Years 2016-17 and 2017-18.....	A-13
Other Budget Updates.....	A-14
Impact of the State of California Budget on Local Finances.....	A-14
Impact of Federal Government on Local Finances.....	A-14
Budgetary Reserves.....	A-15
Rainy Day Reserve.....	A-15
Budget Stabilization Reserve.....	A-16
THE SUCCESSOR AGENCY.....	A-16
Authority and Personnel.....	A-17
Effect of the Dissolution Act.....	A-17
Oversight Board.....	A-17
Department of Finance Finding of Completion.....	A-18
State Controller Asset Transfer Review.....	A-18

Continuing Activities	A-18
PROPERTY TAXATION	A-18
Property Taxation System – General	A-18
Assessed Valuations, Tax Rates and Tax Delinquencies	A-19
Tax Levy and Collection.....	A-21
Taxation of State-Assessed Utility Property	A-23
OTHER CITY TAX REVENUES	A-24
Business Taxes	A-24
Transient Occupancy Tax (Hotel Tax)	A-25
Real Property Transfer Tax	A-26
Sales and Use Tax.....	A-27
Utility Users Tax	A-28
Emergency Response Fee; Access Line Tax.....	A-29
Sugar Sweetened Beverage Tax.....	A-29
Parking Tax.....	A-29
INTERGOVERNMENTAL REVENUES.....	A-29
State - Realignment.....	A-29
Public Safety Sales Tax	A-30
Other Intergovernmental Grants and Subventions	A-30
Charges for Services.....	A-30
CITY GENERAL FUND PROGRAMS AND EXPENDITURES	A-30
General Fund Expenditures by Major Service Area	A-30
Baselines	A-31
EMPLOYMENT COSTS; POST-RETIREMENT OBLIGATIONS.....	A-33
Labor Relations	A-33
San Francisco Employees’ Retirement System (“SFERS” or “Retirement System”)	A-35
Medical Benefits	A-41
Total City Employee Benefits Costs	A-45
INVESTMENT OF CITY FUNDS.....	A-46
CAPITAL FINANCING AND BONDS.....	A-48
Capital Plan	A-48
Tax-Supported Debt Service	A-49
General Obligation Bonds.....	A-50
Refunding General Obligation Bonds.....	A-52
Lease Payments and Other Long-Term Obligations	A-53
Commercial Paper Program.....	A-55
Board Authorized and Unissued Long-Term Obligations.....	A-56
Overlapping Debt.....	A-56
MAJOR ECONOMIC DEVELOPMENT PROJECTS.....	A-58
Hunters Point Shipyard (Phase 1 and 2) and Candlestick Point.....	A-59
Treasure Island.....	A-59
Mission Bay Blocks 29-32-Warrior’s Multipurpose Recreation and Entertainment Venue	A-59
Transbay.....	A-59
Mission Bay	A-60
Seawall Lot (SWL) 337 and Pier 48 (Mission Rock)	A-60
Pier 70.....	A-61
Moscone Convention Center	A-61
CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES	A-62

Article XIII A of the California Constitution	A-62
Article XIII B of the California Constitution	A-62
Articles XIII C and XIII D of the California Constitution	A-63
Statutory Limitations	A-63
Proposition 1A	A-64
Proposition 22	A-64
Proposition 26	A-65
Future Initiatives and Changes in Law	A-65
LITIGATION AND RISK MANAGEMENT	A-66
Pending Litigation	A-66
Risk Retention Program	A-66

CITY GOVERNMENT

City Charter

San Francisco is governed as a city and county chartered pursuant to Article XI, Sections 3, 4, 5 and 6 of the Constitution of the State of California (the "State"), and is the only consolidated city and county in the State. In addition to its powers under its charter in respect of municipal affairs granted under the State Constitution, San Francisco generally can exercise the powers of both a city and a county under State law. On April 15, 1850, several months before California became a state, the original charter was granted by territorial government to the City. New City charters were adopted by the voters on May 26, 1898, effective January 8, 1900, and on March 26, 1931, effective January 8, 1932. In November 1995, the voters of the City approved the current charter, which went into effect in most respects on July 1, 1996 (the "Charter").

The City is governed by a Board of Supervisors consisting of eleven members elected from supervisory districts (the "Board of Supervisors"), and a Mayor elected at large who serves as chief executive officer (the "Mayor"). Members of the Board of Supervisors and the Mayor each serve a four-year term. The Mayor and members of the Board of Supervisors are subject to term limits as established by the Charter. Members of the Board of Supervisors may serve no more than two successive four-year terms and may not serve another term until four years have elapsed since the end of the second successive term in office. The Mayor may serve no more than two successive four-year terms, with no limit on the number of non-successive terms of office. The City Attorney, Assessor-Recorder, District Attorney, Treasurer and Tax Collector, Sheriff, and Public Defender are also elected directly by the citizens and may serve unlimited four-year terms. The Charter provides a civil service system for most City employees. School functions are carried out by the San Francisco Unified School District (grades K-12) ("SFUSD") and the San Francisco Community College District (post-secondary) ("SFCCD"). Each is a separate legal entity with a separately elected governing board.

Under its original charter, the City committed itself to a policy of municipal ownership of utilities. The Municipal Railway, when acquired from a private operator in 1912, was the first such city-owned public transit system in the nation. In 1914, the City obtained its municipal water system, including the Hetch Hetchy watershed near Yosemite. In 1927, the City dedicated Mill's Field Municipal Airport at a site in what is now San Mateo County 14 miles south of downtown San Francisco, which would grow to become today's San Francisco International Airport (the "Airport"). In 1969, the City acquired the Port of San Francisco (the "Port") in trust from the State. Substantial expansions and improvements have been made to these enterprises since their original acquisition. The Airport, the Port, the Public Utilities Commission ("Public Utilities Commission") (which now includes the Water Enterprise, the Wastewater Enterprise and the Hetch Hetchy Water and Power Project), the Municipal Transportation Agency ("MTA") (which operates the San Francisco Municipal Railway or "Muni" and the Department of Parking and Traffic ("DPT"), including the Parking Authority and its five public parking garages), and the City-owned hospitals (San Francisco General and Laguna Honda), are collectively referred to herein as the "enterprise fund departments," as they are not integrated into the City's General Fund operating budget. However, certain of the enterprise fund departments, including San Francisco General Hospital, Laguna Honda Hospital and the MTA receive significant General Fund transfers on an annual basis.

The Charter distributes governing authority among the Mayor, the Board of Supervisors, the various other elected officers, the City Controller and other appointed officers, and the boards and commissions that oversee the various City departments. Compared to the governance of the City prior to 1995, the Charter

concentrates relatively more power in the Mayor and Board of Supervisors. The Mayor appoints most commissioners subject to a two-thirds vote of the Board of Supervisors, unless otherwise provided in the Charter. The Mayor appoints each department head from among persons nominated to the position by the appropriate commission, and may remove department heads.

Mayor and Board of Supervisors

Edwin M. Lee is the 43rd and current Mayor of the City. The Mayor has responsibility for general administration and oversight of all departments in the executive branch of the City. Mayor Lee was elected to his current four-year term on November 3, 2015. Prior to being elected, Mayor Lee was appointed by the Board of Supervisors in January 2011 to fill the remaining year of former Mayor Gavin Newsom’s term when Mayor Newsom was sworn in as the State’s Lieutenant Governor. Mayor Lee served as the City Administrator from 2005 until his appointment to Mayor. He also previously served in each of the following positions: the City’s Director of Public Works, the City’s Director of Purchasing, the Director of the Human Rights Commission, the Deputy Director of the Employee Relations Division, and coordinator for the Mayor’s Family Policy Task Force.

Table A-1 lists the current members of the Board of Supervisors. The Supervisors are elected for staggered four-year terms and are elected by district. Vacancies are filled by appointment by the Mayor.

TABLE A-1

**CITY AND COUNTY OF SAN FRANCISCO
Board of Supervisors**

Name	First Elected or Appointed	Current Term Expires
Sandra Lee Fewer, <i>District 1</i>	2017	2021
Mark Farrell, <i>District 2</i>	2010	2019
Aaron Peskin, <i>District 3</i>	2017	2021
Katy Tang, <i>District 4</i>	2013	2019
London Breed, Board President, <i>District 5</i>	2017	2021
Jane Kim, <i>District 6</i>	2010	2019
Norman Yee, <i>District 7</i>	2017	2021
Jeff Sheehy, <i>District 8</i>	2017	2021
Hillary Rohen, <i>District 9</i>	2017	2021
Malia Cohen, <i>District 10</i>	2010	2019
Ahsha Safai, <i>District 11</i>	2017	2021

Other Elected and Appointed City Officers

Dennis J. Herrera was re-elected to a four-year term as City Attorney in November 2015. The City Attorney represents the City in legal proceedings in which the City has an interest. Mr. Herrera was first elected City Attorney in December 2001. Before becoming City Attorney, Mr. Herrera had been a partner in a private law firm and had served in the Clinton Administration as Chief of Staff of the U.S. Maritime Administration. He also served as president of the San Francisco Police Commission and was a member of the San Francisco Public Transportation Commission.

Carmen Chu was elected Assessor-Recorder of the City in November 2014. The Assessor-Recorder administers the property tax assessment system of the City. Before becoming Assessor-Recorder, Ms. Chu

was elected in November 2008 and November 2010 to the Board of Supervisors, representing the Sunset/Parkside District 4 after being appointed by then-Mayor Newsom in September 2007.

José Cisneros was re-elected to a four-year term as Treasurer of the City in November 2015. The Treasurer is responsible for the deposit and investment of all City moneys, and also acts as Tax Collector for the City. Mr. Cisneros has served as Treasurer since September 2004, following his appointment by then-Mayor Newsom. Prior to being appointed Treasurer, Mr. Cisneros served as Deputy General Manager, Capital Planning and External Affairs for the MTA.

Benjamin Rosenfield was appointed to a ten-year term as Controller of the City by then-Mayor Newsom in March 2008, and was confirmed by the Board of Supervisors in accordance with the Charter. The City Controller is responsible for timely accounting, disbursement, and other disposition of City moneys, certifies the accuracy of budgets, estimates the cost of ballot measures, provides payroll services for the City's employees, and, as the Auditor for the City, directs performance and financial audits of City activities. Before becoming Controller, Mr. Rosenfield served as the Deputy City Administrator under former City Administrator Edwin Lee from 2005 to 2008. He was responsible for the preparation and monitoring of the City's ten-year capital plan, oversight of a number of internal service offices under the City Administrator, and implementing the City's 311 non-emergency customer service center. From 2001 to 2005, Mr. Rosenfield worked as the Budget Director for then-Mayor Willie L. Brown, Jr. and then-Mayor Newsom. As Budget Director, Mr. Rosenfield prepared the City's proposed budget for each fiscal year and worked on behalf of the Mayor to manage City spending during the course of each year. From 1997 to 2001, Mr. Rosenfield worked as an analyst in the Mayor's Budget Office and a project manager in the Controller's Office.

Naomi M. Kelly was appointed to a five-year term as City Administrator by Mayor Lee on February 7, 2012 and re-appointed for a second five-year term on February 8, 2017. The City Administrator has overall responsibility for the management and implementation of policies, rules and regulations promulgated by the Mayor, the Board of Supervisors and the voters. In January 2012, Mrs. Kelly became Acting City Administrator. From January 2011, she served as Deputy City Administrator where she was responsible for the Office of Contract Administration, Purchasing, Fleet Management and Central Shops. Mrs. Kelly led the effort to successfully roll out the City's new Local Hire program last year by streamlining rules and regulations, eliminating duplication and creating administrative efficiencies. In 2004, Mrs. Kelly served as the City Purchaser and Director of the Office of Contract Administration. Mrs. Kelly has also served as Special Assistant in the Mayor's Office of Neighborhood Services, in the Mayor's Office of Policy and Legislative Affairs and served as the City's Executive Director of the Taxicab Commission.

CITY BUDGET

Overview

This section discusses the City's budget procedures, while following sections of this Appendix A describe the City's various sources of revenues and expenditure obligations.

The City manages the operations of its nearly 60 departments, commissions and authorities, including the enterprise fund departments, through its annual budget. In July 2017, the City adopted a full two-year budget. The City's fiscal year 2017-18 adopted budget appropriates annual revenues, fund balance, transfers and reserves of approximately \$10.12 billion, of which the City's General Fund accounts for approximately \$5.15 billion. In fiscal year 2018-19 appropriated revenues, fund balance, transfers and reserves total approximately \$10.00 billion and \$5.31 billion of General Fund budget. For a further

discussion of the fiscal years 2017-18 and 2018-19 adopted budgets, see “City Budget Adopted for Fiscal Years 2017-18 and 2018-19” herein.

Each year the Mayor prepares budget legislation for the City departments, which must be approved by the Board of Supervisors. Revenues consist largely of local property taxes, business taxes, sales taxes, other local taxes and charges for services. A significant portion of the City’s revenues come in the form of intergovernmental transfers from the State and Federal governments. Thus, the City’s fiscal situation is affected by the health of the local real estate market, the local business and tourist economy, and by budgetary decisions made by the State and federal governments which depend, in turn, on the health of the larger State and national economies. All of these factors are almost wholly outside the control of the Mayor, the Board of Supervisors and other City officials. In addition, the State Constitution strictly limits the City’s ability to raise taxes and property-based fees without a two-thirds popular vote. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES” herein. Also, the fact that the City’s annual budget must be adopted before the State and federal budgets adds uncertainty to the budget process and necessitates flexibility so that spending decisions can be adjusted during the course of the fiscal year. See “CITY GENERAL FUND PROGRAMS AND EXPENDITURES” herein.

Budget Process

The City’s fiscal year commences on July 1. The City’s budget process for each fiscal year begins in the middle of the preceding fiscal year as departments prepare their budgets and seek any required approvals from the applicable City board or commission. Departmental budgets are consolidated by the City Controller, and then transmitted to the Mayor no later than the first working day of March. By the first working day of May, the Mayor is required to submit a proposed budget to the Board of Supervisors for certain specified departments, based on criteria set forth in the Administrative Code. On or before the first working day of June, the Mayor is required to submit the complete budget, including all departments, to the Board of Supervisors.

Under the Charter, following the submission of the Mayor’s proposed budget, the City Controller must provide an opinion to the Board of Supervisors regarding the accuracy of economic assumptions underlying the revenue estimates and the reasonableness of such estimates and revisions in the proposed budget (the City Controller’s “Revenue Letter”). The City Controller may also recommend reserves that are considered prudent given the proposed resources and expenditures contained in the Mayor’s proposed budget. The City Controller’s current Revenue Letter can be viewed online at www.sfcontroller.org. The Revenue Letter and other information from the said website are not incorporated herein by reference. The City’s Capital Planning Committee also reviews the proposed budget and provides recommendations based on the budget’s conformance with the City’s adopted ten-year capital plan. For a further discussion of the Capital Planning Committee and the City’s ten-year capital plan, see “CAPITAL FINANCING AND BONDS – Capital Plan” herein.

The City is required by the Charter to adopt a budget which is balanced in each fund. During its budget approval process, the Board of Supervisors has the power to reduce or augment any appropriation in the proposed budget, provided the total budgeted appropriation amount in each fund is not greater than the total budgeted appropriation amount for such fund submitted by the Mayor. The Board of Supervisors must approve the budget by adoption of the Annual Appropriation Ordinance (also referred to herein as the “Original Budget”) by no later than August 1 of each year.

The Annual Appropriation Ordinance becomes effective with or without the Mayor's signature after ten days; however, the Mayor has line-item veto authority over specific items in the budget. Additionally, in the event the Mayor were to disapprove the entire ordinance, the Charter directs the Mayor to promptly return the ordinance to the Board of Supervisors, accompanied by a statement indicating the reasons for disapproval and any recommendations which the Mayor may have. Any Annual Appropriation Ordinance so disapproved by the Mayor shall become effective only if, subsequent to its return, it is passed by a two-thirds vote of the Board of Supervisors.

Following the adoption and approval of the Annual Appropriation Ordinance, the City makes various revisions throughout the fiscal year (the Original Budget plus any changes made to date are collectively referred to herein as the "Revised Budget"). A "Final Revised Budget" is prepared at the end of the fiscal year reflecting the year-end revenue and expenditure appropriations for that fiscal year.

November 2009 Charter Amendment Instituting Two-Year Budgetary Cycle

On November 3, 2009, voters approved Proposition A amending the Charter to make changes to the City's budget and financial processes which are intended to stabilize spending by requiring multi-year budgeting and financial planning.

Proposition A requires four significant changes:

1. Specifies a two-year (biennial) budget, replacing the annual budget. Fixed two-year budgets are currently approved by the Board of Supervisors for five departments: the Airport, Child Support Services, the Port, the Public Utilities Commission and MTA. All other departments prepared balanced, rolling two-year budgets.
2. Requires a five-year financial plan, which forecasts revenues and expenses and summarizes expected public service levels and funding requirements for that period. The most recent five-year financial plan, including a forecast of expenditures and revenues and proposed actions to balance them in light of strategic goals, was issued by the Mayor, Budget Analyst for the Board of Supervisors and Controller's Office on December 16, 2016, for fiscal year 2017-18 through fiscal year 2021-22, to be considered by the Board of Supervisors. See "Five Year Financial Plan" below. This plan was most recently updated on March 23, 2017.
3. Charges the Controller's Office with proposing to the Mayor and Board of Supervisors financial policies addressing reserves, use of volatile revenues, debt and financial measures in the case of disaster recovery and requires the City to adopt budgets consistent with these policies once approved. The Controller's Office may recommend additional financial policies or amendments to existing policies no later than October 1 of any subsequent year.
4. Standardizes the processes and deadlines for the City to submit labor agreements for all public employee unions by May 15.

On April 13, 2010, the Board of Supervisors unanimously adopted policies to 1) codify the City's current practice of maintaining an annual General Reserve for current year fiscal pressures not anticipated in the budget and roughly double the size of the General Reserve by fiscal year 2015-16, and 2) create a new Budget Stabilization Reserve funded by excess receipts from volatile revenue streams to augment the existing Rainy Day Reserve to help the City mitigate the impact of multi-year downturns. On November 8 and 22, 2011, the Board of Supervisors unanimously adopted additional financial policies limiting the

future approval of Certificates of Participation and other long-term obligations to 3.25% of discretionary revenue, and specifying that selected nonrecurring revenues may only be spent on nonrecurring expenditures. On December 16, 2014, the Board of Supervisors unanimously adopted financial policies to implement voter-approved changes to the City's Rainy Day Reserve, as well as changes to the General Reserve which would increase the cap from 2% to 3% of revenues and reduce deposit requirements during a recession. These policies are described in further detail below under "Budgetary Reserves." The Controller's Office may propose additional financial policies by October 1 of any year.

Role of Controller; Budgetary Analysis and Projections

As Chief Fiscal Officer and City Services Auditor, the City Controller monitors spending for all officers, departments and employees charged with receipt, collection or disbursement of City funds. Under the Charter, no obligation to expend City funds can be incurred without a prior certification by the Controller that sufficient revenues are or will be available to meet such obligation as it becomes due in the then-current fiscal year, which ends June 30. The Controller monitors revenues throughout the fiscal year, and if actual revenues are less than estimated, the City Controller may freeze department appropriations or place departments on spending "allotments" which will constrain department expenditures until estimated revenues are realized. If revenues are in excess of what was estimated, or budget surpluses are created, the Controller can certify these surplus funds as a source for supplemental appropriations that may be adopted throughout the year upon approval of the Mayor and the Board of Supervisors. The City's annual expenditures are often different from the estimated expenditures in the Annual Appropriation Ordinance due to supplemental appropriations, continuing appropriations of prior years, and unexpended current-year funds.

In addition to the five year planning responsibilities established in Proposition A of November 2009 and discussed above, Charter Section 3.105 directs the Controller to issue periodic or special financial reports during the fiscal year. Each year, the Controller issues six-month and nine-month budget status reports to apprise the City's policymakers of the current budgetary status, including projected year-end revenues, expenditures and fund balances. The Controller issued the most recent of these reports, the fiscal year 2016-17 Nine Month Budget Status Report (the "Nine Month Report"), on May 10, 2017. The City Charter also directs the Controller to annually report on the accuracy of economic assumptions underlying the revenue estimates in the Mayor's proposed budget. On June 9, 2017 the Controller released the Discussion of the Mayor's fiscal year 2017-18 and fiscal year 2018-19 Proposed Budget (the "Revenue Letter" as described in "Budget Process" above). All of these reports are available from the Controller's website: www.sfcontroller.org. The information from said website is not incorporated herein by reference.

General Fund Results: Audited Financial Statements

The General Fund portions of the fiscal years 2017-18 and 2018-19 Original Budgets total \$5.15 billion and \$5.31 billion, respectively. This does not include expenditures of other governmental funds and enterprise fund departments such as the Airport, the MTA, the Public Utilities Commission, the Port and the City-owned hospitals (San Francisco General and Laguna Honda). Table A-2 shows Final Revised Budget revenues and appropriations for the City's General Fund for fiscal years 2012-13 through 2015-16 and the Original Budgets for fiscal years 2016-17 and 2017-18. See "PROPERTY TAXATION –Tax Levy and Collection," "OTHER CITY TAX REVENUES" and "CITY GENERAL FUND PROGRAMS AND EXPENDITURES" herein.

The City's most recently completed Comprehensive Annual Financial Report (the "CAFR," which includes the City's audited financial statements) for fiscal year 2015-16 was issued on November 18, 2016. The fiscal year 2015-16 CAFR reported that as of June 30, 2016, the General Fund available for appropriation in subsequent years was \$435 million (see Table A-4), of which \$172.1 million was assumed in the fiscal year 2016-17 Original Budget and \$191.2 million was assumed in the fiscal year 2017-18 Original Budget. This represents a \$44 million increase in available fund balance over the \$391 million available as of June 30, 2015 and resulted primarily from greater-than-budgeted additional tax revenue, particularly property and business tax revenues, partially offset by weakness in sales and parking tax revenues in fiscal year 2015-16, as well as lower required transfers to support the Department of Public Health. The fiscal year 2016-17 CAFR is scheduled to be completed in late November 2017.

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TABLE A-2

CITY AND COUNTY OF SAN FRANCISCO
Budgeted General Fund Revenues and Appropriations for
Fiscal Years 2013-14 through 2017-18
(000s)

	2013-14 Final Revised Budget	2014-15 Final Revised Budget	2015-16 Final Revised Budget	2016-17 Final Revised Budget ²	2017-18 Original Budget ³
Prior-Year Budgetary Fund Balance & Reserves	\$674,637	\$941,702	\$1,236,090	\$178,109	\$195,221
Budgeted Revenues					
Property Taxes	\$1,153,417	\$1,232,927	\$1,291,000	\$1,412,000	\$1,468,000
Business Taxes	532,988	572,385	634,460	669,450	697,887
Other Local Taxes	846,924	910,430	1,062,535	1,117,245	1,262,875
Licenses, Permits and Franchises	25,533	27,129	27,163	28,876	29,187
Fines, Forfeitures and Penalties	4,994	4,242	4,550	4,580	4,578
Interest and Investment Earnings	10,946	6,853	10,680	13,970	14,353
Rents and Concessions	23,060	22,692	15,432	16,140	15,828
Grants and Subventions	799,188	856,336	900,997	959,099	978,866
Charges for Services	177,081	210,020	219,628	236,102	236,786
Other	14,321	21,532	31,084	61,334	27,821
Total Budgeted Revenues	\$3,588,452	\$3,864,545	\$4,197,529	\$4,518,796	\$4,736,181
Bond Proceeds & Repayment of Loans	1,105	1,026	918	881	881
Expenditure Appropriations					
Public Protection	\$1,102,667	\$1,158,771	\$1,211,007	\$1,298,185	\$1,323,268
Public Works, Transportation & Commerce	79,635	89,270	138,288	176,768	165,498
Human Welfare & Neighborhood Development	745,277	828,555	892,069	970,679	1,009,995
Community Health	703,092	703,569	751,416	786,218	824,100
Culture and Recreation	112,624	119,051	125,253	158,954	158,979
General Administration & Finance	199,709	214,958	235,647	349,308	333,291
General City Responsibilities ¹	86,516	116,322	113,672	154,344	164,895
Total Expenditure Appropriations	\$3,029,520	\$3,230,496	\$3,467,352	\$3,894,456	\$3,980,026
Budgetary reserves and designations, net	\$0	\$39,966	\$9,907	\$58,469	\$61,014
Transfers In	\$242,958	\$199,175	\$235,416	\$161,995	\$159,211
Transfers Out	(720,806)	(873,592)	(962,511)	(906,856)	(1,050,454)
Net Transfers In/Out	(\$477,848)	(\$674,417)	(\$727,095)	(\$744,861)	(\$891,243)
Budgeted Excess (Deficiency) of Sources					
Over (Under) Uses	\$756,825	\$862,394	\$1,230,182	\$0	\$1
Variance of Actual vs. Budget	184,184	373,696	296,673		
Total Actual Budgetary Fund Balance³	\$941,009	\$1,236,090	\$1,526,855	\$0	\$1

¹ Over the past five years, the City has consolidated various departments to achieve operational efficiencies. This has resulted in changes in how departments were summarized in the service area groupings above for the time periods shown.

² Fiscal year 2016-17 Final Revised Budget will be available upon release of the fiscal year 2016-17 CAFR.

³ Fiscal year 2017-18 Original Budget Prior-Year Budgetary Fund Balance & Reserves will be reconciled with the previous year's Final Revised Budget.

Source: Office of the Controller, City and County of San Francisco.

The City prepares its budget on a modified accrual basis. Accruals for incurred liabilities, such as claims and judgments, workers' compensation, accrued vacation and sick leave pay are funded only as payments are required to be made. The audited General Fund balance as of June 30, 2016 was \$1.4 billion (as shown in Table A-3 and Table A-4) using Generally Accepted Accounting Principles ("GAAP"), derived from audited revenues of \$4.4 billion. Audited General Fund balances are shown in Table A-3 on both a budget basis and a GAAP basis with comparative financial information for the fiscal years ended June 30, 2012 through June 30, 2016.

TABLE A-3

CITY AND COUNTY OF SAN FRANCISCO
Summary of Audited General Fund Balances
Fiscal Years 2011-12 through 2015-16
(000s)

	2011-12	2012-13	2013-14	2014-15	2015-16
Restricted for rainy day (Economic Stabilization account)	\$31,099	\$23,329	\$60,289	\$71,904	\$74,986
Restricted for rainy day (One-time Spending account)	3,010	3,010	22,905	43,065	45,120
Committed for budget stabilization (citywide)	74,330	121,580	132,264	132,264	178,434
Committed for Recreation & Parks expenditure savings reserve	4,946	15,907	12,862	10,551	8,736
<u>Assigned, not available for appropriation</u>					
Assigned for encumbrances	\$62,699	\$74,815	\$92,269	\$137,641	\$190,965
Assigned for appropriation carryforward	85,283	112,327	159,345	201,192	293,921
Assigned for budget savings incentive program (citywide)	22,410	24,819	32,088	33,939	58,907
Assigned for salaries and benefits (MOU)	7,100	6,338	10,040	20,155	18,203
Total Fund Balance Not Available for Appropriation	\$290,877	\$382,125	\$522,062	\$650,711	\$869,272
<u>Assigned and unassigned, available for appropriation</u>					
Assigned for litigation & contingencies	\$23,637	\$30,254	79,223	131,970	\$145,443
Assigned for General reserve	22,306	21,818	-	-	-
Assigned for subsequent year's budget	104,284	122,689	135,938	180,179	172,128
Unassigned for General Reserve	-	-	45,748	62,579	76,913
Unassigned - Budgeted for use second budget year	103,575	111,604	137,075	194,082	191,202
Unassigned - Contingency for second budget year	-	-	-	-	60,000
Unassigned - Available for future appropriation	12,418	6,147	21,656	16,569	11,872
Total Fund Balance Available for Appropriation	\$266,220	\$292,512	\$419,640	\$585,379	\$657,558
Total Fund Balance, Budget Basis	\$557,097	\$674,637	\$941,702	\$1,236,090	\$1,526,830
<u>Budget Basis to GAAP Basis Reconciliation</u>					
Total Fund Balance - Budget Basis	\$557,097	\$674,637	\$941,702	\$1,236,090	\$1,526,830
Unrealized gain or loss on investments	6,838	(1,140)	935	1,141	343
Nonspendable fund balance	19,598	23,854	24,022	24,786	522
Cumulative Excess Property Tax Revenues Recognized	(46,140)	(38,210)	(37,303)	(37,303)	(36,008)
Cumulative Excess Health, Human Service, Franchise Tax and other Revenues on Budget Basis	(62,241)	(93,910)	(66,415)	(50,406)	(56,709)
Deferred Amounts on Loan Receivables	(16,551)	(20,067)	(21,670)	(23,212)	-
Pre-paid lease revenue	(2,876)	(4,293)	(5,709)	(5,900)	(5,816)
Total Fund Balance, GAAP Basis	\$455,725	\$540,871	\$835,562	\$1,145,196	\$1,429,162

Source: Office of the Controller, City and County of San Francisco.

Table A-4, entitled "Audited Statement of Revenues, Expenditures and Changes in General Fund Balances," is extracted from information in the City's CAFR for the five most recent fiscal years. Audited financial statements for the fiscal year ended June 30, 2016 are included herein as Appendix B – "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE YEAR ENDED JUNE 30, 2016." Prior years' audited financial statements can be obtained from the City Controller's website. Information from the City Controller's website is not incorporated herein by reference. Excluded from this Statement of General Fund Revenues and Expenditures in Table A-4 are fiduciary funds, internal service funds, special revenue funds (which relate to proceeds of specific revenue sources which are legally restricted to expenditures for specific purposes) and all of the enterprise fund departments of the City, each of which prepares separate audited financial statements.

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TABLE A-4

CITY AND COUNTY OF SAN FRANCISCO
Audited Statement of Revenues, Expenditures and Changes in General Fund Balances
Fiscal Years 2011-12 through 2015-16¹
(000s)

	2011-12	2012-13	2013-14	2014-15	2015-16
Revenues:					
Property Taxes	\$1,056,143	\$1,122,008	\$1,178,277	\$1,272,623	\$1,393,574
Business Taxes ²	435,316	479,627	562,896	609,614	659,086
Other Local Taxes	751,301	756,346	922,205	1,085,381	1,054,109
Licenses, Permits and Franchises	25,022	26,273	26,975	27,789	27,909
Fines, Forfeitures and Penalties	8,444	6,226	5,281	6,369	8,985
Interest and Investment Income	10,262	2,125	7,866	7,867	9,613
Rents and Concessions	24,932	35,273	25,501	24,339	46,553
Intergovernmental	678,808	720,625	827,750	854,464	900,820
Charges for Services	145,797	164,391	180,850	215,036	233,976
Other	17,090	14,142	9,760	9,162	22,291
Total Revenues	\$3,153,115	\$3,327,036	\$3,747,361	\$4,112,644	\$4,356,916
Expenditures:					
Public Protection	\$991,275	\$1,057,451	\$1,096,839	\$1,148,405	\$1,204,666
Public Works, Transportation & Commerce	52,815	68,014	78,249	87,452	136,762
Human Welfare and Neighborhood Development	626,194	660,657	720,787	786,362	853,924
Community Health	545,962	634,701	668,701	650,741	666,138
Culture and Recreation	100,246	105,870	113,019	119,278	124,515
General Administration & Finance	182,898	186,342	190,335	208,695	223,844
General City Responsibilities	96,132	81,657	86,968	98,620	114,663
Total Expenditures	\$2,595,522	\$2,794,692	\$2,954,898	\$3,099,553	\$3,324,512
Excess of Revenues over Expenditures	\$557,593	\$532,344	\$792,463	\$1,013,091	\$1,032,404
Other Financing Sources (Uses):					
Transfers In	\$120,449	\$195,272	\$216,449	\$164,712	\$209,494
Transfers Out	(553,190)	(646,912)	(720,806)	(873,741)	(962,343)
Other Financing Sources	3,682	4,442	6,585	5,572	4,411
Other Financing Uses	-	-	-	-	-
Total Other Financing Sources (Uses)	(\$429,059)	(\$447,198)	(\$497,772)	(\$703,457)	(\$748,438)
Extraordinary gain/(loss) from dissolution of the Redevelopment Agency	(815)	-	-	-	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$127,719	\$85,146	\$294,691	\$309,634	\$283,966
Total Fund Balance at Beginning of Year	\$328,006	\$455,725	\$540,871	\$835,562	\$1,145,196
Total Fund Balance at End of Year -- GAAP Basis³	\$455,725	\$540,871	\$835,562	\$1,145,196	\$1,429,162
Assigned for Subsequent Year's Appropriations and Unassigned Fund Balance, Year End					
-- GAAP Basis	\$133,794	\$135,795	\$178,066	\$234,273	\$249,238
-- Budget Basis	\$220,277	\$240,410	\$294,669	\$390,830	\$435,202

¹ Summary of financial information derived from City CAFRs. Fund balances include amounts reserved for rainy day (Economic Stabilization and One-time Spending accounts), encumbrances, appropriation carryforwards and other purposes (as required by the Charter or appropriate accounting practices) as well as unreserved designated and undesignated available fund balances (which amounts constitute unrestricted General Fund balances).

² Does not include business taxes allocated to special revenue fund for the Community Challenge Grant program.

³ Total fiscal year 2012-13 amount is comprised of \$122.7 million in assigned balance subsequently appropriated for use in fiscal year 2013-14 plus \$117.8 million unassigned balance available for future appropriations.

Sources: Comprehensive Annual Financial Report; Office of the Controller, City and County of San Francisco.

Five-Year Financial Plan

The Five-Year Financial Plan ("Plan") is required under Proposition A, a Charter amendment approved by voters in November 2009. The Charter requires the Plan to forecast expenditures and revenues for the next five fiscal years, propose actions to balance revenues and expenditures during each year of the Plan, and discuss strategic goals and corresponding resources for City departments. Proposition A required that a Plan be adopted every two years. The City updates the Plan annually. The most recently adopted Plan, for fiscal years 2017-18 through 2021-22, was adopted by the Board of Supervisors and signed by the Mayor on May 5, 2017.

On December 16, 2016, the Mayor, Budget Analyst for the Board of Supervisors and the Controller's Office issued a proposed Plan for fiscal year 2017-18 through fiscal year 2021-22, to be considered by the Board of Supervisors. The proposed Plan projects shortfalls of \$119 million, \$283 million, \$585 million, \$713 million, and \$848 million cumulatively for fiscal years 2017-18 through fiscal year 2021-22, respectively. On March 23, 2017, the proposed Plan was updated with the most recent information on the City's fiscal condition. For General Fund Supported operations, the updated Plan projects budgetary shortfalls of \$87 million, \$201 million, \$612 million, \$774 million, and \$907 million cumulatively over the next five fiscal years. This represents a cumulative increase in shortfall of \$59 million from the prior projection.

The updated Plan projects growth over a five-year period in General Fund revenues of 11%, primarily composed of growth in local tax sources, offset by projected expenditure increases of 30% over the same period, primarily composed of growth in employee salaries and benefits, citywide operating expenses, and Charter mandated baselines and reserves. The Plan presents an array of fiscal strategies to constrain this increase in expenditures and bring revenues and expenditures into balance. To the extent budgets are balanced with ongoing savings or revenues, future shortfalls are would decrease.

The City currently projects growth in General Fund sources of \$541 million over the Plan period, and expenditure growth of \$1.4 billion. Growth in salaries and benefits account for 51% or \$732 million of the cumulative five year shortfall. Growth in citywide operating costs account for 31% or \$451 million of the cumulative five year shortfall. Growth in Charter mandated baselines and reserves account for 15% or \$214 million of the cumulative five year shortfall. Growth in individual department costs account for 4% or \$52.4 million of the cumulative five year shortfall. These figures incorporate the key assumptions from the December 2016 plan, including:

- **Continued Increases in Employer Contribution Rates to City Retirement System:** Consistent with the December 2016 proposed Plan, the March 2017 update anticipates increased retirement costs. This is in contrast to the pension relief anticipated at the time of the proposed Plan from December 2014, when decreased pension contributions were expected after the amortization of investment losses during the financial crisis. The increase in employer contribution rates is due to three main factors: lower than expected actual fiscal year 2015-16 investment earnings; updated demographic assumptions, which show that retirees are living longer and collecting pensions longer than previously expected, and an appellate court ruling against the City which found that voter-adopted changes to the conditions under which retirees could receive a supplemental COLA violated retirees' vested rights. Current projections are marginally improved since the December 2016 Plan, as they incorporate the SFERS Retirement Board approved results of their July 1, 2016 actuarial funding valuation, resulting in slightly lower than previously assumed SFERS contribution rates paid by the City for miscellaneous employees. In addition, on December 21, 2016, the CalPERS Board of Administration approved lowering their discount rate assumption, the long-term rate of return, from 7.5% to 7% over three years. The March 2017 Plan update incorporates

increased contribution rates by the City for CalPERS employees, as a result of the discount rate changes beginning in FY 2018-19.

Voter Adopted Revenue and Spending Requirements: Consistent with the December 2016 proposed Plan, the March 2017 update continues to assume several new revenue and expenditure requirements that have been adopted by voters in 2016: a Recreation and Parks baseline (June 2016 Proposition B), a Dignity Fund baseline (November 2016 Proposition I), and a Street Tree Maintenance Fund baseline (November 2016 Proposition E). In addition to these spending requirements, the voters adopted an increase to the Real Property Transfer Tax rate (November 2016 Proposition W) and a tax on the distribution of sugar-sweetened beverages (November 2016 Proposition

The March 2017 update also incorporates the following key changes from the December 2016 Plan:

- **Two-Year Contract Extensions for Most Miscellaneous Employees:** In February 2017, the City negotiated two-year contract extensions (for fiscal years 2017-18 and 2018-19) with most of its labor unions. The parties agreed to a wage increase schedule of 3% on July 1, 2017 and 3% on July 1, 2018, with a provision to delay the fiscal year 2018-19 adjustment by six months if the City's deficit, as projected in the March 2017 update to the Five Year Financial Plan, exceeds \$200 million.
- **Updates to the City's Ten-Year Capital Plan:** On February 28, 2017, the City's Proposed Ten-Year Capital Plan for fiscal years 2018-2027 was introduced to the Board of Supervisors. The assumptions in the Capital Plan are reflected in the March update to the Five Year Financial Plan.

Importantly, the updated Plan does not assume any losses of federal or state revenues, except for formula-driven reductions. Although proposals that would have significant negative impact on the City budget are pending at the state and federal level, it is unclear which will ultimately be adopted and what the specific impacts will be.

While the projected shortfalls in the updated Plan reflect the difference in projected revenues and expenditures over the next five years if current service levels and policies continue, San Francisco's Charter requires that each year's budget be balanced. Balancing the budgets will require some combination of expenditure reductions and/or additional revenues. These projections assume no ongoing solutions are implemented. To the extent budgets are balanced with ongoing solutions, future shortfalls will decrease.

The December 2016 proposed Plan and the March 2017 update do not assume an economic downturn due to the difficulty of predicting recessions; however, the City has historically not experienced more than six consecutive years of expansion and the current economic expansion began over seven years ago. For this reason, the December 2016 proposed Plan includes a recession scenario, which reflects a revenue shortfall of \$960 million during the forecast period, based on the average rates of revenue declines experienced in major tax revenue sources during the previous two recessions.

City Budget Adopted for Fiscal Years 2017-18 and 2018-19

On July 26, 2017, Mayor Lee signed the Consolidated Budget and Annual Appropriation Ordinance (the "Original Budget") for the fiscal years ending June 30, 2018 and June 30, 2019. This is the sixth two-year budget for the entire City. The adopted budget closed the \$119 million and \$283 million General Fund

shortfalls for fiscal year 2017-18 and fiscal year 2018-19 identified in the City's December 2016 Plan update through a combination of increased revenues and expenditures savings.

The Original Budget for fiscal year 2017-18 and fiscal year 2018-19 totals \$10.12 billion and \$10.00 billion respectively, representing a year over year increase of \$532 million in fiscal year 2017-18 and year over year decrease of \$117 million in fiscal year 2018-19. The General Fund portion of each year's budget is \$5.15 billion in fiscal year 2017-18 and \$5.31 billion in fiscal year 2018-19 representing year over year increases of \$83 million and \$138 million. There are 30,835 funded full time positions in the fiscal year 2017-18 Original Budget and 30,938 in the fiscal year 2018-19 Original Budget representing year-over-year increases of 208 and 103 positions, respectively.

Other Budget Updates

On June 9 2017, the Controller's Office issued the Controller's Discussion of the Mayor's FY 2017-18 and FY 2018-19 Proposed Budget ("Revenue Letter"). The report found that the revenue assumptions in the proposed and now-adopted budget are reasonable, voter-required baseline and set-aside requirements are met or exceeded, and that code-mandated reserves and funded and maintained at required levels.

The letter also certified that the Original Budget for fiscal years 2017-18 and 2018-19 adheres to the City's policy limiting the use of certain nonrecurring revenues to nonrecurring expenses proposed by the Controller's Office and approved unanimously by the Board of Supervisors on November 22, 2011. The policy was approved by the Mayor on December 1, 2011 and can only be suspended for a given fiscal year by a two-thirds vote of the Board. Specifically, this policy limited the Mayor and Board's ability to use for operating expenses the following nonrecurring revenues: extraordinary year-end General Fund balance (defined as General Fund prior year unassigned fund balance before deposits to the Rainy Day Reserve or Budget Stabilization Reserve in excess of the average of the previous five years), the General Fund share of revenues from prepayments provided under long-term leases, concessions, or contracts, otherwise unrestricted revenues from legal judgments and settlements, and other unrestricted revenues from the sale of land or other fixed assets. Under the policy, these nonrecurring revenues may only be used for nonrecurring expenditures that do not create liability for or expectation of substantial ongoing costs, including but not limited to: discretionary funding of reserves, acquisition of capital equipment, capital projects included in the City's capital plans, development of affordable housing, and discretionary payment of pension, debt or other long term obligations.

Impact of the State of California Budget on Local Finances

Revenues from the State represent approximately 15% of the General Fund revenues appropriated in the budget for fiscal years 2017-18 and 2018-19, and thus changes in State revenues could have a significant impact on the City's finances. In a typical year, the Governor releases two primary proposed budget documents: 1) the Governor's Proposed Budget required to be submitted in January; and 2) the "May Revise" to the Governor's Proposed Budget. The Governor's Proposed Budget is then considered and typically revised by the State Legislature. Following that process, the State Legislature adopts, and the Governor signs, the State budget. City policy makers review and estimate the impact of both the Governor's Proposed and May Revise Budgets prior to the City adopting its own budget.

On June 27, 2017, the Governor signed the 2017-18 State Budget, appropriating \$183.3 billion from the General Fund and other State funds. General Fund appropriations total \$125.1 billion, \$3.7 billion or 3% more than the 2016-17 budget. The budget agreement focuses on maintaining fiscal prudence by adding mostly one-time expenditures, paying down past budgetary borrowing and state employee pension liabilities, and contributing to stabilization reserves. The budget increases funding to K-14 schools and

community colleges by adding \$3.1 billion above fiscal year 2016-17 funding levels, including \$1.4 billion through the Local Control Funding Formula. The Budget expands the state's Earned Income Tax Credit (EITC) to include a wider income range, as well as self-employed individuals. It also implements the Road Repair and Accountability Act of 2017 (SB1) providing \$54 billion of new transportation infrastructure funding over the next 10 years.

The final fiscal year 2017-18 budget re-bases the In-Home Supportive Services Maintenance-of-Effort (IHSS MOE) agreement negotiated in 2012, as proposed in the Governor's January budget, but provides \$400 million of General Fund support to partially mitigate the increase to counties' costs in fiscal year 2017-18, \$330 million in 2018-19, \$200 million in 2019-20, and \$150 million annually thereafter. The City's fiscal year 2017-18 budget assumes a cost of \$11.1 million to support the IHSS program, partially offset by health and welfare realignment subventions. However, the exact impact of the new IHSS funding structure on San Francisco is still uncertain, as the funding structure and formulas are still being developed. San Francisco's fiscal year 2017-18 budget assumes \$8.6 million of new street-related capital funding through the Road Repair and Accountability Act of 2017 (SB1). This amount is expected to annualize to approximately \$23 million in fiscal year 2018-19.

Impact of Federal Government on Local Finances

The City is continuing to assess the potential material adverse changes in current and anticipated federal funding under the new presidential administration and Congress. These changes include, for example, potential increased costs associated with changes to or termination or replacement of the Affordable Care Act, potential withholding of federal grants or other federal funds flowing to "sanctuary jurisdictions" and suspension or termination of other federal grants for capital projects. The scope and timing of such changes will not be known until the administration concretely proposes specific changes or Congress acts on such proposals, as applicable. As to potential withholding of funds for "sanctuary cities" the City has challenged in federal court the Presidential Executive Order that would cut funding from "sanctuary jurisdictions," and the federal court has entered a preliminary injunction enjoining the executive order. Litigation is proceeding and final disposition of the case may come by end of 2018. The fiscal year 2016-17 Original Budget includes about \$1.2 billion in federal payments, of which about \$1 billion is for entitlement programs mostly administered by the City's Human Services Agency and Department of Public Health. The City also receives about \$800 million in multi-year federal grants. The City will continue to monitor federal budget and policy changes, but cannot at this time determine the financial impacts of any proposed federal budget changes, or whether the budget will include a reserve against anticipated loss of federal funding.

Budgetary Reserves

Under the Charter, the Treasurer, upon recommendation of the City Controller, is authorized to transfer legally available moneys to the City's operating cash reserve from any unencumbered funds then held in the City's pooled investment fund. The operating cash reserve is available to cover cash flow deficits in various City funds, including the City's General Fund. From time to time, the Treasurer has transferred unencumbered moneys in the pooled investment fund to the operating cash reserve to cover temporary cash flow deficits in the General Fund and other City funds. Any such transfers must be repaid within the same fiscal year in which the transfer was made, together with interest at the rate earned on the pooled funds at the time the funds were used. The City has not issued tax and revenue anticipation notes to finance short-term cash flow needs since fiscal year 1996-97. See "INVESTMENT OF CITY FUNDS – Investment Policy" herein.

The financial policies passed on April 13, 2010 codified the current practice of maintaining an annual General Reserve to be used for current-year fiscal pressures not anticipated during the budget process. The policy set the reserve equal to 1% of budgeted regular General Fund revenues in fiscal year 2012-13 and increasing by 0.25% each year thereafter until reaching 2% of General Fund revenues in fiscal year 2016-17. The Original Budget for fiscal years 2016-17 and 2017-18 includes starting balances of \$90.4 million and \$106.5 million for the General Reserve for fiscal years 2016-17 and 2017-18, respectively. On December 16, 2014, the Board of Supervisors adopted financial policies to further increase the City's General Reserve from 2% to 3% of General Fund revenues between fiscal year 2017-18 and fiscal year 2020-21 while reducing the required deposit to 1.5% of General Fund revenues during economic downturns. The intent of this policy change is to increase reserves available during a multi-year downturn.

In addition to the operating cash and general reserves the City maintains two types of reserves to offset unanticipated expenses and which are available for appropriation to City departments by action of the Board of Supervisors. These include the Salaries and Benefit Reserve (Original Budget for fiscal years 2017-18 and 2018-19 includes \$14.5 million in fiscal year 2017-18 and \$31.0 million in fiscal year 2018-19), and the Litigation Reserve (Original Budget for fiscal years 2017-18 and 2018-19 includes \$11 million in each year). Balances in both reflect new appropriations to the reserves and do not include carry-forward of prior year balances. The Charter also requires set asides of a portion of departmental expenditure savings in the form of a citywide Budget Savings Incentive Reserve and a Recreation and Parks Budget Savings Incentive Reserve.

The City also maintains Rainy Day and Budget Stabilization reserves whose balances carry-forward annually and whose use is allowed under select circumstances described below.

Rainy Day Reserve

In November 2003, City voters approved the creation of the City's Rainy Day Reserve into which the previous Charter-mandated cash reserve was incorporated. Charter Section 9.113.5 requires that if the Controller projects total General Fund revenues for the upcoming budget year will exceed total General Fund revenues for the current year by more than five percent, then the City's budget shall allocate the anticipated General Fund revenues in excess of that five percent growth into two accounts within the Rainy Day Reserve and for other lawful governmental purposes. Effective January 1, 2015, Proposition C passed by the voters in November 2014 divided the existing Rainy Day Economic Stabilization Account into a City Rainy Day Reserve ("City Reserve") and a School Rainy Day Reserve ("School Reserve") with each reserve account receiving 50% of the existing balance. Additionally, any deposits to the reserve subsequent to January 1, 2015 will be allocated as follows:

- 37.5 percent of the excess revenues to the City Reserve;
- 12.5 percent of the excess revenues to the School Reserve;
- 25 percent of the excess revenues to the Rainy Day One-Time or Capital Expenditures account;
- and
- 25 percent of the excess revenues to any lawful governmental purpose.

Fiscal year 2015-16 revenue exceeded the deposit threshold by \$8.2 million generating a deposit of \$3.1 million to the City Reserve, \$1.0 million to the School Reserve, and \$2.1 million to the One-Time or Capital Expenditures account. Deposits to the Rainy Day Reserve's Economic Stabilization account are subject to a cap of 10% of actual total General Fund revenues as stated in the City's most recent independent annual audit. Amounts in excess of that cap in any year will be allocated to capital and other one-time expenditures.

Monies in the City Reserve are available to provide a budgetary cushion in years when General Fund revenues are projected to decrease from prior-year levels (or, in the case of a multi-year downturn, the highest of any previous year's total General Fund revenues). Monies in the Rainy Day Reserve's One-Time or Capital Expenditures account are available for capital and other one-time spending initiatives. The fiscal year 2015-16 combined ending balance of the One-Time and Economic Stabilization portions of the Reserve was \$120.1 million. There are no projected deposits or withdrawals assumed in the fiscal year 2017-18 and 2018-19 budgets.

Budget Stabilization Reserve

On April 13, 2010, the Board of Supervisors unanimously approved the Controller's proposed financial policies on reserves and the use of certain volatile revenues. The policies were approved by the Mayor on April 30, 2010, and can only be suspended for a given fiscal year by a two-thirds vote of the Board. With these policies the City created two additional types of reserves: the General Reserve, described above, and the Budget Stabilization Reserve.

The Budget Stabilization Reserve augments the existing Rainy Day Reserve and is funded through the dedication of 75% of certain volatile revenues, including Real Property Transfer Tax ("RPTT") receipts in excess of the five-year annual average (controlling for the effect of any rate increases approved by voters), funds from the sale of assets, and year-end unassigned General Fund balances beyond the amount assumed as a source in the subsequent year's budget.

Fiscal year 2015-16 RPTT receipts exceeded the five-year annual average by \$22.3 million and ending general fund unassigned fund balance was \$47.5 million, triggering a \$52.3 million deposit. However, \$6.2 million of this deposit requirement was offset by the Rainy Day Reserve deposit, resulting in a \$46.2 million deposit to the Budget Stabilization Reserve and leaving an ending balance to \$178.4 million. The fiscal years 2017-18 and 2018-19 budgets assume no reserve deposits given projected RPTT receipts. The Controller's Office determines deposits in October of each year based on actual receipts during the prior fiscal year.

The maximum combined value of the Rainy Day Reserve and the Budget Stabilization Reserve is 10% of General Fund revenues, which would be approximately \$437 million for fiscal year 2015-16. No further deposits will be made once this cap is reached, and no deposits are required in years when the City is eligible to withdraw. The Budget Stabilization Reserve has the same withdrawal requirements as the Rainy Day Reserve, however, there is no provision for allocations to the SFUSD. Withdrawals are structured to occur over a period of three years: in the first year of a downturn, a maximum of 30% of the combined value of the Rainy Day Reserve and Budget Stabilization Reserve could be drawn; in the second year, the maximum withdrawal is 50%; and, in the third year, the entire remaining balance may be drawn.

THE SUCCESSOR AGENCY

As described below, the Successor Agency was established by the Board of Supervisors of the City following dissolution of the former San Francisco Redevelopment Agency (the "Former Agency") pursuant to the Dissolution Act. Within City government, the Successor Agency is titled "The Office of Community Investment and Infrastructure as the Successor to the San Francisco Redevelopment Agency." Set forth below is a discussion of the history of the Former Agency and the Successor Agency, the governance and operations of the Successor Agency and its powers under the Redevelopment Law and the Dissolution Act, and the limitations thereon.

The Successor Agency maintains a website as part of the City's website. The information on such websites is not incorporated herein by reference.

Authority and Personnel

The powers of the Successor Agency are vested in its governing board (the "Successor Agency Commission"), referred to within the City as the "Commission on Community Investment and Infrastructure," which has five members who are appointed by the Mayor of the City with the approval of the Board of Supervisors. Members are appointed to staggered four-year terms (provided that two members have initial two-year terms). Once appointed, members serve until replaced or reappointed.

The Successor Agency currently employs approximately 47 full-time equivalent positions. The Interim Executive Director, Nadia Sesay, was appointed in January 2017. The other principal full-time staff positions are the Deputy Director, Projects and Programs; the Deputy Director, Finance and Administration; and the Successor Agency General Counsel and Deputy Director. Each project area in which the Successor Agency continues to implement redevelopment plans, is managed by a Project Manager. There are separate staff support divisions with real estate and housing development specialists, architects, engineers and planners, and the Successor Agency has its own fiscal, legal, administrative and property management staffs.

Effect of the Dissolution Act

AB 26 and AB 27. The Former Agency was established under the Community Redevelopment Law in 1948. As a result of AB 1X 26 and the decision of the California Supreme Court in the *California Redevelopment Association* case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies and also to satisfy "enforceable obligations" of the former redevelopment agency all under the supervision of a new oversight board, the State Department of Finance and the State Controller.

Pursuant to Resolution No. 11-12 (the "Establishing Resolution") adopted by the Board of Supervisors of the City on January 24, 2012 and signed by the Mayor on January 26, 2012, and Sections 34171(j) and 34173 of the Dissolution Act, the Board of Supervisors of the City confirmed the City's role as successor to the Former Agency. On June 27, 2012, the Redevelopment Law was amended by AB 1484, which clarified that successor agencies are separate political entities and that the successor agency succeeds to the organizational status of the former redevelopment agency but without any legal authority to participate in redevelopment activities except to complete the work related to an approved enforceable obligation.

Pursuant to Ordinance No. 215-12 passed by the Board of Supervisors of the City on October 2, 2012 and signed by the Mayor on October 4, 2012, the Board of Supervisors (i) officially gave the following name to the Successor Agency: the "Successor Agency to the Redevelopment Agency of the City and County of San Francisco," (ii) created the Successor Agency Commission as the policy body of the Successor Agency, (iii) delegated to the Successor Agency Commission the authority to act in place of the Former Agency Commission to implement the surviving redevelopment projects, the replacement housing obligations and other enforceable obligations of the Former Agency and the authority to take actions that AB 26 and AB 1484 require or allow on behalf of the Successor Agency and (iv) established the composition and terms of the members of the Successor Agency Commission.

As discussed below, many actions of the Successor Agency are subject to approval by an “oversight board” and the review or approval by the California Department of Finance, including the issuance of bonds such as the Bonds but excludes the CFD Bonds.

Oversight Board

The Oversight Board was formed pursuant to Establishing Resolution adopted by the City’s Board of Supervisors and signed by the Mayor on January 26, 2012. The Oversight Board is governed by a seven-member governing board, with four members appointed by the Mayor, and one member appointed by each of the Bay Area Rapid Transit District (“BART”), the Chancellor of the California Community Colleges, and the County Superintendent of Education.

Department of Finance Finding of Completion

The Dissolution Act established a process for determining the liquid assets that redevelopment agencies should have shifted to their successor agencies when they were dissolved, and the amount that should be available for remittance by the successor agencies to their respective county auditor-controllers for distribution to affected taxing entities within the project areas of the former redevelopment agencies. This determination process was required to be completed through the final step (review by the State Department of Finance) by November 9, 2012 with respect to affordable housing funds and by April 1, 2013 with respect to non-housing funds. Within five business days of receiving notification from the State Department of Finance, a successor agency must remit to the county auditor-controller the amount of unobligated balances determined by the State Department of Finance, or it may request a meet and confer with the State Department of Finance to resolve any disputes.

On May 23, 2013, the Successor Agency promptly remitted to the City Controller the amounts of unobligated balances relating to affording housing funds, determined by the State Department of Finance in the amount of \$10,577,932, plus \$1,916 in interest. On May 23, 2013, the Successor Agency promptly remitted to the City Controller the amount of unobligated balances relating to all other funds determined by the State Department of Finance in the amount of \$959,147. The Successor Agency has made all payments required under AB 1484 and has received its finding of completion from the State Department of Finance on May 29, 2013.

State Controller Asset Transfer Review

The Dissolution Act requires that any assets of a former redevelopment agency transferred to a city, county or other local agency after January 1, 2011, be sent back to the successor agency. The Dissolution Act further requires that the State Controller review any such transfer. The State Controller’s Office issued their Asset Transfer Review in October 2014. The review found \$746,060,330 in assets transferred to the City after January 1, 2011, including unallowable transfers to the City totaling \$666,830, or less than 1% of transferred assets. The City returned \$666,830 to OCII to comply with the State Controller’s Office review.

Continuing Activities

The Former Agency was organized in 1948 by the Board of Supervisors of the City pursuant to the Redevelopment Law. The Former Agency’s mission was to eliminate physical and economic blight within specific geographic areas of the City designated by the Board of Supervisors. The Former Agency had redevelopment plans for nine redevelopment project areas.

Because of the existence of enforceable obligations, the Successor Agency is authorized to continue to implement, through the issuance of tax allocation bonds, four major redevelopment projects that were previously administered by the Former Agency: (i) the Mission Bay North and South Redevelopment Project Areas, (ii) the Hunters Point Shipyard Redevelopment Project Area and Zone 1 of the Bayview Redevelopment Project Area, and (iii) the Transbay Redevelopment Project Area (collectively, the “Major Approved Development Projects”). In addition, the Successor Agency continues to manage Yerba Buena Gardens and other assets within the former Yerba Buena Center Redevelopment Project Area (“YBC”). The Successor Agency exercises land use, development and design approval authority for the Major Approved Development Projects and manages the former Redevelopment Agency assets in YBC in place of the Former Agency.

PROPERTY TAXATION

Property Taxation System – General

The City receives approximately one-third of its total General Fund operating revenues from local property taxes. Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the City. The City levies property taxes for general operating purposes as well as for the payment of voter-approved bonds. As a county under State law, the City also levies property taxes on behalf of all local agencies with overlapping jurisdiction within the boundaries of the City.

Local property taxation is the responsibility of various City officers. The Assessor computes the value of locally assessed taxable property. After the assessed roll is closed on June 30th, the City Controller issues a Certificate of Assessed Valuation in August which certifies the taxable assessed value for that fiscal year. The Controller also compiles a schedule of tax rates including the 1.0% tax authorized by Article XIII A of the State Constitution (and mandated by statute), tax surcharges needed to repay voter-approved general obligation bonds, and tax surcharges imposed by overlapping jurisdictions that have been authorized to levy taxes on property located in the City. The Board of Supervisors approves the schedule of tax rates each year by ordinance adopted no later than the last working day of September. The Treasurer and Tax Collector prepare and mail tax bills to taxpayers and collect the taxes on behalf of the City and other overlapping taxing agencies that levy taxes on taxable property located in the City. The Treasurer holds and invests City tax funds, including taxes collected for payment of general obligation bonds, and is charged with payment of principal and interest on such bonds when due. The State Board of Equalization assesses certain special classes of property, as described below. See “Taxation of State-Assessed Utility Property” below.

Assessed Valuations, Tax Rates and Tax Delinquencies

Table A-5 provides a recent history of assessed valuations of taxable property within the City. The property tax rate is composed of two components: 1) the 1.0% countywide portion, and 2) all voter-approved overrides which fund debt service for general obligation bond indebtedness. The total tax rate shown in Table A-5 includes taxes assessed on behalf of the City as well as SFUSD, SFCCD, the Bay Area Air Quality Management District (“BAAQMD”), and BART, all of which are legal entities separate from the City. See also, Table A-26: “Statement of Direct and Overlapping Debt and Long-Term Obligations” below. In addition to *ad valorem* taxes, voter-approved special assessment taxes or direct charges may also appear on a property tax bill.

Additionally, although no additional rate is levied, a portion of property taxes collected within the City is allocated to the Successor Agency (also known as the Office of Community Investment and Infrastructure or OCII). Property tax revenues attributable to the growth in assessed value of taxable property (known

as "tax increment") within the adopted redevelopment project areas may be utilized by OCII to pay for outstanding and enforceable obligations, causing a loss of tax revenues from those parcels located within project areas to the City and other local taxing agencies, including SFUSD and SFCCD. Taxes collected for payment of debt service on general obligation bonds are not affected or diverted. The Successor Agency received \$122 million of property tax increment in fiscal year 2015-16, diverting about \$69 million that would have otherwise been apportioned to the City's discretionary general fund.

The percent collected of property tax (current year levies excluding supplemental) was 99.07% for fiscal year 2015-16. This table has been modified from the corresponding table in previous disclosures in order to make the levy and collection figures consistent with statistical reports provided to the State. Foreclosures, defined as the number of trustee deeds recorded by the Assessor-Recorder's Office, numbered 212 for fiscal year 2015-16 compared to 102 for fiscal year 2014-15. The trustee deeds recorded in fiscal year 2011-12, fiscal year 2012-13 and fiscal year 2013-14 were 804, 363 and 187, respectively. In the first half of fiscal year 2016-17 there were 126 Notices of Trustee's Sales deeds recorded.

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TABLE A-5

CITY AND COUNTY OF SAN FRANCISCO
Assessed Valuation of Taxable Property
Fiscal Years 2012-13 through 2017-18
(000s)

Fiscal Year	Net Assessed Valuation (NAV)	% Change from Prior Year	Total Tax Rate per \$100 ²	Total Tax Levy ³	Total Tax Collected ³	% Collected June 30
2012-13	\$165,043,120	4.0%	1.169	\$1,997,645	\$1,970,662	98.6%
2013-14	172,489,208	4.5%	1.188	2,138,245	2,113,284	98.8%
2014-15	181,809,981	5.4%	1.174	2,139,050	2,113,968	98.8%
2015-16	194,392,572	6.9%	1.183	2,290,280	2,268,876	99.1%
2016-17	211,532,524	8.8%	1.179	2,494,392	N/A	N/A
2017-18	234,074,597 ¹	10.7%	N/A	N/A	N/A	N/A

¹ Unsecured Rolls, less Non-reimbursable Exemptions and Homeowner Exemptions.

² Annual tax rate for unsecured property is the same rate as the previous year's secured tax rate.

³ The Total Tax Levy and Total Tax Collected through fiscal year 2015-16 is based on year-end current year secured and unsecured levies as adjusted through roll corrections, excluding supplemental assessments, as reported to the State of California (available on the website of the California State Controller's Office). Total Tax Levy for fiscal year 2016-17 is based on NAV times the 1.1792% tax rate.

Note: This table has been modified from the corresponding table in previous bond disclosures to make levy and collection figures consistent with statistical reports provided to the State of California.

Source: Office of the Controller, City and County of San Francisco.

At the start of fiscal year 2017-18, the total net assessed valuation of taxable property within the City was \$234.1 billion. Of this total, \$220.1 billion (93.5%) represents secured valuations and \$14.0 billion (6.5%) represents unsecured valuations. See "Tax Levy and Collection" below, for a further discussion of secured and unsecured property valuations.

Proposition 13 limits to 2% per year any increase in the assessed value of property, unless it is sold or the structure is improved. The total net assessed valuation of taxable property therefore does not generally reflect the current market value of taxable property within the City and is in the aggregate substantially less than current market value. For this same reason, the total net assessed valuation of taxable property lags behind changes in market value and may continue to increase even without an increase in aggregate market values of property.

Under Article XIII A of the State Constitution added by Proposition 13 in 1978, property sold after March 1, 1975 must be reassessed to full cash value at the time of sale. Every year, some taxpayers appeal the Assessor's determination of their property's assessed value, and some of the appeals may be retroactive and for multiple years. The State prescribes the assessment valuation methodologies and the adjudication process that counties must employ in connection with counties' property assessments.

The City typically experiences increases in assessment appeals activity during economic downturns and decreases in appeals as the economy rebounds. Historically, during severe economic downturns, partial reductions of up to approximately 30% of the assessed valuations appealed have been granted. Assessment appeals granted typically result in revenue refunds, and the level of refund activity depends

on the unique economic circumstances of each fiscal year. Other taxing agencies such as SFUSD, SFCCD, BAAQMD, and BART share proportionately in the rest of any refunds paid as a result of successful appeals. To mitigate the financial risk of potential assessment appeal refunds, the City funds appeal reserves for its share of estimated property tax revenues for each fiscal year. In addition, appeals activity is reviewed each year and incorporated into the current and subsequent years' budget projections of property tax revenues. Refunds of prior years' property taxes from the discretionary General Fund appeals reserve fund for fiscal years 2011-12 through 2015-16 are listed in Table A-6 below.

TABLE A-6

CITY AND COUNTY OF SAN FRANCISCO
Refunds of Prior Years' Property Taxes
General Fund Assessment Appeals Reserve
Fiscal Years 2011-12 through 2016-17
(000s)

Fiscal Year	Amount Refunded
2011-12	\$53,288
2012-13	36,744
2013-14	25,756
2014-15	16,304
2015-16	16,199
2016-17	33,397

Source: Office of the Controller, City and County of San Francisco.

As of July 1, 2016, the Assessor granted 7,055 temporary reductions in property assessed values worth a total of \$128.7 million (equating to a reduction of approximately \$1.52 million in general fund taxes), compared to 8,598 temporary reductions worth \$425.1 million (equating to a reduction of approximately \$5.03 million in general fund taxes) as of July 1, 2015, and 10,726 temporary reductions worth \$640.3 million (equating to a reduction of approximately \$7.52 million in general fund taxes) as of July 1, 2014. The July 2016 temporary reductions of \$128.7 million represent .06% of the fiscal year 2016-17 Net Assessed Valuation of \$211.5 billion shown in Table A-5. All of the temporary reductions granted are subject to review in the following year. Property owners who are not satisfied with the valuation shown on a Notice of Assessed Value may have a right to file an appeal with the Assessment Appeals Board ("AAB") within a certain period of time. For regular, annual secured property tax assessments, the time period for property owners to file an appeal typically falls between July 2nd and September 15th.

As of December 31, 2016, the total number of open appeals before the AAB was 1,754, compared to 2,931 open AAB appeals as of December 31, 2015. In the first half of fiscal year 2016-17 there were 1,242 appeals filed. The difference between the current assessed value and the taxpayers' opinion of values for the open AAB appeals is \$13.3 billion. Assuming the City did not contest any taxpayer appeals and the Board upheld all of the taxpayers' requests, this represents a negative potential property tax impact of about \$157.29 million (based upon the fiscal year 2015-16 tax rate) with an impact on the General Fund of about \$67.9 million. The volume of appeals is not necessarily an indication of how many appeals will be granted, nor of the magnitude of the reduction in assessed valuation that the Assessor may ultimately grant. City revenue estimates take into account projected losses from pending and future assessment appeals.

Tax Levy and Collection

As the local tax-levying agency under State law, the City levies property taxes on all taxable property within the City's boundaries for the benefit of all overlapping local agencies, including SFUSD, SFCCD, the Bay Area Air Quality Management District and BART. The total tax levy for all taxing entities in fiscal year 2016-17 is estimated to produce about \$2.6 billion, not including supplemental, escape and special assessments that may be assessed during the year. Of this amount, the City has budgeted to receive \$1.4 billion into the General Fund and \$176.2 million into special revenue funds designated for children's programs, libraries and open space. SFUSD and SFCCD are estimated to receive about \$163.1 million and \$30.6 million, respectively, and the local ERAF is estimated to receive \$536.6 million (before adjusting for the vehicle license fees ("VLF") backfill shift). The Successor Agency will receive about \$118 million. The remaining portion is allocated to various other governmental bodies, various special funds, and general obligation bond debt service funds, and other taxing entities. Taxes levied to pay debt service for general obligation bonds issued by the City, SFUSD, SFCCD and BART may only be applied for that purpose.

General Fund property tax revenues in fiscal year 2015-16 were \$1.39 billion, representing an increase of \$102.6 million (7.9%) over fiscal year 2015-16 Original Budget and \$121.0 million (9.5%) over fiscal year 2014-15 actual revenue. Property tax revenue is budgeted at \$1.4 billion in fiscal year 2016-17 representing an increase of \$18.4 million (1.3%) over fiscal year 2015-16 actual receipts and \$1.5 billion in fiscal year 2017-18 representing an annual increase of \$56.0 million (4.0%) over fiscal year 2016-17 budget. Tables A-2 and A-3 set forth a history of budgeted and actual property tax revenues for fiscal years 2011-12 through 2015-16, and budgeted receipts for fiscal years 2016-17 and fiscal year 2017-18.

The City's General Fund is allocated about 48% of total property tax revenue before adjusting for the VLF backfill shift. The State's Triple Flip ended in fiscal year 2015-16, eliminating the sales tax in-lieu revenue from property taxes from succeeding fiscal years and shifting it to the local sales tax revenue line.

Generally, property taxes levied by the City on real property become a lien on that property by operation of law. A tax levied on personal property does not automatically become a lien against real property without an affirmative act of the City taxing authority. Real property tax liens have priority over all other liens against the same property regardless of the time of their creation by virtue of express provision of law.

Property subject to ad valorem taxes is entered as secured or unsecured on the assessment roll maintained by the Assessor-Recorder. The secured roll is that part of the assessment roll containing State-assessed property and property (real or personal) on which liens are sufficient, in the opinion of the Assessor-Recorder, to secure payment of the taxes owed. Other property is placed on the "unsecured roll."

The method of collecting delinquent taxes is substantially different for the two classifications of property. The City has four ways of collecting unsecured personal property taxes: 1) pursuing civil action against the taxpayer; 2) filing a certificate in the Office of the Clerk of the Court specifying certain facts, including the date of mailing a copy thereof to the affected taxpayer, in order to obtain a judgment against the taxpayer; 3) filing a certificate of delinquency for recording in the Assessor-Recorder's Office in order to obtain a lien on certain property of the taxpayer; and 4) seizing and selling personal property, improvements or possessory interests belonging or assessed to the taxpayer. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes. Proceeds of the sale are used to pay the costs of sale and the amount of delinquent taxes.

A 10% penalty is added to delinquent taxes that have been levied on property on the secured roll. In addition, property on the secured roll with respect to which taxes are delinquent is declared "tax defaulted" and subject to eventual sale by the Treasurer and Tax Collector of the City. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of 1.5% per month, which begins to accrue on such taxes beginning July 1 following the date on which the property becomes tax-defaulted.

In October 1993, the Board of Supervisors passed a resolution that adopted the Alternative Method of Tax Apportionment (the "Teeter Plan"). This resolution changed the method by which the City apportions property taxes among itself and other taxing agencies. In June 2017, the Teeter Plan was extended to include the allocation and distribution of special taxes levied for City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center). This apportionment method authorizes the City Controller to allocate to the City's taxing agencies 100% of the secured property taxes billed but not yet collected. In return, as the delinquent property taxes and associated penalties and interest are collected, the City's General Fund retains such amounts. Prior to adoption of the Teeter Plan, the City could only allocate secured property taxes actually collected (property taxes billed minus delinquent taxes). Delinquent taxes, penalties and interest were allocated to the City and other taxing agencies only when they were collected. The City has funded payment of accrued and current delinquencies through authorized internal borrowing. The City also maintains a Tax Loss Reserve for the Teeter Plan as shown on Table A-7.

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TABLE A-7

CITY AND COUNTY OF SAN FRANCISCO
Teeter Plan
Tax Loss Reserve Fund Balance
Fiscal Years 2011-12 through 2015-16
(000s)

Year Ended	Amount Funded
2011-12	\$17,980
2012-13	18,341
2013-14	19,654
2014-15	20,569
2015-16	22,882

Source: Office of the Controller, City and County of San Francisco.

Assessed valuations of the aggregate ten largest assessment parcels in the City for the fiscal year beginning July 1, 2016 are shown in Table A-8. The City cannot determine from its assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the Office of the Assessor-Recorder.

TABLE A-8

CITY AND COUNTY OF SAN FRANCISCO
Top 10 Parcels Total Assessed Value
July 1, 2017
(000s)

Assessee	Location	Parcel Number	Type	Total Assessed	% of Basis
				Value ¹	of Levy ²
HWA 555 Owners LLC	555 California St	0259 026	Commercial Office	\$998,450	0.43%
Elm Property Venture LLC	101 California St	0263 011	Commercial Office	965,547	0.41%
PPF Paramount One Market Plaza Owner LP	1 Market St	3713 007	Commercial Office	817,948	0.35%
SFDC 50 Fremont LLC	50 Fremont St	3709 019	Commercial Office	675,803	0.29%
SHR St. Francis LLC	301 - 345 Powell St	0307 001	Commercial Hotel	656,823	0.28%
Sutter Bay Hospitals	1101 Van Ness Ave	0695 006	Commercial Hospit	653,432	0.28%
Transbay Tower LLC	415 Mission St	3720 009	Commercial Office	560,825	0.24%
P55 Hotel Owner LLC	55 Cyril Magnin St	0330 026	Commercial Hotel	527,815	0.22%
Union Investment Real Estate GMBH	555 Mission St	3721 120	Commercial Office	483,303	0.21%
Emporium Mall LLC	845 Market St	3705 056	Commercial Retail	456,949	0.19%
					2.90%

¹ Represents the Total Assessed Valuation (TAV) as of the Basis of Levy, which excludes assessments processed during the fiscal year. TAV includes land & improvements, personal property, and fixtures.

² The Basis of Levy is total assessed value less exemptions for which the state does not reimburse counties (e.g. those that apply to nonprofit organizations).

Source: Office of the Assessor-Recorder, City and County of San Francisco.

Taxation of State-Assessed Utility Property

A portion of the City's total net assessed valuation consists of utility property subject to assessment by the State Board of Equalization. State-assessed property, or "unitary property," is property of a utility system with components located in many taxing jurisdictions assessed as part of a "going concern" rather than as individual parcels of real or personal property. Unitary and certain other State-assessed property values are allocated to the counties by the State Board of Equalization, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the City itself) according to statutory

formulae generally based on the distribution of taxes in the prior year. The fiscal year 2016-17 valuation of property assessed by the State Board of Equalization is \$3.1 billion.

OTHER CITY TAX REVENUES

In addition to the property tax, the City has several other major tax revenue sources, as described below. For a discussion of State constitutional and statutory limitations on taxes that may be imposed by the City, including a discussion of Proposition 62 and Proposition 218, see "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES" herein.

The following section contains a brief description of other major City-imposed taxes as well as taxes that are collected by the State and shared with the City.

Business Taxes

Through tax year 2014 businesses in the City were subject to payroll expense and business registration taxes. Proposition E approved by the voters in the November 6, 2012 election changed business registration tax rates and introduced a gross receipts tax which phases in over a five-year period beginning January 1, 2014, replacing the current 1.5% tax on business payrolls over the same period. Overall, the ordinance increases the number and types of businesses in the City that pay business tax and registration fees from approximately 7,500 currently to 15,000. Current payroll tax exclusions will be converted into a gross receipts tax exclusion of the same size, terms and expiration dates.

The payroll expense tax is authorized by Article 12-A of the San Francisco Business and Tax Regulation Code. The 1.5% payroll tax rate in 2013 was adjusted to 1.35% in tax year 2014, 1.16% in tax year 2015 and annually thereafter according to gross receipts tax collections to ensure that the phase-in of the gross receipts tax neither results in a windfall nor a loss for the City. The new gross receipts tax ordinance, like the current payroll expense tax, is imposed for the privilege of "engaging in business" in San Francisco. The gross receipts tax will apply to businesses with \$1 million or more in gross receipts, adjusted by the Consumer Price Index going forward. Proposition E also imposes a 1.4% tax on administrative office business activities measured by a company's total payroll expense within San Francisco in lieu of the Gross Receipts Tax, and increases annual business registration fees to as much as \$35,000 for businesses with over \$200 million in gross receipts. Prior to Proposition E, business registration taxes varied from \$25 to \$500 per year per subject business based on the prior year computed payroll tax liability. Proposition E increased the business registration tax rates to between \$75 and \$35,000 annually.

Business tax revenue in fiscal year 2015-16 was \$660.9 million (all funds), representing an increase of \$49.0 million (8.0%) from fiscal year 2014-15. Business tax revenue is budgeted at \$671.4 million in fiscal year 2016-17 representing an increase of \$10.5 million (1.6%) over fiscal year 2015-16 revenue.

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TABLE A-9

CITY AND COUNTY OF SAN FRANCISCO
Business Tax Revenues
Fiscal Years 2013-14 through 2017-18
All Funds
(000s)

Fiscal Year	Revenue	Change	
2011-12	\$437,677	\$45,898	11.7%
2012-13	480,131	42,454	9.7%
2013-14	563,406	83,276	17.3%
2014-15	611,932	48,525	8.6%
2015-16	660,926	48,994	8.0%
2016-17	671,450	10,524	1.6%
2017-18 budgeted	699,987	28,537	4.3%

Includes Payroll Tax, portion of Payroll Tax allocated to special revenue funds for the Community Challenge Grant program, Business Registration Tax, and beginning in fiscal year 2013-14, Gross Receipts Tax revenues. Figures for fiscal years 2013-14 through 2015-16 are audited actuals. Figures for fiscal year 2016-17 and 2017-18 are Original Budget amounts.

Source: Office of the Controller, City and County of San Francisco.

Transient Occupancy Tax (Hotel Tax)

Pursuant to the San Francisco Business and Tax Regulation Code, a 14.0% transient occupancy tax is imposed on occupants of hotel rooms and is remitted by hotel operators monthly. A quarterly tax-filing requirement is also imposed. Hotel tax revenue growth is a function of changes in occupancy, average daily room rates ("ADR") and room supply. Revenue per available room (RevPAR), the combined effect of occupancy and ADR, increased by more than 7% annually for each of the last six years, driving an 87% increase in hotel tax revenue between fiscal years 2010-11 and 2015-16. Increases in RevPAR are budgeted to continue at a slower pace through fiscal year 2017-18. Fiscal year 2015-16 transient occupancy tax was \$392 million, representing a \$6.6 million decrease from fiscal year 2014-15 revenue. Fiscal year 2016-17 is budgeted to be \$414 million, an increase of \$21.5 million (5.5%) from fiscal year 2015-16. Fiscal year 2017-18 is budgeted to be \$440 million, an increase of \$26 million (6%) from fiscal year 2015-16 budget.

San Francisco and a number of other jurisdictions in California and the United States are currently involved in litigation with online travel companies regarding the companies' duty to remit hotel taxes on the difference between the wholesale and retail prices paid for hotel rooms. On February 6, 2013, the Los Angeles Superior Court issued a summary judgment concluding that the online travel companies had no obligation to remit hotel tax to San Francisco. The City has received approximately \$88 million in disputed hotel taxes paid by the companies. Under State law, the City is required to accrue interest on such amounts. The portion of these remittances that will be retained or returned (including legal fees and interest) will depend on the ultimate outcome of these lawsuits. San Francisco has appealed the judgment against it. That appeal has been stayed pending the California Supreme Court's decision in a similar case between the online travel companies and the City of San Diego. That ruling was issued on December 12, 2016 but did not resolve the matters that are the subject to the City's appeal. The City's appeal is proceeding, but the schedule for that appeal is not yet known.

TABLE A -10

CITY AND COUNTY OF SAN FRANCISCO
Transient Occupancy Tax Revenues
Fiscal Years 2013-14 through 2017-18
(000s)

Fiscal Year ¹	Tax Rate	Revenue	Change	
2011-12	14.0%	\$239,568	\$24,056	11.2%
2012-13	14.0%	241,961	2,393	1.0%
2013-14	14.0%	313,138	71,177	29.4%
2014-15 ²	14.0%	399,364	86,226	27.5%
2015-16	14.0%	392,686	(6,678)	-1.7%
2016-17 budgeted	14.0%	414,200	21,514	5.5%
2017-18 budgeted	14.0%	440,205	26,004	6.3%

¹Figures for fiscal year 2013-14 through fiscal year 2015-16 are audited actuals and include the portion of hotel tax revenue used to pay debt service on hotel tax revenue bonds. Figures for fiscal year 2016-17 and 2017-18 are Original Budget amounts.

²Amounts in fiscal year 2012-13 and FY 2014-15 are substantially adjusted due to multi-year audit and litigation resolutions.

Source: Office of the Controller, City and County of San Francisco.

Real Property Transfer Tax

A tax is imposed on all real estate transfers recorded in the City. Transfer tax revenue is more susceptible to economic and real estate cycles than most other City revenue sources. Prior to November 8, 2016, the rates were \$5.00 per \$1,000 of the sale price of the property being transferred for properties valued at \$250,000 or less; \$6.80 per \$1,000 for properties valued more than \$250,000 and less than \$999,999; \$7.50 per \$1,000 for properties valued at \$1.0 million to \$5.0 million; \$20.00 per \$1,000 for properties valued more than \$5.0 million and less than \$10.0 million; and \$25 per \$1,000 for properties valued at more than \$10.0 million. After the passage of Proposition V on November 8, 2016, transfer tax rates were amended, raising the rate to \$22.50 per \$1,000 for properties valued more than \$5.0 million and less than \$10.0 million; \$27.50 per \$1,000 for properties valued at more than \$10.0 million and less than \$25.0 million; and \$30.00 per \$1,000 for properties valued at more than \$25.0 million. This change is projected to result in an additional \$18.2 million in transfer tax revenue in fiscal year 2016-17 and \$34.8 million in fiscal year 2017-18, and is reflected in the December 2016 projected Five Year Plan projections.

Real property transfer tax ("RPTT") revenue in fiscal year 2015-16 was \$269 million, a \$46 million (-14.5%) decrease from fiscal year 2014-15 revenue. Fiscal year 2016-17 RPTT revenue is budgeted to be \$235 million, approximately \$34 million (-13%) less than the revenue received in fiscal year 2015-16 primarily due to the assumption that fiscal year 2014-15 represents the peak in high value property transactions during the current economic cycle. This slowing is budgeted to continue into fiscal year 2017-18 with RPTT revenue budgeted at \$225 million, a reduction of \$10 million (-4%).

TABLE A-11

CITY AND COUNTY OF SAN FRANCISCO
Real Property Transfer Tax Receipts
Fiscal Years 2013-14 through 2017-18
(000s)

Fiscal Year ¹	Revenue	Change	
2011-12	\$233,591	\$98,407	72.8%
2012-13	232,730	(861)	-0.4%
2013-14	261,925	29,195	12.5%
2014-15	314,603	52,678	20.1%
2015-16	269,090	(45,513)	-14.5%
2016-17 budgeted	235,000	(34,090)	-12.7%
2017-18 budgeted	225,000	(10,000)	-4.3%

¹ Figures for fiscal year 2013-14 through 2015-16 are audited actuals.
 Figures for fiscal year 2016-17 and 2017-18 are Original Budget amounts.

Source: Office of the Controller, City and County of San Francisco.

Sales and Use Tax

The State collects the City's local sales tax on retail transactions along with State and special district sales taxes, and then remits the local sales tax collections to the City. The rate of tax is one percent; however, between fiscal year 2004-05 and the first half of fiscal year 2015-16, the State diverted one-quarter of this, and replaced the lost revenue with a shift of local property taxes to the City from local school district funding. This "Triple Flip" concluded on December 31, 2015, after which point the full 1% local tax is recorded in the General Fund.

Local sales tax collections in fiscal year 2015-16 were \$168 million, an increase of \$28 million (20%) from fiscal year 2014-15 sales tax revenue. Moderate revenue growth is expected to continue during fiscal year 2016-17 with \$200.1 million budgeted, an increase of \$8 million (5%) from fiscal year 2015-16. Fiscal year 2017-18 revenue is budgeted to be \$208 million, an increase of \$7 million (3.5%) from fiscal year 2016-17 budget.

Historically, sales tax revenues have been highly correlated to growth in tourism, business activity and population. This revenue is significantly affected by changes in the economy. In recent years online retailers have contributed significantly to sales tax receipts. The budget assumes no changes from State laws affecting sales tax reporting for these online retailers. Sustained growth in sales tax revenue will depend on changes to state and federal law and order fulfillment strategies for online retailers.

Table A-12 reflects the City's actual sales and use tax receipts for fiscal years 2011-12 through 2015-16, and budgeted receipt for fiscal year 2016-17 and 2017-18, as well as the imputed impact of the property tax shift made in compensation for the one-quarter of the sales tax revenue taken by the State through the fiscal year 2015-16.

TABLE A-12

CITY AND COUNTY OF SAN FRANCISCO
Sales and Use Tax Revenues
Fiscal Years 2013-14 through 2017-18
(000s)

Fiscal Year*	Tax Rate	City Share	Revenue	Change	
2011-12	8.50%	0.75%	\$117,071	\$10,769	10.1%
2011-12 adj. ¹	8.50%	1.00%	155,466	14,541	10.3%
2012-13	8.50%	0.75%	122,271	5,200	4.4%
2012-13 adj. ¹	8.50%	1.00%	162,825	7,359	4.7%
2013-14	8.75%	0.75%	133,705	11,434	9.4%
2013-14 adj. ¹	8.75%	1.00%	177,299	14,474	8.9%
2014-15	8.75%	0.75%	140,146	6,441	4.8%
2014-15 adj. ¹	8.75%	1.00%	186,891	9,592	5.4%
2015-16	8.75%	0.75%	167,915	27,769	19.8%
2015-16 adj. ²	8.75%	1.00%	204,118	17,227	9.2%
2016-17 budgeted ³	8.75%	1.00%	200,060	(4,058)	-2.4%
2017-18 budgeted ³	8.50%	1.00%	207,060	7,000	3.5%

*Figures for fiscal year 2013-14 through fiscal year 2015-16 are audited actuals. Figures for fiscal years 2016-17 and 2017-18 are Original Budget amounts.

¹Adjusted figures represent the value of the entire 1.00% local sales tax, which was reduced by 0.25% beginning in fiscal year 2004-05 through December 31, 2015 in order to repay the State's Economic Recovery Bonds as authorized under Proposition 57 in March 2004. This 0.25% reduction is backfilled by the State.

²The 2015-16 adjusted figure includes the State's final payment to the Counties for the lost 0.25% of sales tax, from July 1, 2015 through December 31, 2015. It also includes a true-up payment for April through June 2015.

³In November 2012 voters approved Proposition 30, which temporarily increases the state sales tax rate by 0.25% effective January 1, 2013 through December 31, 2016. The City share did not change.

Source: Office of the Controller, City and County of San Francisco.

Utility Users Tax

The City imposes a 7.5% tax on non-residential users of gas, electricity, water, steam and telephone services. The Telephone Users Tax ("TUT") applies to charges for all telephone communications services in the City to the extent permitted by Federal and State law, including intrastate, interstate, and international telephone services, cellular telephone services, and voice over internet protocol ("VOIP"). Telephone communications services do not include Internet access, which is exempt from taxation under the Internet Tax Freedom Act.

Fiscal year 2015-16 Utility User Tax revenues were \$99 million, representing no change from fiscal year 2014-15 revenue. Fiscal year 2016-17 revenue is budgeted to be \$94.3 million, representing expected decline of \$4.4 million (4.4%) from fiscal year 2015-16. Fiscal year 2017-18 Utility User Tax revenues are budgeted at \$95.5 million, a \$1.2 million increase from fiscal year 2016-17 budget.

Emergency Response Fee; Access Line Tax

The City imposes an Access Line Tax ("ALT") on every person who subscribes to telephone communications services in the City. The ALT replaced the Emergency Response Fee ("ERF") in 2009. It applies to each telephone line in the City and is collected from telephone communications service subscribers by the telephone service supplier. Access Line Tax revenue for fiscal year 2015-16 was \$44 million, a \$5 million (-11%) decrease over the previous fiscal year due to a large one-time payment in fiscal year 2014-15 related to a prior year audit finding. In fiscal year 2016-17, the Access Line Tax revenue is budgeted at \$47 million, a \$3 million (-8%) decrease from fiscal year 2015-16 revenue. Fiscal year 2017-18 revenue is budgeted at \$48 million a \$1 million (3%) increase from fiscal year 2016-17 budget. Budgeted amounts in fiscal year 2016-17 and fiscal year 2017-18 assume annual inflationary increases to the access line tax rate as required under Business and Tax Regulation Code Section 784.

Sugar Sweetened Beverage Tax

On November 9, 2016 voters adopted Proposition V, a one cent per ounce tax on the distribution of sugary beverages. This measure takes effect on January 1, 2018 and is expected to raise \$15 million in annual revenue.

Parking Tax

A 25% tax is imposed on the charge for off-street parking spaces. The tax is authorized by the San Francisco Business and Tax Regulation Code. The tax is paid by the occupants of the spaces, and then remitted monthly to the City by the operators of the parking facilities. Parking Tax revenue is positively correlated with business activity and employment, both of which are projected to increase over the next two years as reflected in increases in business and sales tax revenue projections.

Fiscal year 2015-16 Parking Tax revenue was \$86.0 million, \$1.2 million (-1%) below fiscal year 2014-15 revenue. Parking tax revenue is budgeted at \$92.8 million in fiscal year 2016-17, an increase of \$6.8 million (7%) over the fiscal year 2015-16. In fiscal year 2017-18, Parking Tax revenue is budgeted at \$95.2 million, \$2.4 million (3%) over the fiscal year 2016-17 budgeted amount. Parking tax growth estimates are commensurate with expected changes to the CPI over the same period.

Parking tax revenues are deposited into the General Fund, from which an amount equivalent to 80% is transferred to the MTA for public transit as mandated by Charter Section 16.110.

INTERGOVERNMENTAL REVENUES

State – Realignment

San Francisco receives allocations of State sales tax and Vehicle License Fee (VLF) revenue for 1991 Health and Welfare Realignment and 2011 Public Safety Realignment.

1991 Health & Welfare Realignment. In fiscal year 2015-16, the General Fund share of 1991 realignment revenue was \$176 million. In fiscal year 2016-17, it is budgeted at \$180 million, or \$3 million (2%) more than the fiscal year 2015-16 actual. This growth is attributed to a \$6 million (5%) increase in sales tax distribution and a \$3 million (8%) decrease in the VLF distribution due to the base allocation changes and projected fiscal year 2015-16 growth payments. The fiscal year 2017-18 General Fund share of revenue is budgeted at \$176 million, a net annual decrease of \$3 million (-2%) in sales tax and VLF distributions based on the projected growth payments.

Increases in both years are net of State allocation reductions due to implementation of the Affordable Care Act (ACA) equal to assumed savings for counties as a result of treating fewer uninsured patients. The State's fiscal year 2015-16 Budget included assumed Statewide county savings of \$742 million and the fiscal year 2016-17 Budget included assumed savings of \$565 million as a result of ACA implementation, and redirects these savings from realignment allocations to cover CalWORKs expenditures previously paid for by the State's General Fund. Reductions to the City's allocation are assumed equal to \$11.9 million in both years. Future budget adjustments could be necessary depending on final State determinations of ACA savings amounts, which are expected in January 2017 and January 2018 for fiscal year 2014-15 and fiscal year 2015-16, respectively.

Public Safety Realignment. Public Safety Realignment (AB 109), enacted in early 2011, transfers responsibility for supervising certain kinds of felony offenders and state prison parolees from state prisons and parole agents to county jails and probation officers. In fiscal year 2015-16, this revenue source totaled \$40 million. Based on the State's budget, this revenue is budgeted at \$41 million in fiscal year 2016-17, a \$1 million (2%) increase over the fiscal year 2015-16 actual. This increase reflects increased State funding to support implementation of AB109. The fiscal year 2017-18 budget assumes a \$2 million (6%) increase from fiscal year 2016-17 budget.

Public Safety Sales Tax

State Proposition 172, passed by California voters in November 1993, provided for the continuation of a one-half percent sales tax for public safety expenditures. This revenue is a function of the City's proportionate share of Statewide sales activity. Revenue from this source for fiscal year 2015-16 was \$97 million, an increase of \$3 million (3%) from fiscal year 2014-15 revenues. This revenue is budgeted at \$102 million in fiscal year 2016-17 and \$106 million in fiscal year 2017-18, representing annual growth of \$5 million (5%) and \$4 million (4%) respectively. These revenues are allocated to counties by the State separately from the local one-percent sales tax discussed above, and are used to fund police and fire services. Disbursements are made to counties based on the county ratio, which is the county's percent share of total statewide sales taxes in the most recent calendar year. The county ratio for San Francisco in fiscal year 2015-16 is 3% and is expected to remain at that level in fiscal year 2016-17 and fiscal year 2017-18.

Other Intergovernmental Grants and Subventions

In addition to those categories listed above, the City received \$588 million of funds in fiscal year 2015-16 from grants and subventions from State and federal governments to fund public health, social services and other programs in the General Fund. This represents a \$17 million (3%) increase from fiscal year 2014-15. The fiscal year 2016-17 budget is \$637 million, an increase of \$49 million (8%).

Charges for Services

Revenue from charges for services in the General Fund in fiscal year 2015-16 was \$234 million and is projected to be largely unchanged in the fiscal year 2016-17 and 2017-18 budget.

CITY GENERAL FUND PROGRAMS AND EXPENDITURES

Unique among California cities, San Francisco as a charter city and county must provide the services of both a city and a county. Public services include police, fire and public safety; public health, mental health and other social services; courts, jails, and juvenile justice; public works, streets, and transportation, including port and airport; construction and maintenance of all public buildings and facilities; water,

sewer, and power services; parks and recreation; libraries and cultural facilities and events; zoning and planning, and many others. Employment costs are relatively fixed by labor and retirement agreements, and account for approximately 50% of all City expenditures. In addition, the Charter imposes certain baselines, mandates, and property tax set-asides, which dictate expenditure or service levels for certain programs, and allocate specific revenues or specific proportions thereof to other programs, including MTA, children's services and public education, and libraries. Budgeted baseline and mandated funding is \$968 million in fiscal year 2016-17 and \$1 billion in fiscal year 2017-18. As noted above, voters approved additional spending requirements on the November 2016 ballot, which are incorporated into five-year projections and will be included in the fiscal year 2017-18 budget.

General Fund Expenditures by Major Service Area

San Francisco is a consolidated city and county, and budgets General Fund expenditures for both city and county functions in seven major service areas described in table A-13:

TABLE A-13

CITY AND COUNTY OF SAN FRANCISCO					
Expenditures by Major Service Area					
Fiscal Years 2013-14 through 2017-18					
(000s)					
Major Service Areas	2013-14 Final Budget	2014-15 Final Budget	2015-16 Final Budget	2016-17 Final Budget	2017-18 Original Budget
Public Protection	\$1,130,932	\$1,173,977	\$1,223,981	\$1,298,185	\$1,323,268
Human Welfare & Neighborhood Development	700,254	799,355	857,055	176,768	165,498
Community Health	701,978	736,916	787,554	970,679	1,009,995
General Administration & Finance	244,591	293,107	286,871	786,218	824,100
Culture & Recreation	119,579	126,932	137,062	158,954	158,979
General City Responsibilities	137,025	158,180	186,068	349,308	333,291
Public Works, Transportation & Commerce	80,797	127,973	161,545	154,344	164,895
Total*	\$3,115,155	\$3,416,440	\$3,640,137	\$3,894,456	\$3,980,026

*Total may not add due to rounding

Source: Office of the Controller, City and County of San Francisco.

Public Protection primarily includes the Police Department, the Fire Department and the Sheriff's Office. These departments are budgeted to receive \$450 million, \$241 million and \$170 million of General Fund support respectively in fiscal year 2016-17 and \$460 million, \$245 million, and \$178 million respectively in fiscal year 2017-18. Within Human Welfare & Neighborhood Development, the Department of Human Services, which includes aid assistance and aid payments and City grant programs, is budgeted to receive \$219 million of General Fund support in the fiscal year 2016-17 and \$233 million in fiscal year 2017-18.

The Public Health Department is budgeted to receive \$608 million in General Fund support for public health programs and the operation of San Francisco General Hospital and Laguna Honda Hospital in fiscal year 2016-17 and \$712 million in fiscal year 2017-18.

For budgetary purposes, enterprise funds are characterized as either self-supported funds or General Fund-supported funds. General Fund-supported funds include the Convention Facility Fund, the Cultural and Recreation Film Fund the Gas Tax Fund, the Golf Fund, the Grants Fund, the General Hospital Fund, and the Laguna Honda Hospital Fund. The MTA is classified as a self-supported fund, although it receives an annual general fund transfer equal to 80% of general fund parking tax receipts pursuant to the Charter. This transfer is budgeted to be \$74.3 million in fiscal year 2016-17 and \$76.2 million in the fiscal year 2017-18.

Baselines

The Charter requires funding for baselines and other mandated funding requirements. The chart below identifies the required and budgeted levels of appropriation funding for key baselines and mandated funding requirements. Revenue-driven baselines are based on the projected aggregate City discretionary revenues, whereas expenditure-driven baselines are typically a function of total spending. This table reflects spending requirements at the time the fiscal year 2016-17 and fiscal year 2017-18 budget was finally adopted. It does not include spending requirements subsequently adopted by voters in November 2016, which require the City to maintain street trees (Proposition E), estimated at \$19 million annually, and fund services for seniors and adults with disabilities (Proposition I), estimated at \$38 million in fiscal year 2016-17.

TABLE A-14

CITY AND COUNTY OF SAN FRANCISCO		
Baselines & Set-Asides		
Fiscal Year 2016-17		
(millions)		
Baselines & Set-Asides	2016-17 Required Baseline	2016-17 Original Budget
Municipal Transportation Agency (MTA)	\$212.0	\$212.0
MTA Baseline - Population Adjustment	\$38.0	\$38.0
Parking and Traffic Commission	\$79.5	\$79.5
Children's Services	\$153.1	\$157.5
Transitional Aged Youth	\$18.4	\$23.2
Library Preservation	\$72.5	\$72.5
Public Education Baseline Services	\$9.2	\$9.2
Recreation and Park Maintenance of Effort	\$67.4	\$67.4
<u>Public Education Enrichment Funding</u>		
Unified School District	\$64.6	\$64.6
Office of Early Care and Education	\$32.3	\$32.3
City Services Auditor	\$16.3	\$16.3
Human Services Homeless Care Fund	\$16.7	\$16.7
<u>Property Tax Related Set-Asides</u>		
Municipal Symphony	\$2.6	\$2.6
Children's Fund Set-Aside	\$72.6	\$72.6
Library Preservation Set-Aside	\$51.8	\$51.8
Open Space Set-Aside	\$51.8	\$51.8
<u>Staffing and Service-Driven</u>		
Police Minimum Staffing	Requirement likely met	
Fire Neighborhood Firehouse Funding	Requirement met	
Treatment on Demand	Requirement met	
Total Baseline Spending	\$959	\$968

Source: Office of the Controller, City and County of San Francisco.

With respect to Police Department staffing, the Charter mandates a police staffing baseline of not less than 1,971 full-duty officers. The Charter-mandated baseline staffing level may be reduced in cases where civilian hires result in the return of a full-duty officer to active police work. The Charter also provides that the Mayor and Board of Supervisors may convert a position from a sworn officer to a civilian through the

budget process. With respect to the Fire Department, the Charter mandates baseline 24-hour staffing of 42 firehouses, the Arson and Fire Investigation Unit, no fewer than four ambulances and four Rescue Captains (medical supervisors).

EMPLOYMENT COSTS; POST-RETIREMENT OBLIGATIONS

The cost of salaries and benefits for City employees represents nearly half of the City's expenditures, totaling \$5.0 billion in the fiscal year 2017-18 Original Budget (all-funds), and \$5.1 billion in the fiscal year 2018-19 Original Budget. Looking only at the General Fund, the combined salary and benefits budget was \$2.3 billion in the fiscal year 2017-18 Original Budget and \$2.4 billion in the fiscal year 2018-19 Original Budget. This section discusses the organization of City workers into bargaining units, the status of employment contracts, and City expenditures on employee-related costs including salaries, wages, medical benefits, retirement benefits and the City's retirement system, and post-retirement health and medical benefits. Employees of SFUSD, SFCDD and the San Francisco Superior Court are not City employees.

Labor Relations

The City's budget for fiscal years 2017-18 and 2018-19 includes 30,835 and 30,938 budgeted City positions, respectively. City workers are represented by 37 different labor unions. The largest unions in the City are the Service Employees International Union, Local 1021 ("SEIU"); the International Federation of Professional and Technical Engineers, Local 21 ("IFPTE"); and the unions representing police, fire, deputy sheriffs and transit workers.

The wages, hours and working conditions of City employees are determined by collective bargaining pursuant to State law (the Meyers-Milias-Brown Act, California Government Code Sections 3500-3511) and the City Charter. San Francisco is unusual among California's cities and counties in that nearly all of its employees, even managers, are represented by labor organizations. Further, the City Charter provides a unique impasse resolution procedure. In most cities and counties, when labor organizations cannot reach agreement on a new contract, there is no mandatory procedure to settle the impasse. However, in San Francisco, nearly all of the City's contracts advance to interest arbitration in the event the parties cannot reach agreement. This process provides a mandatory ruling by an impartial third party arbitrator, who will set the terms of the new agreement. Except for nurses and less than one-hundred unrepresented employees, the Charter requires that bargaining impasses be resolved through final and binding interest arbitration conducted by a panel of three arbitrators. The award of the arbitration panel is final and binding unless legally challenged. Wages, hours and working conditions of nurses are not subject to interest arbitration, but are subject to Charter-mandated economic limits. Strikes by City employees are prohibited by the Charter. Since 1976, no City employees have participated in a union-authorized strike.

The City's employee selection procedures are established and maintained through a civil service system. In general, selection procedures and other merit system issues, with the exception of discipline, are not subject to arbitration. Disciplinary actions are generally subject to grievance arbitration, with the exception of police, fire and sheriff's employees.

In June 2013, the City negotiated a contract extension with the Police Officers' Association ("POA"), through June 30, 2018, that includes wage increases of 1% on July 1, 2015; 2% on July 1, 2016; and 2% on July 1, 2017. In addition, the union agreed to lower entry rates of pay for new hires in entry Police Officer classifications. In May 2014, the City negotiated a contract extension with the Firefighters Association through June 30, 2018, which mirrored the terms of POA agreement.

In May 2014, the City negotiated three-year agreements (for fiscal years 2014-15 through 2016-17) with most of its labor unions. In general, the parties agreed to: (1) annual wage increase schedules of 3% (October 11, 2014), 3.25% (October 10, 2015), and 3.25% (July 1, 2016); and (2) some structural reforms of the City's healthcare benefit and cost-sharing structures to rebalance required premiums between the two main health plans offered by the City. These changes to health contributions build reforms agreed to by most unions during earlier negotiations.

Pursuant to Charter Section 8A.104, the MTA is responsible for negotiating contracts for the transit operators and employees in service-critical bargaining units. These contracts are subject to approval by the MTA Board. In May 2014, the MTA and the union representing the transit operators (TWU, Local 250-A) agreed to a three-year contract that runs through June 30, 2017. Provisions in the contract include 14.25% in wage increases in exchange for elimination of the 7.5% employer retirement pick-up.

In February 2017, the City negotiated two-year contract extensions (for fiscal years 2017-18 and 2018-19) with most of its labor unions. The parties agreed to a wage increase schedule of 3% on July 1, 2017 and 3% on July 1, 2018, with a provision to delay the fiscal year 2018-19 adjustment by six months if the City's deficit for fiscal year 2018-2019, as projected in the March, 2018 update to the Five Year Financial Plan, exceeds \$200 million. MTA and TWU, Local 250-A, along with unions representing MTA service critical employees, agreed to two-year contract extensions with the same wage provisions and term as those contracts covering City employees. Existing agreements with police officers, firefighters, and physicians expire in June 2018; the agreement with supervising nurses expires in June, 2019. Successor labor agreements will be completed prior to the adoption of the 2018-2019 budget.

Table A-15 shows the membership of each operating employee bargaining unit and the date the current labor contract expires.

TABLE A-15

**CITY AND COUNTY OF SAN FRANCISCO (All Funds)
Employee Organizations as of July 1, 2016**

Organization	Budgeted Positions	Expiration Date of MOU
Auto Machinist, Lodge 1414	466	30-Jun-19
BrickLayers, Local 3 / Hod Carriers, Local 36	10	30-Jun-19
Building Inspectors Association	92	30-Jun-19
CAIR/CIR (Interns & Residents)	0	30-Jun-19
Carpenters, Local 22	116	30-Jun-19
Carpet, Linoleum & Soft Tile	3	30-Jun-19
Cement Masons, Local 300	43	30-Jun-19
Electrical Workers, Local 6	915	30-Jun-19
Firefighters, Local 798	1,875	30-Jun-18
Glaziers, Local 718	9	30-Jun-19
Hod Carriers, Local 36	8	30-Jun-19
Iron Workers, Local 377	15	30-Jun-19
Laborers, Local 261	1,158	30-Jun-19
Municipal Attorneys Association	465	30-Jun-19
Municipal Exec Assoc - Fire	9	30-Jun-18
Municipal Exec Assoc - Misc	1,330	30-Jun-19
Municipal Exec Assoc - Police	16	30-Jun-18
Operating Engineers, Local 3	65	30-Jun-19
Physician/Dentists, UAPD	203	30-Jun-18
Pile Drivers, Local 34	37	30-Jun-19
Plasterers & Shphnds, Local 66	0	30-Jun-19
Plumbers, Local 38	349	30-Jun-19
Police Officers Association	2,495	30-Jun-18
Prof & Tech Eng, Local 21	6,212	30-Jun-19
Roofers, Local 40	13	30-Jun-19
SEIU 1021, H-1 Paramedics	4	30-Jun-19
SEIU 1021, Misc.	12,509	30-Jun-19
SEIU 1021, Staff & Per Diem RNs	1,720	30-Jun-19
SF City Workers United	131	30-Jun-19
SF Deputy Sheriffs Assn	825	30-Jun-19
SF Probation Off Assoc	152	30-Jun-19
SF Sheriff's Managers and Supv	100	30-Jun-19
SFDA Investigators Assn	45	30-Jun-19
SFIPOA, Op Eng, Local 3	2	30-Jun-19
Sheet Metal Workers, Local 104	43	30-Jun-19
Stationary Engineers, Local 39	690	30-Jun-19
Sup Probation Ofcr, Op Eng 3	31	30-Jun-19
Teamsters, Local 853	173	30-Jun-19
Teamsters, Local 856 Multi-Unit	112	30-Jun-19
Teamsters, Local 856 Spv Nurses	127	30-Jun-19
Theatrical Stage Emp, Local 16	27	30-Jun-19
TWU Local 200	364	30-Jun-19
TWU Local 250-A, AutoServWrkr	126	30-Jun-19
TWU Local 250-A, Misc	111	30-Jun-19
TWU Local 250-A, TranFareInsp	54	30-Jun-19
TWU Local 250-A, TransitOpr	2,659	30-Jun-19
¹ Unrepresented Employees	<u>83</u> ¹	30-Jun-18
	35,990	

Source: Department of Human Resources - Employee Relations Division, City and County of San Francisco.

San Francisco City and County Employees' Retirement System ("SFERS" or "Retirement System")

History and Administration

SFERS is charged with administering a defined-benefit pension plan that covers substantially all City employees and certain other employees. The Retirement System was initially established by approval of City voters on November 2, 1920 and the State Legislature on January 12, 1921 and is currently codified in the City Charter. The Charter provisions governing the Retirement System may be revised only by a Charter amendment, which requires an affirmative public vote at a duly called election.

The Retirement System is administered by the Retirement Board consisting of seven members, three appointed by the Mayor, three elected from among the members of the Retirement System, at least two of whom must be actively employed, and a member of the Board of Supervisors appointed by the President of the Board of Supervisors.

The Retirement Board appoints an Executive Director and an Actuary to aid in the administration of the Retirement System. The Executive Director serves as chief executive officer, with responsibility extending to all divisions of the Retirement System. The Actuary's responsibilities include advising the Retirement Board on actuarial matters and monitoring of actuarial service providers. The Retirement Board retains an independent consulting actuarial firm to prepare the annual valuation reports and other analyses. The independent consulting actuarial firm is currently Cheiron, Inc., a nationally recognized firm selected by the Retirement Board pursuant to a competitive process.

In 2014, the Retirement System filed an application with the Internal Revenue Service ("IRS") for a Determination Letter. In July 2014, the IRS issued a favorable Determination Letter for SFERS. Issuance of a Determination Letter constitutes a finding by the IRS that operation of the defined benefit plan in accordance with the plan provisions and documents disclosed in the application qualifies the plan for federal tax exempt status. A tax qualified plan also provides tax advantages to the City and to members of the Retirement System. The favorable Determination Letter included IRS review of all SFERS provisions, including the provisions of Proposition C approved by the City voters in November 2011.

Membership

Retirement System members include eligible employees of the City and County of San Francisco, the SFUSD, the SFCCD, and the San Francisco Trial Courts.

The Retirement System estimates that the total active membership as of July 1, 2016 is 40,051, compared to 37,821 at July 1, 2015. Active membership at July 1, 2016 includes 6,617 terminated vested members and 1,028 reciprocal members. Terminated vested members are former employees who have vested rights in future benefits from SFERS. Reciprocal members are individuals who have established membership in a reciprocal pension plan such as CalPERS and may be eligible to receive a reciprocal pension from the Retirement System in the future. Monthly retirement allowances are paid to approximately 28,286 retired members and beneficiaries. Benefit recipients include retired members, vested members receiving a vesting allowance, and qualified survivors.

Table A-16 displays total Retirement System participation (City and County of San Francisco, SFUSD, SFCCD, and San Francisco Trial Courts) as of the five most recent actuarial valuation dates, July 1, 2012 through July 1, 2016.

TABLE A-16

**SAN FRANCISCO CITY AND COUNTY
Employees' Retirement System
Fiscal Years 2011-12 through 2015-16**

As of 7/1	Active Members	Vested Members	Reciprocal Members	Total Non-retired	Retirees/ Continuants	Active to Retiree Ratio
2011-12	28,097	4,543	1,015	33,655	25,190	1.115
2012-13	28,717	4,933	1,040	34,690	26,034	1.103
2013-14	29,516	5,409	1,032	35,957	26,852	1.099
2014-15	30,837	5,960	1,024	37,821	27,485	1.122
2015-16	32,406	6,617	1,028	40,051	28,286	1.146

Sources: SFERS' annual July 1 actuarial valuation reports

See <http://mysfers.org/resources/publications/sfers-actuarial-valuations/>

Notes: Member counts exclude DROP participants.

Member counts are for the entire Retirement System and include non-City employees.

Funding Practices

Employer and employee (member) contributions are mandated by the Charter. Sponsoring employers are required to contribute 100% of the actuarially determined contribution approved by the Retirement Board. The Charter specifies that employer contributions consist of the normal cost (the present value of the benefits that SFERS expects to become payable in the future attributable to a current year's employment) plus an amortization of the unfunded liability over a period not to exceed 20 years. The Retirement Board sets the funding policy subject to the Charter requirements.

The Retirement Board adopts the economic and demographic assumptions used in the annual valuations. Demographic assumptions such as retirement, termination and disability rates are based upon periodic demographic studies performed by the consulting actuarial firm approximately every five years. Economic assumptions are reviewed each year by the Retirement Board after receiving an economic experience analysis from the consulting actuarial firm.

At the November 2016 Retirement Board meeting, the Board voted to make no changes in economic assumptions for the July 1, 2016 actuarial valuation following the recommendation of the consulting actuarial firm. Key economic assumptions are the long-term investment earnings assumption of 7.50%, the long-term wage inflation assumption of 3.75%, and the long-term consumer price index assumption of 3.25%. In November 2015 the Board voted to update demographic assumptions, including mortality, after review of a new demographic assumptions study by the consulting actuarial firm.

While employee contribution rates are mandated by the Charter, sources of payment of employee contributions (i.e. City or employee) may be the subject of collective bargaining agreements with each union or bargaining unit. Since July 1, 2011, substantially all employee groups have agreed through collective bargaining for employees to contribute all employee contributions through pre-tax payroll deductions.

Prospective purchasers of the City's bonds should carefully review and assess the assumptions regarding the performance of the Retirement System. Audited financials and actuarial reports may be found on the Retirement System's website, mysfers.org, under Publications. The information on such website is not incorporated herein by reference. There is a risk that actual results will differ significantly from assumptions. In addition, prospective purchasers of the City's bonds are cautioned that the information

and assumptions speak only as of the respective dates contained in the underlying source documents, and are therefore subject to change.

Employer Contribution History and Annual Valuations

Fiscal year 2014-15 total City employer contributions were \$556.5 million which included \$243.6 million from the General Fund. Fiscal year 2015-16 total City employer contributions were \$496.3 million which included \$215.2 million from the General Fund. For fiscal year 2016-17, total City employer contributions to the Retirement System are budgeted at \$515.0 million which includes \$240.4 million from the General Fund. These budgeted amounts are based upon the fiscal year 2016-17 employer contribution rate of 21.40% (estimated to be 18.8% after taking into account the 2011 Proposition C cost-sharing provisions). The fiscal year 2017-18 employer contribution rate is 23.46% per the July 1, 2016 actuarial valuation report (estimated to be 20.1% after taking into account cost-sharing provisions). The increase in employer contribution rate from 21.40% to 23.46% results primarily from two reasons: 1) the retroactive grant of 2013 and 2014 Supplemental COLAs after the October 2015 California Court of Appeal determination in *Protect Our Benefits v. City and County of San Francisco* that the "full funding" requirement for Supplemental COLAs adopted under Proposition C does not apply to members who retired on or after November 6, 1996 and were hired prior to January 7, 2012, and 2) the continued phase in of the 2015 assumption changes approved by the Retirement Board. As discussed under "City Budget – Five Year Financial Plan" increases in retirement costs are projected in the City's December 2016 Five Year Financial Plan.

Table A-17 shows total Retirement System liabilities, assets, and percent funded for the last five actuarial valuations as well as contributions for the fiscal years 2011-12 through 2015-16. Information is shown for all employers in the Retirement System (City and County of San Francisco, SFUSD, SFCCD, and San Francisco Trial Courts). "Actuarial Liability" reflects the actuarial accrued liability of the Retirement System measured for purposes of determining the funding contribution. "Market Value of Assets" reflects the fair market value of assets held in trust for payment of pension benefits. "Actuarial Value of Assets" are the plan assets with investment returns different than expected smoothed over five years to provide a more stable contribution rate. The "Market Percent Funded" column is determined by dividing the market value of assets by the actuarial accrued liability. The "Actuarial Percent Funded" column is determined by dividing the actuarial value of assets by the actuarial accrued liability. "Employee and Employer Contributions" reflects the total of mandated employee contributions and employer contributions received by the Retirement System in the fiscal year ended June 30th prior to the July 1st valuation date.

TABLE A-17

SAN FRANCISCO CITY AND COUNTY
Employees' Retirement System
Fiscal Years 2011-12 through 2015-16
(000s)

As of 7/1	Actuarial Liability	Market Value of Assets	Actuarial Value of Assets	Market Percent Funded	Actuarial Percent Funded	Employee & Employer Contributions in prior FY	Employer Contribution Rates ¹ in prior FY
2011-12	\$19,393,854	\$15,293,724	\$16,027,683	78.9%	82.6%	\$608,957	18.09%
2012-13	20,224,777	17,011,545	16,303,397	84.1%	80.6	701,596	20.71
2013-14	21,122,567	19,920,607	18,012,088	94.3%	85.3	821,902	24.82
2014-15	22,970,892	20,428,069	19,653,339	88.9%	85.6	894,325	26.76
2015-16	24,403,882	20,154,503	20,654,703	82.6%	84.6	849,569	22.80

¹ Employer contribution rates for fiscal years 2016-17 and 2017-18 are 21.40% and 23.46%, respectively.

Sources: SFERS' audited year-end financial statements and required supplemental information
 SFERS' annual July 1 actuarial valuation reports

Note: Information above reflects entire Retirement System, not just the City and County of San Francisco.

Please note in the table above, that the Market Percent Funded ratio is lower than the Actuarial Percent Funded ratio for the first time in four years. The Actuarial Percent Funded ratio does not yet fully reflect all asset losses from the last five fiscal years.

The actuarial accrued liability is measured by the independent consulting actuary in accordance with Actuarial Standards of Practice. In addition, an actuarial audit is conducted every five years in accordance with Retirement Board policy.

GASB Disclosures

The Retirement System discloses accounting and financial reporting information under GASB Statement No. 67, *Financial Reporting for Pension Plans*. This statement was first implemented by the Retirement System in fiscal year 2013-14. The City discloses accounting and financial information about the Retirement System under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This accounting statement was first effective in fiscal year 2014-15. These accounting statements separated financial reporting from funding and required additional disclosures in the notes to the financial statements and required supplemental information. In general, the City's funding of its pension obligations are not affected by the GASB 68 changes to the reporting of the City's pension liability. Funding requirements are specified in the City Charter and are described in "Funding Practices" above.

Total Pension Liability reported under GASB Statements No. 67 and 68 differs from the Actuarial Liability calculated for funding purposes in several ways, including the following differences. First, Total Pension Liability measured at fiscal year-end is a roll-forward of liabilities calculated at the beginning of the year and is based upon a beginning of year census adjusted for significant events that occurred during the year. Second, Total Pension Liability is based upon a discount rate determined by a blend of the assumed investment return to the extent the fiduciary net position is available to make payments and at a municipal bond rate to the extent that the fiduciary net position is unavailable to make payments. Differences between the discount rate and assumed investment return have ranged from zero to six basis points at the last four fiscal year-ends. The third distinct difference is that Total Pension Liability includes a provision for Supplemental COLAS that may be granted in the future, while Actuarial Liability for funding purposes includes only Supplemental COLAS that have been already been granted.

See Note 2(s) of the City's CAFR attached to this Official Statement as Appendix B for more information about the effects of GASB 68 and certain other new accounting standards on the City's financial statements.

Table A-17A below shows the collective Total Pension Liability, Plan Fiduciary Net Position (market value of assets), and Net Pension Liability for all employers who sponsor the Retirement System. The City's audited financial statements disclose only its own proportionate share of the Net Pension Liability and other required GASB 68 disclosures.

TABLE A-17A

**SAN FRANCISCO CITY AND COUNTY
Employees' Retirement System (000s)
GASB 67/68 Disclosures**

As of 6/30	Collective Total Pension Liability (TPL)	Discount Rate	Plan Fiduciary Net Position	Plan Net Position as % of TPL	Collective Net Pension Liability (NPL)	City and County's Proportionate Share of NPL
2012-13	\$20,785,417	7.52 %	\$17,011,545	81.8 %	\$3,773,872	\$3,552,075
2013-14	21,691,042	7.58	19,920,607	91.8	1,770,435	1,660,365
2014-15	22,724,102	7.46	20,428,069	89.9	2,296,033	2,156,049
2015-16	25,967,281	7.50	20,154,503	77.6	5,812,778	5,476,653

Sources: SFERS fiscal year-end GASB 67/68 Reports as of June 30, 2014, 2015, and 2016.

Notes: Collective amounts include all employees (City and County, SFUSD, SFCCD, Superior Courts)

The fiscal year 2016 increase in the City's net pension liability is due to investment return shortfalls, the Appeals Court's elimination of the full funding requirement for payment of Supplemental COLAs for certain members, and the impact of the Retirement Board's 2015 adoption of revised demographic assumptions.

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Asset Management

The assets of the Retirement System, (the "Fund") are invested in a broadly diversified manner across the institutional global capital markets. In addition to U.S. equities and fixed income securities, the Fund holds international equities, global sovereign and corporate debt, global public and private real estate and an array of alternative investments including private equity and venture capital limited partnerships. For a breakdown of the asset allocation as of June 30, 2016, see Appendix B: "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2016," Page 72. Although the Fund did not hold hedge funds as of June 30, 2016, the Board approved a 5% allocation to absolute return/hedge funds at its February 2015 meeting. Implementation of this new allocation began during fiscal year 2016-17.

Annualized investment returns (net of fees and expenses) for the Retirement System for the five years ending June 30, 2016 were 7.53%. For the ten-year and twenty-year periods ending June 30, 2016, annualized investment returns were 5.85% and 7.66% respectively.

The investments, their allocation, transactions and proxy votes are regularly reviewed by the Retirement Board and monitored by an internal staff of investment professionals who in turn are advised by external consultants who are specialists in the areas of investments detailed above. A description of the Retirement System's investment policy, a description of asset allocation targets and current investments, and the Annual Report of the Retirement System are available upon request from the Retirement System by writing to the San Francisco Retirement System, 1145 Market Street, 5th Floor, San Francisco, California 94103, or by calling (415) 487-7020. Certain documents are available at the Retirement System website at www.mysfers.org. These documents are not incorporated herein by reference.

Recent Voter Approved Changes to the Retirement Plan

The levels of SFERS plan benefits are established under the Charter and approved directly by the voters, rather than through the collective bargaining process. Changes to retirement benefits require a voter-approved Charter amendment. As detailed below, the most recent changes to SFERS plan benefits have been intended to reduce pension costs associated with future City employees.

Voters of San Francisco approved Proposition C in November 2011 which provided the following:

1. New SFERS benefit plans for Miscellaneous and Safety employees commencing employment on or after January 7, 2012, which raise the minimum service retirement age for Miscellaneous members from 50 to 53; limit covered compensation to 85% of the IRC §401(a)(17) limits for Miscellaneous members and 75% of the IRC §401(a)(17) limits for Safety members; calculate final compensation using highest three-year average compensation; and decrease vesting allowances for Miscellaneous members by lowering the City's funding for a portion of the vesting allowance from 100% to 50%;
2. Employees commencing employment on or after January 7, 2012 otherwise eligible for membership in CalPERS may become members of SFERS;
3. Cost-sharing provisions which increase or decrease employee contributions to SFERS on and after July 1, 2012 for certain SFERS members based on the employer contribution rate set by the Retirement Board for that year. For example, Miscellaneous employees who earn between \$50,000 and \$100,000 per year pay a fluctuating contribution rate in the range of +4% to -4% of the Charter-mandated employee contribution rate, while Miscellaneous employees who earn

\$100,000 or more per year pay a fluctuating contribution rate in the range of +5% to -5% of the Charter-mandated employee contribution rate. Similar fluctuating employee contributions are also required from Safety employees; and

4. Effective July 1, 2012, no Supplemental COLA will be paid unless SFERS is fully funded on a market value of assets basis and, for employees hired on or after January 7, 2012, Supplemental COLA benefits will not be permanent adjustments to retirement benefits - in any year when a Supplemental COLA is not paid, all previously paid Supplemental COLAs will expire.

A retiree organization has brought a legal action against the requirement in Proposition C that SFERS be fully funded in order to pay the Supplemental COLA. In that case, *Protect our Benefits (POB) v. City of San Francisco* (1st DCA Case No. A140095), the Court of Appeals held that changes to the Supplemental COLA adopted by the voters in November 2011 under Proposition C could not be applied to current City and County employees and those who retired after November 1996 when the Supplemental COLA provisions were originally adopted, but could be applied to SFERS members who retired before November 1996. This decision is now final and its implementation increased the July 1, 2016 unfunded actuarial liability by \$429.3 million for Supplemental COLAs granted retroactive to July 1, 2013 and July 1, 2014.

On July 13, 2016, the SFERS Board adopted a Resolution to exempt members who retired before November 6, 1996, from the "fully funded" provision related to payment of Supplemental COLAs under Proposition C. The Resolution directed that retroactive payments for Supplemental COLAs be made to these retirees. After the Board adopted the Resolution, the Retirement System published an actuarial study on the cost to the Fund of payments to the pre-1996 retirees. The study reports that the two retroactive supplemental payments will trigger immediate payments of \$34 million, create additional liability for continuing payments of \$114 million, and cause a new unfunded liability of \$148 million. This liability does not include the Supplemental COLA payments that may be triggered in the future. Under the cost sharing formulas in Proposition C, the City and its employees will pay for these costs in the form of higher yearly contribution rates. The Controller has projected the future cost to the City and its employees to be \$260 million, with over \$200 million to be paid in the next five fiscal years. The City obtained a permanent injunction to prevent SFERS from making Supplemental COLA payments to these members who retired before November 6, 1996. The Retirement Board has appealed the Superior Court's injunction, and the schedule for that appeal is not yet known.

In August 2012, Governor Brown signed the Public Employee Pension Reform Act of 2012 ("PEPRA"). Current plan provisions of SFERS are not subject to PEPRA although future amendments may be subject to these reforms.

Recent Changes in the Economic Environment and the Impact on the Retirement System

As of June 30, 2016, the audited market value of Retirement System assets was \$20.2 billion. As of June 30, 2017, the unaudited market value of SFERS' portfolio was \$21.5 billion. These values represent, as of the date specified, the estimated value of the Retirement System's portfolio if it were liquidated on that date. The Retirement System cannot be certain of the value of certain of its portfolio assets and, accordingly, the market value of the portfolio could be more or less. Moreover, appraisals for classes of assets that are not publicly traded are based on estimates which typically lag changes in actual market value by three to six months. Representations of market valuations are audited at each fiscal year end as part of the annual audit of the Retirement System's financial statements.

The Retirement System investment portfolio is structured for long-term performance. The Retirement System continually reviews investment and asset allocation policies as part of its regular operations and

continues to rely on an investment policy which is consistent with the principles of diversification and the search for long-term value. Market fluctuations are an expected investment risk for any long-term strategy. Significant market fluctuations are expected to have significant impact on the value of the Retirement System investment portfolio.

A decline in the value of SFERS Trust assets over time, without a commensurate decline in the pension liabilities, will result in an increase in the contribution rate for the City. No assurance can be provided by the City that contribution rates will not increase in the future, and that the impact of such increases will not have a material impact on City finances.

Other Employee Retirement Benefits

As noted above, various City employees are members of CalPERS, an agent multiple-employer public employee defined benefit plan for safety members and a cost-sharing multiple-employer plan for miscellaneous members. The City makes certain payments to CalPERS in respect of such members, at rates determined by the CalPERS board. Such payment from the General Fund equaled \$19.2 million in fiscal year 2012-13 and \$20.0 million in fiscal year 2013-14. For fiscal year 2014-15, the City prepaid its annual CalPERS obligation at a level of \$25.2 million. Further discussion of the City's CalPERS plan obligations are summarized in Note 9 to the City's CAFR, as of June 30, 2016, attached to this Official Statement as Appendix B. A discussion of other post-employment benefits, including retiree medical benefits, is provided below under "Medical Benefits – *Post-Employment Health Care Benefits and GASB 45.*"

Medical Benefits

Administration through San Francisco Health Service System; Audited System Financial Statements

Medical benefits for eligible active City employees and eligible dependents, for retired City employees and eligible dependents, and for surviving spouses and domestic partners of covered City employees (the "City Beneficiaries") are administered by the San Francisco Health Service System (the "San Francisco Health Service System" or "SFHSS") pursuant to City Charter Sections 12.200 *et seq.* and A8.420 *et seq.* Pursuant to such Charter Sections, the San Francisco Health Service System also administers medical benefits to active and retired employees of SFUSD, SFCCD, and the San Francisco Superior Court (collectively the "System's Other Beneficiaries"). However, the City is not required to fund medical benefits for the System's Other Beneficiaries and therefore this section focuses on the funding by the City of medical and dental benefits for City Beneficiaries. The San Francisco Health Service System is overseen by the City's Health Service Board (the "Health Service Board"). The seven member Health Service Board is composed of members including a seated member of the City's Board of Supervisors, appointed by the Board President; an individual who regularly consults in the health care field, appointed by the Mayor; a doctor of medicine, appointed by the Mayor; a member nominated by the Controller and approved by the Health Service Board, and three members of the San Francisco Health Service System, active or retired, elected from among their members. The plans (the "SFHSS Medical Plans") for providing medical care to the City Beneficiaries and the System's Other Beneficiaries (collectively, the "SFHSS Beneficiaries") are determined annually by the Health Service Board and approved by the Board of Supervisors pursuant to Charter Section A8.422.

The San Francisco Health Service System oversees a trust fund (the "Health Service Trust Fund") established pursuant to Charter Sections 12.203 and A8.428 through which medical benefits for the SFHSS Beneficiaries are funded. The San Francisco Health Service System issues annually a publicly available, independently audited financial report that includes financial statements for the Health Service Trust

Fund. This report may be obtained on the SFHSS website or by writing to the San Francisco Health Service System, 1145 Market Street, Third Floor, San Francisco, California 94103, or by calling (415) 554-1727. Audited annual financial statements for several years are also posted on the SFHSS website. The information available on such website is not incorporated in this Official Statement by reference.

As presently structured under the City Charter, the Health Service Trust Fund is not a fund through which assets are accumulated to finance post-employment healthcare benefits (an "OPEB trust fund"). Thus, the Health Service Trust Fund is not currently affected by Governmental Accounting Standards Board ("GASB") Statement Number 45, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions* ("GASB 45"), which applies to OPEB trust funds.

Determination of Employer and Employee Contributions for Medical Benefits

According to the City Charter Section A8.428, the City's contribution towards SFHSS Medical Plans for active employees and retirees is determined by the results of a survey annually of the amount of premium contributions provided by the 10 most populous counties in California (other than the City). The survey is commonly called the 10-County Average Survey and used to determine "the average contribution made by each such County toward the providing of health care plans, exclusive of dental or optical care, for each employee of such County." Under City Charter Section A8.428, the City is required to contribute to the Health Service Trust Fund an amount equal to such "average contribution" for each City Beneficiary.

In the Memoranda of Understandings negotiated through collective bargaining in June 2014, the 10-County Average was eliminated in the calculation of premiums for active employees represented by most unions, and exchanged for a percentage based employee premium contribution. The long term impact of the premium contribution model is anticipated to be a reduction in the relative proportion of the projected increases in the City's contributions for healthcare, stabilization of the medical plan membership and maintenance of competition among plans. The contribution amounts are paid by the City into the Health Service Trust Fund. The 10-County Average is still used as a basis for calculating all retiree premiums. To the extent annual medical premiums exceed the contributions made by the City as required by the Charter and union agreements, such excess must be paid by SFHSS Beneficiaries or, if elected by the Health Service Board, from net assets also held in the Health Service Trust Fund. Medical benefits for City Beneficiaries who are retired or otherwise not employed by the City (e.g., surviving spouses and surviving domestic partners of City retirees) ("Nonemployee City Beneficiaries") are funded through contributions from such Nonemployee City Beneficiaries and the City as determined pursuant to Charter Section A8.428. The San Francisco Health Service System medical benefit eligibility requirements for Nonemployee City Beneficiaries are described below under "*Post-Employment Health Care Benefits and GASB 45.*"

Contributions relating to Nonemployee City Beneficiaries are also based on the negotiated methodologies found in most of the union agreements and, when applicable, the City contribution of the "10-County average contribution" corresponding to such Nonemployee City Beneficiaries as described in Charter Section A8.423 along with the following:

Monthly contributions from Nonemployee City Beneficiaries in amounts equal to the monthly contributions required from active employees excluding health coverage or subsidies for health coverage paid for active employees as a result of collective bargaining. However, such monthly contributions from Nonemployee City Beneficiaries covered under Medicare are reduced by an amount equal to the amount contributed monthly by such persons to Medicare.

In addition to the average contribution the City contributes additional amounts in respect of the Nonemployee City Beneficiaries sufficient to defray the difference in cost to the San Francisco Health Service System in providing the same health coverage to Nonemployee City Beneficiaries as is provided for active employee City Beneficiaries, excluding health coverage or subsidies for health coverage paid for active employees as a result of collective bargaining.

After application of the calculations described above, the City contributes 50% of monthly contributions required for the first dependent.

Health Care Reform

The description that follows of the implementation of the Patient Protection and Affordable Care Act is current. The election of a Republican President in November 2016 who promised to repeal "Obamacare" (or the Affordable Care Act ("ACA") combined with both Houses of Congress with Republican majorities who are equally set on repealing the ACA puts many of the fees and taxes in limbo until legislation is passed to "repeal and replace Obamacare" by the current Congress and signed by President Trump ("HealthReform 2.0").

On March 23, 2010, President Obama signed into law the Patient Protection and Affordable Care Act (Public Law 111-114), and on March 30, 2010 signed the Health Care and Education Reconciliation of 2010 (collectively, the "Health Care Reform Law" or the ACA or "Obamacare"). The ACA was intended to extend health insurance to over 32 million uninsured Americans by 2019, and includes other significant changes with respect to the obligation to carry health insurance by individuals and the provision of health care by private and public employers, such as the City.

The Health Care Reform Law was designed to be implemented in phases from 2010 to 2018. The provisions of the Health Care Reform Law include the expansion of Medicaid, subsidies for health insurance for certain individuals, mandates that require most Americans obtain health insurance, and incentives for employers with over 50 employees to provide health insurance for their employees or pay a fine. On June 28, 2012 the U.S. Supreme Court ruled to uphold the employer mandate, the individual mandate and the state Medicaid expansion requirements.

Provisions of Health Care Reform already implemented by SFHSS include discontinued eligibility for non-prescription drugs reimbursement through flexible spending accounts ("FSAs") in 2011, eliminated copayments for wellness visits, eliminated life-time caps on coverage, expanded eligibility to cover member dependent children up to age 26 in 2011, eliminated copayments for women's preventative health including contraception in 2012, W-2 reporting on total healthcare premium costs, implementation of a medical loss ratio rebate on self-insured plans, issuance of a separate summary of benefits to every member and provided to every new member and providing information on State Exchanges to both employees currently on COBRA and future COBRA recipients and as of 2015 and 2016, and beyond, healthcare FSAs are limited to \$2,550 annually.

The change to the definition of a full time employee was implemented in 2015. The City modified health benefit eligibility to employees who are employed, on average, at least 20 hours of service per week. The Automatic Enrollment requirement in the Health Care Reform was deferred indefinitely. This requires that employers automatically enroll new full-time employees in one of the employer's health benefit plans (subject to any waiting period authorized by law). Further it is required employees be given adequate notice and the opportunity to opt out of any coverage in which they were automatically enrolled. It is uncertain when or if final guidance will be issued by the Department of Labor.

The federal Health Care Reform Law created two direct fees: Transitional Reinsurance Fee and Patient Centered Outcomes Research Institute ("PCORI") fee and one tax, the Federal Health Insurer Tax ("HIT"). The Transitional Reinsurance Fee was eliminated beginning in 2017 and the HIT tax was waived in 2017. PCORI was factored into the calculation of medical premium rates and premium equivalents for the 2017 plan year and the impact on the City is \$0.22 million.

Beginning in 2013, the PCORI Fee was assessed at the rate of \$2.00 per enrollee per year to all participants in the Self-Insured medical-only plan (approximately 8,600). The fee is charged directly to SFHSS. In 2015 the rate was \$2.17, \$2.25 in 2016 and \$2.25 in 2017. SFHSS pays this fee directly to the Internal Revenue Service (IRS) and the fee will increase with health care inflation until it sunsets in 2019.

The Federal HIT tax is a fixed-dollar amount applied to "full funded" HMOs and was charged in the 2016 plan year. The 2016 plan year premiums for Kaiser Permanente, Blue Shield of California, and the dental and vision plans included the impact of the HIT tax. Late in 2016, Blue Shield and the California Department of Managed Health Care agreed that the HIT tax was not applicable to Blue Shield because SFHSS "flex funds" Blue Shield meaning that SFHSS is at risk directly for non-physician costs and thus it is not fully-insured. This resulted in a refund for 2016 of \$9.93 million which is being applied to the 2018 rate stabilization reserve. The estimated impact of the HIT tax on the City was \$12.73 million. When the refund from Blue Shield of California is taken into account, the total impact on the City was \$2.8 million for Kaiser Permanente, and the dental and vision plans.

Beginning in 2016, employers are required to report coverage for employees to the IRS each January on complex electronic interface systems using 1095 forms. The San Francisco Health Service System spent over 2,080 hours on system configuration and is compliant with this requirement for 2016 and 2017.

Local Elections:

Proposition B (2008) Changing Qualification for Retiree Health and Pension Benefits and Establishing a Retiree Health Care Trust Fund

On June 3, 2008, the San Francisco voters approved Proposition B, a charter amendment that changed the way the City and current and future employees share in funding SFERS pension and health benefits. With regard to health benefits, elected officials and employees hired on or before January 9, 2009, contribute up to 2% of pre-tax compensation toward their retiree health care and the City contributes up to 1%. The impact of Proposition B on standard retirements occurred in 2014.

Proposition C (2011) City Pension and Health Care Benefit

On November 8, 2011, the San Francisco voters approved Proposition C, a charter amendment that made additional changes to the way the City and current and future employees share in funding SFERS pension and health benefits. The Proposition limits the 50% coverage for dependents to employees who left the workforces (without retiring) prior to 2001. The San Francisco Health Service System is in compliance with Proposition C.

Employer Contributions for San Francisco Health Service System Benefits

For fiscal year 2015-16, based on the most recent audited financial statements, the San Francisco Health Service System received approximately \$674.6 million from participating employers for San Francisco Health Service System benefit costs. Of this total, the City contributed approximately \$569.0 million; approximately \$158.4 million of this \$569.0 million amount was for health care benefits for approximately 23,453 retired City employees and their eligible dependents and approximately \$410.6 million was for benefits for approximately 31,085 active City employees and their eligible dependents.

The 2018 aggregate plan costs for the City increased by 3.28%. This is due to a number of factors including aggressive contracting by SFHSS that maintains competition among the City's vendors, implementing Accountable Care Organizations that reduced utilization and increased use of generic prescription rates and changing the City's Blue Shield plan from a fully-funded to a flex-funded product and implementing a narrow network. Flex-funding allows lower premiums to be set by the City's actuarial consultant, AON-Hewitt, without the typical margins added by Blue Shield; however, more risk is assumed by the City and reserves are required to protect against this risk. The flatten trend is anticipated to continue.

Post-Employment Health Care Benefits and GASB 45

Eligibility of former City employees for retiree health care benefits is governed by the Charter. In general, employees hired before January 10, 2009 and a spouse or dependent are potentially eligible for health benefits following retirement at age 50 and completion of five years of City service. Proposition B, passed by San Francisco voters on June 3, 2008, tightened post-retirement health benefit eligibility rules for employees hired on or after January 10, 2009, and generally requires payments by the City and these employees equal to 3% of salary into a new retiree health trust fund.

Proposition A, passed by San Francisco voters on November 5, 2013 restricted the City's ability to withdraw funds from the retiree health trust fund. The restrictions allow payments from the fund only when two of the three following conditions are met:

1. The City's account balance in any fiscal year is fully funded. The account is fully funded when it is large enough to pay then-projected retiree health care costs as they come due; and,
2. The City's retiree health care costs exceed 10% of the City's total payroll costs in a fiscal year. The Controller, Mayor, Trust Board, and a majority of the Board of Supervisors must agree to allow payments from the Fund for that year. These payments can only cover retiree health care costs that exceed 10% of the City's total payroll cost. The payments are limited to no more than 10% of the City's account; or,
3. The Controller, Mayor, Trust Board, and two-thirds of the Board of Supervisors approve changes to these limits.

GASB 45 Reporting Requirements

The City was required to begin reporting the liability and related information for unfunded OPEBs in the City's financial statements for the fiscal year ending June 30, 2008. This reporting requirement is defined under GASB 45. GASB 45 does not require that the affected government agencies, including the City, actually fund any portion of this post-retirement health benefit liability – rather, GASB 45 requires government agencies to determine on an actuarial basis the amount of its total OPEB liability and the

annual contributions estimated to fund such liability over 30 years. Any underfunding in a year is recognized as a liability on the government agency's balance sheet.

City's Estimated Liability

The City is required by GASB 45 to prepare a new actuarial study of its post-retirement benefits obligation every two years. As of July 1, 2014, the most recent actuarial valuation date, the funded status of retiree health care benefits was 1.1%. The actuarial accrued liability for benefits was \$4.26 billion, and the actuarial value of assets was \$49.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$4.21 billion. As of July 1, 2014, the estimated covered payroll (annual payroll of active employees covered by the plan) was \$2.62 billion and the ratio of the UAAL to the covered payroll was 160.8%. The City's actuary is currently updating this valuation for release in January, 2017.

The difference between the estimated ARC and the amount expended on post-retirement medical benefits in any year is the amount by which the City's overall liability for such benefits increases in that year. The City's most recent CAFR estimated that the 2015-16 annual OPEB cost was \$326.1 million, of which the City funded \$168.9 million which caused, among other factors, the City's long-term liability to increase by \$157.3 million (as shown on the City's balance sheet and below). The annual OPEB cost consists of the ARC, one year of interest on the net OPEB obligation, and recognition of one year of amortization of the net OPEB obligation. While GASB 45 does not require funding of the annual OPEB cost, any differences between the amount funded in a year and the annual OPEB cost are recorded as increases or decreases in the net OPEB obligation. See Note 9(b) to the City's CAFR, as of June 30, 2016, included as Appendix B to this Official Statement. Five-year trend information is displayed in Table A-18 (dollars in thousands):

TABLE A-18

CITY AND COUNTY OF SAN FRANCISCO
Five-year Trend
Fiscal Years 2011-12 to 2015-16
(000s)

Fiscal Year Ended	Annual OPEB	Percentage of Annual OPEB Cost Funded	Net OPEB Obligation
2011-12	\$405,850	38.5%	\$1,348,883
2012-13	418,539	38.3%	1,607,130
2013-14	353,251	47.2%	1,793,753
2014-15	363,643	46.0%	1,990,155
2015-16	326,133	51.8%	2,147,434

Actuarial projections of the City's OPEB liability will be affected by Proposition B as well as by changes in the other factors affecting that calculation. For example, the City's actuarial analysis shows that by 2031, Proposition B's three-percent of salary funding requirement will be sufficient to cover the cost of retiree health benefits for employees hired after January 10, 2009. See "Retirement System – *Recent Voter Approved Changes to the Retirement Plan*" above. As of June 30, 2016, the fund balance in the Retiree Health Care Trust Fund established by Proposition B was \$114.8 million, an increase of 57% versus the prior year. Future projections of the City's GASB 45 liability will be lowered by the SFHSS implementation of the Employer Group Waiver Plan prescription benefit program for City Plan retirees. See "– Local Elections: Proposition C (2011)."

Total City Employee Benefits Costs

The City budgets to pay its ARC for pension and has established a Retiree Health Care Trust Fund into which both the City and employees are required to contribute funds as retiree health care benefits are earned. Currently, these Trust deposits are only required on behalf of employees hired after 2009, and are therefore limited, but is expected to grow as the workforce retires and this requirement is extended to all employees in 2016. Proposition A, passed by San Francisco voters on November 5, 2013 restricted the City's ability to make withdrawals from the Retiree Health Care Trust Fund.

The balance in the Retiree Health Care Trust Fund as of June 30, 2016 is approximately \$114.8 million. The City will continue to monitor and update its actuarial valuations of liability as required under GASB 45: Table A-19 provides a five-year history for all health benefits costs paid including pension, health, dental and other miscellaneous benefits. For all fiscal years shown, a "pay-as-you-go" approach was used by the City for health care benefits.

Table A-19 below provides a summary of the City's employee benefit actual and budgeted costs from fiscal years 2012-13 to fiscal year 2016-17.

TABLE A-19

CITY AND COUNTY OF SAN FRANCISCO
Employee Benefit Costs, All Funds
Fiscal Years 2012-13 through 2016-17¹
(000s)

	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Budget
SFERS and PERS Retirement Contributions	\$452,325	\$535,309	\$593,619	\$531,821	\$550,302
Social Security & Medicare	156,322	160,288	171,877	184,530	196,741
Health - Medical + Dental, active employees ²	370,346	369,428	383,218	421,864	451,905
Health - Retiree Medical ²	155,885	161,859	146,164	158,939	169,612
Other Benefits ³	16,665	16,106	18,439	20,827	26,719
Total Benefit Costs	\$1,151,543	\$1,242,990	\$1,313,318	\$1,317,981	\$1,395,279

¹Fiscal year 2012-13 through fiscal year 2015-16 figures are audited actuals. Fiscal year 2016-17 figures are original budget.

² Does not include Health Service System administrative costs. Does include flexible benefits that may be used for health insurance.

³ "Other Benefits" includes unemployment insurance premiums, life insurance, and other miscellaneous employee benefits.

Source: Office of the Controller, City and County of San Francisco.

INVESTMENT OF CITY FUNDS

Investment Pool

The Treasurer of the City and County of San Francisco (the "Treasurer") is authorized by Charter Section 6.106 to invest funds available under California Government Code Title 5, Division 2, Part 1, Chapter 4. In addition to the funds of the City, the funds of various City departments and local agencies located within the boundaries of the City, including the school and community college districts, airport and public hospitals, are deposited into the City and County's Pooled Investment Fund (the "Pool"). The funds are commingled for investment purposes.

Investment Policy

The management of the Pool is governed by the Investment Policy administered by the Office of the Treasurer and Tax Collector in accordance with California Government Code Sections 27000, 53601, 53635, et. al. In order of priority, the objectives of this Investment Policy are safety, liquidity, and return on investments. Safety of principal is the foremost objective of the investment program. The investment portfolio maintains sufficient liquidity to meet all expected expenditures for at least the next six months. The Office of the Treasurer and Tax Collector also attempts to generate a market rate of return, without undue compromise of the first two objectives.

The Investment Policy is reviewed and monitored annually by a Treasury Oversight Committee established by the Board of Supervisors. The Treasury Oversight Committee meets quarterly and is comprised of members drawn from (a) the Treasurer; (b) the Controller; (c) a representative appointed by the Board of Supervisors; (d) the County Superintendent of Schools or his/her designee; (e) the Chancellor of the Community College District or his/her designee; and (f) Members of the general public. A complete copy of the Treasurer's Investment Policy, dated May 2016, is included as an appendix to this Official Statement. The Investment Policy is also posted at the Treasurer's website. The information available on such website is not incorporated herein by reference.

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Investment Portfolio

As of August 31, 2017, the City's surplus investment fund consisted of the investments classified in Table A-20, and had the investment maturity distribution presented in Table A-21.

TABLE A-20

**City and County of San Francisco
Investment Portfolio
Pooled Funds
As of August 31, 2017**

<u>Type of Investment</u>	<u>Par Value</u>	<u>Book Value</u>	<u>Market Value</u>
U.S. Treasuries	\$625,000,000	\$622,117,103	\$623,924,250
Federal Agencies	4,242,655,000	4,242,459,002	4,241,648,011
State and Local Obligations	287,133,823	289,206,729	287,573,278
Public Time Deposits	960,000	960,000	960,000
Negotiable Certificates of Deposit	1,477,838,000	1,477,838,000	1,478,725,745
Banker's Acceptances			
Commercial Paper	985,000,000	980,671,350	982,262,736
Medium Term Notes	64,775,000	64,938,774	64,900,653
Money Market Funds	152,060,496	152,060,496	152,060,496
Supranationals	369,300,000	368,829,713	369,280,699
Total	\$8,204,722,319	\$8,199,081,167	\$8,201,335,867

August 2017 Earned Income Yield: 1.41%

Sources: Office of the Treasurer and Tax Collector, City and County of San Francisco
From Citibank-Custodial Safekeeping, SunGard Systems-Inventory Control Program.

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TABLE A-21

**City and County of San Francisco
Investment Maturity Distribution
Pooled Funds
As of August 31, 2017**

Maturity in Months			Par Value	Percentage
0	to	1	\$841,855,496	10.3%
1	to	2	607,000,000	7.4%
2	to	3	271,500,000	3.3%
3	to	4	650,000,000	7.9%
4	to	5	100,000,000	1.2%
5	to	6	205,690,000	2.5%
6	to	12	2,004,170,000	24.4%
12	to	24	1,252,093,000	15.3%
24	to	36	1,400,010,000	17.1%
36	to	48	359,778,823	4.4%
48	to	60	512,625,000	6.2%
			\$8,204,722,319	100.0%

Weighted Average Maturity: 487 Days

Sources: Office of the Treasurer and Tax Collector, City and County of San Francisco
From Citibank-Custodial Safekeeping, SunGard Systems-Inventory Control Program.

Further Information

A report detailing the investment portfolio and investment activity, including the market value of the portfolio, is submitted to the Mayor and the Board of Supervisors monthly. The monthly reports and annual reports are available on the Treasurer’s web page: www.sftreasurer.org. The monthly reports and annual reports are not incorporated by reference herein.

Additional information on the City’s investments, investment policies, and risk exposure as of June 30, 2017 are described in Appendix B: “COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2016,” Notes 2(d) and 5.

CAPITAL FINANCING AND BONDS

Capital Plan

In October 2005, the Board of Supervisors adopted, and the Mayor approved, Ordinance No. 216-05, which established a new capital planning process for the City. The legislation requires that the City develop and adopt a ten-year capital expenditure plan for City-owned facilities and infrastructure. It also created the Capital Planning Committee (“CPC”) and the Capital Planning Program (“CPP”). The CPC, composed of other City finance and capital project officials, makes recommendations to the Mayor and Board of Supervisors on all of the City’s capital expenditures. To help inform CPC recommendations, the CPP staff, under the direction of the City Administrator, review and prioritize funding needs; project and coordinate funding sources and uses; and provide policy analysis and reports on interagency capital planning.

The City Administrator, in conjunction with the CPC, is directed to develop and submit a ten-year capital plan every other fiscal year for approval by the Board of Supervisors. The Capital Plan is a fiscally constrained long-term finance strategy that prioritizes projects based on a set of funding principles. It provides an assessment of the City's infrastructure needs over ten years, highlights investments required to meet these needs and recommends a plan of finance to fund these investments. Although the Capital Plan provides cost estimates and proposes methods to finance such costs, the document does not reflect any commitment by the Board of Supervisors to expend such amounts or to adopt any specific financing method. The Capital Plan is required to be updated and adopted biennially, along with the City's Five Year Financial Plan and the Five-Year Information & Communication Technology Plan. The CPC is also charged with reviewing the annual capital budget submission and all long-term financing proposals, and providing recommendations to the Board of Supervisors relating to the compliance of any such proposal or submission with the adopted Capital Plan.

The Capital Plan is required to be submitted to the Mayor and the Board of Supervisors by each March 1 in odd-numbered years and adopted by the Board of Supervisors and the Mayor on or before May 1 of the same year. The fiscal year 2018-2027 Capital Plan was approved by the CPC on February 27, 2017 and was adopted by the Board of Supervisors in April 2017. The Capital Plan contains \$35.2 billion in capital investments over the coming decade for all City departments, including \$5.25 billion in projects for General Fund-supported departments. The Capital Plan proposes \$1.9 billion for General Fund pay-as-you-go capital projects over the next ten years. The amount for General Fund pay-as-you-go capital projects is assumed to grow to over \$200 million per year by fiscal year 2023-24. Major capital projects for General Fund-supported departments included in the Capital Plan consist of upgrades to public health, police, and fire facilities; improvements to homeless service sites; street and right-of-way improvements; the removal of barriers to accessibility; park improvements; the relocation of public health staff and services to improved spaces, among other capital projects. \$2.1 billion of the capital projects of General Fund supported departments are expected to be financed with general obligation bonds and other long-term obligations. The balance is expected to be funded by federal and State funds, the General Fund, and other sources.

In addition to the City General Fund-supported capital spending, the Capital Plan recommends \$18.9 billion in enterprise fund department projects to continue major transit, economic development and public utility projects such as the Central Subway project, runway and terminal upgrades at San Francisco International Airport, Pier 70 infrastructure investments, and the Sewer System Improvement Program, among others. Approximately \$12.3 billion of enterprise fund department capital projects is financed with revenue bonds. The balance is expected to be funded by federal and State funds, user/operator fees, General Fund and other sources.

While significant investments are proposed in the City's adopted Capital Plan, identified resources remain below those necessary to maintain and enhance the City's physical infrastructure. As a result, over \$4.6 billion in capital needs including enhancements are deferred from the plan's horizon. Over two-thirds of these unfunded needs are for the City's transportation and waterfront infrastructure, where core maintenance investments have lagged for decades. Mayor Edwin Lee has convened a taskforce to recommend funding mechanisms to bridge a portion of the gaps in the City's transportation needs, but it is likely that significant funding gaps will remain even assuming the identification of significant new funding sources for these needs.

Failure to make the capital improvements and repairs recommended in the Capital Plan may have the following impacts: (i) failing to meet federal, State or local legal mandates; (ii) failing to provide for the imminent life, health, safety and security of occupants and the public; (iii) failing to prevent the loss of use

of the asset; (iv) impairing the value of the City's assets; (v) increasing future repair and replacement costs; and (vi) harming the local economy.

Tax-Supported Debt Service

Under the State Constitution and the Charter, City bonds secured by *ad valorem* property taxes ("general obligation bonds") can only be authorized with a two-thirds approval of the voters. As of October 1, 2017, the City had approximately \$2.07 billion aggregate principal amount of general obligation bonds outstanding.

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Table A-22 shows the annual amount of debt service payable on the City's outstanding general obligation bonds.

TABLE A-22

CITY AND COUNTY OF SAN FRANCISCO
General Obligation Bonds Debt Service
As of October 1, 2017 ^{1 2}

Fiscal Year	Principal	Interest	Annual Debt Service
2017-18	\$123,873,225	\$88,868,612	\$212,741,837
2018-19	124,230,545	84,676,748	208,907,293
2019-20	123,541,232	78,649,111	202,190,343
2020-21	122,085,457	72,700,986	194,786,443
2021-22	128,083,401	67,121,223	195,204,624
2022-23	131,760,251	61,192,905	192,953,156
2023-24	134,366,206	54,907,030	189,273,236
2024-25	135,221,476	48,463,484	183,684,960
2025-26	130,491,279	42,140,369	172,631,648
2026-27	135,690,840	36,402,040	172,092,880
2027-28	140,604,035	30,447,874	171,051,909
2028-29	141,041,751	24,668,943	165,710,694
2029-30	137,285,095	18,856,513	156,141,608
2030-31	99,261,950	13,238,784	112,500,734
2031-32	102,620,000	9,573,281	112,193,281
2032-33	68,105,000	5,848,349	73,953,349
2033-34	43,770,000	3,291,929	47,061,929
2034-35	35,160,000	1,711,971	36,871,971
2035-36	12,680,000	475,476	13,155,476
TOTAL ³	\$2,069,871,743	\$743,235,628	\$2,813,107,371

¹ This table does not reflect any debt other than City direct tax-supported debt, such as any assessment district indebtedness or any redevelopment agency indebtedness.

² Totals reflect rounding to nearest dollar.

³ Section 9.106 of the City Charter limits issuance of general obligation bonds of the City to 3% of the assessed value of all real and personal assessment district indebtedness or any redevelopment agency indebtedness.

Source: Office of Public Finance, City and County of San Francisco.

General Obligation Bonds

Certain general obligation bonds authorized by the City's voters as discussed below have not yet been issued. Such bonds may be issued at any time by action of the Board of Supervisors, without further approval by the voters.

In November 1992, voters approved Proposition A, which authorized the issuance of up to \$350.0 million in general obligation bonds to provide moneys to fund the City's Seismic Safety Loan Program (the "Loan Program"). The purpose of the Loan Program is to provide loans for the seismic strengthening of privately-owned unreinforced masonry buildings in San Francisco for affordable housing and market-rate residential, commercial and institutional purposes. In April 1994, the City issued \$35.0 million in taxable

general obligation bonds to fund the Loan Program and in October 2002, the City redeemed all outstanding bonds remaining from such issuance. In February 2007, the Board of Supervisors approved the issuance of additional indebtedness under this authorization in an amount not to exceed \$35.0 million. Such issuance would be achieved pursuant to the terms of a Credit Agreement with Bank of America, N.A. (the "Credit Bank"), under which the Credit Bank agreed to fund one or more loans to the City from time to time as evidenced by the City's issuance to the Credit Bank of the Taxable General Obligation Bond (Seismic Safety Loan Program), Series 2007A. The funding by the Credit Bank of the loans at the City's request and the terms of repayment of such loans are governed by the terms of the Credit Agreement. Loan funds received by the City from the Credit Bank are in turn used to finance loans to Seismic Safety Loan Program borrowers. In March 2007, the City initiated an initial borrowing of \$2.0 million, and in October 2007, the City borrowed approximately \$3.8 million from the Credit Bank. In January 2008, the City borrowed approximately \$3.9 million and in November 2008, the City borrowed \$1.3 million from the Credit Bank. Further borrowings under the Credit Agreement with the Credit Bank (up to the \$35.0 million not-to-exceed amount) are expected as additional loans to Seismic Safety Loan Program borrowers are approved. On November 8, 2016, voters approved Proposition C, authorizing the use of Seismic Safety Bond Program to fund the purchase and improvement of buildings in need of safety upgrades in order to convert them into affordable housing.

In February 2008, voters approved Proposition A, which authorized the issuance of up to \$185.0 million in general obligation bonds for the construction, reconstruction, purchase, and/or improvement of park and recreation facilities located in the City and under the jurisdiction of the Recreation and Parks Commission or under the jurisdiction of the Port Commission. The City issued the first series of bonds under Proposition A in the amount of approximately \$42.5 million in August 2008. The City issued the second series in the amount of approximately \$60.4 million in March 2010 and the third series in the amount of approximately \$73.4 million in March 2012. The City issued the fourth series in the amount of approximately \$8.7 million in January 2016.

In June 2010, voters approved Proposition B, which authorized the issuance of up to \$412.3 million in general obligation bonds to provide funds to finance the construction, acquisition, improvement and retrofitting of neighborhood fire and police stations, the auxiliary water supply system, a public safety building, and other critical infrastructure and facilities for earthquake safety and related costs. The City issued the first series of bonds under Proposition B in the amount of \$79.5 million in December 2010 and the second series of bonds in the amount of \$183.3 million in March 2012. The City issued the third series in the amount of approximately \$38.3 million in August 2012 and the fourth series of bonds in the amount of \$31.0 million in June 2013, and the fifth series in the amount of \$54.9 million was issued in October 2014. The final series was issued in June 2016 in the amount of approximately \$25 million. In November 2011, voters approved Proposition B, which authorized the issuance of up to \$248.0 million in general obligation bonds to provide funds to repair and repave City streets and remove potholes; strengthen and seismically upgrade street structures; redesign street corridors by adding or improving pedestrian signals, lighting, sidewalk extensions, bicycle lanes, trees and landscaping; construct and renovate curb ramps and sidewalks to increase accessibility and safety for everyone, including persons with disabilities; and add and upgrade traffic signals to improve MUNI service and traffic flow. The City issued the first series of bonds under Proposition B in the amount of approximately \$74.3 million in March 2012 and the second series of bonds in the amount of \$129.6 million in June 2013. The City issued the final series in June 2016 in the amount of approximately \$109 million.

In November 2012, voters approved Proposition B, which authorized the issuance of up to \$195.0 million in general obligation bonds to provide funds for the construction, reconstruction, renovation, demolition, environmental remediation and/or improvement of park, open space, and recreation facilities located in the City and under the jurisdiction of the Recreation and Parks Commission or under the jurisdiction of

the Port Commission. The City issued the first series of bonds under Proposition B in the amount of approximately \$71.9 million in June 2013. The City issued the second series of bonds in the amount of \$43 million in January 2016.

In June 2014, voters approved Proposition A, which authorized the issuance of up to \$400.0 million in general obligation bonds to provide funds to finance the construction, acquisition, improvement and retrofitting of neighborhood fire and police stations, emergency firefighting water system, medical examiner facility, traffic company & forensic services division and other critical infrastructure and facilities for earthquake safety and related costs. The City issued the first series of bonds in the amount of \$100.6 million in October 2014 and the second series of bonds in the amount of \$44 million in June 2016.

In November 2014, voters approved Proposition A, which authorized the issuance of up to \$500 million in general obligation bonds to provide funds to finance the construction, acquisition and improvement of certain transportation and transit related improvements and other related costs. The City issued the first series of bonds under Proposition A in the amount of approximately \$67 million in June 2015.

In November 2015, voters approved Proposition A which authorized the issuance of up to \$310 million in general obligation bonds to provide funds to finance the construction, development, acquisition, and preservation of housing affordable to low- and middle-income households and to assist in the acquisition, rehabilitation, and preservation of affordable rental apartment buildings to prevent the eviction of long-term residents; to repair and reconstruct dilapidated public housing; to fund a middle-income rental program; and to provide for homeownership down payment assistance opportunities for educators and middle-income households. The City issued the first series of bonds under Proposition A in the amount of approximately \$75 million in October 2016.

In June 2016, voters approved Proposition A, which authorized the issuance of up to \$350 million in general obligation bonds to provide funds to protect public health and safety, improve community medical and mental health care services, earthquake safety, and emergency medical response; to seismically improve, and modernize neighborhood fire stations and vital public health and homeless service sites; to construct a seismically safe and improved San Francisco Fire Department ambulance deployment facility; and to pay related costs. The City issued the first series of the bonds under Proposition A in the amount of approximately \$173.1 million in January 2017.

Refunding General Obligation Bonds

The Board of Supervisors adopted Resolution No. 272-04 on May 11, 2004 (the "2004 Resolution"). The Mayor approved the 2004 Resolution on May 13, 2004. The 2004 Resolution authorized the issuance of not to exceed \$800.0 million aggregate principal amount of its General Obligation Refunding Bonds from time to time in one or more series for the purpose of refunding all or a portion of the City's then outstanding General Obligation Bonds. On November 1, 2011, the Board of Supervisors adopted, and the Mayor approved, Resolution No. 448-11 (the "2011 Resolution," and together with the 2004 Resolution, the "Refunding Resolutions"). The 2011 Resolution authorized the issuance of not to exceed \$1.356 billion aggregate principal amount of the City's General Obligation Refunding Bonds from time to time in one or more series for the purpose of refunding certain outstanding General Obligation Bonds of the City. The City has issued four series of refunding bonds currently outstanding under the Refunding Resolutions, as shown on Table A-23.

TABLE A-23

CITY AND COUNTY OF SAN FRANCISCO
General Obligation Refunding Bonds
As of October 1, 2017

Series Name	Date Issued	Principal Amount Issued	Amount Outstanding
2008-R1	May 2008	\$232,075,000	\$8,170,000
2008-R2	May 2008	39,320,000	11,105,000
2008-R3	July 2008	118,130,000	-
2011-R1	November 2011	339,475,000	226,920,000 ¹
2015-R1	February 2015	293,910,000	277,165,000 ²

¹ Series 2004-R1 Bonds were refunded by the 2011-R1 Bonds in November 2011

² Series 2006-R1, 2006-R2, and 2008-R3 Bonds were refunded by the 2015-R1 Bonds in February 2015.
 Series 2008-R3 Bonds were partially refunded and are no longer outstanding.

Table A-24 below lists for each of the City's voter-authorized general obligation bond programs the amount issued and outstanding, and the amount of remaining authorization for which bonds have not yet been issued. Series are grouped by program authorization in chronological order. The authorized and unissued column refers to total program authorization that can still be issued, and does not refer to any particular series. As of October 1, 2017, the City had authorized and unissued general obligation bond authority of approximately \$1.37 billion.

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TABLE A-24

CITY AND COUNTY OF SAN FRANCISCO
General Obligation Bonds
As of October 1, 2017

Description of Issue (Date of Authorization)	Series	Issued	Outstanding ¹	Authorized & Unissued
Seismic Safety Loan Program (11/3/92)	2007A	\$30,315,450	\$21,461,743	
	2015A	24,000,000	24,000,000	260,684,550
Clean & Safe Neighborhood Parks (2/5/08)	2010B	24,785,000	5,120,000	
	2010D	35,645,000	35,645,000	
	2012B	73,355,000	50,675,000	
	2016A	8,695,000	7,825,000	
San Francisco General Hospital and Trauma Center (11/4/08)	2009A	131,650,000	10,790,000	
	2010A	120,890,000	24,980,000	
	2010C	173,805,000	173,805,000	
	2012D	251,100,000	163,495,000	
	2014A	209,955,000	169,055,000	
Earthquake Safety and Emergency Response Bond (6/8/10)	2010E	79,520,000	43,175,000	
	2012A	183,330,000	127,945,000	
	2012E	38,265,000	31,400,000	
	2013B	31,020,000	18,320,000	
	2014C	54,950,000	43,665,000	
	2016C	25,215,000	23,260,000	
Road Repaving & Street Safety (11/8/11)	2012C	74,295,000	51,880,000	
	2013C	129,560,000	76,465,000	
	2016E	44,145,000	40,715,000	
Clean & Safe Neighborhood Parks (11/6/12)	2013A	71,970,000	42,490,000	
	2016B	43,220,000	25,395,000	79,810,000
Earthquake Safety and Emergency Response Bond (6/3/14)	2014D	100,670,000	79,970,000	
	2016D	109,595,000	78,475,000	189,735,000
Transportation and Road Improvement (11/4/15)	2015B	67,005,000	45,375,000	432,995,000
Affordable Housing Bond (11/4/15)	2016F	75,130,000	53,060,000	234,870,000
Public Health and Safety Bond (6/7/16)	2017A	173,120,000	125,760,000	176,880,000
SUB TOTALS		\$2,385,205,450	\$1,594,201,743	\$1,374,974,550
General Obligation Refunding Bonds:				
Series 2008-R1 issued 5/29/08		232,075,000	6,675,000	
Series 2008-R2 issued 5/29/08		39,320,000	5,680,000	
Series 2011-R1 issued 11/9/12		339,475,000	202,220,000	
Series 2015-R1 issued 2/25/15		293,910,000	261,095,000	
SUB TOTALS		904,780,000	475,670,000	
TOTALS		\$3,289,985,450	\$2,069,871,743	\$1,374,974,550

¹ Section 9.106 of the City Charter limits issuance of general obligation bonds of the City to 3% of the assessed value of all taxable real and personal property, located within the City and County.

Source: Office of Public Finance, City and County of San Francisco.

Lease Payments and Other Long-Term Obligations

The Charter requires that any lease-financing agreements with a nonprofit corporation or another public agency must be approved by a majority vote of the City's electorate, except (i) leases approved prior to April 1, 1977, (ii) refunding lease financing expected to result in net savings, and (iii) certain lease financing

for capital equipment. The Charter does not require voter approval of lease financing agreements with for-profit corporations or entities.

Table A-25 sets forth the aggregate annual lease payment obligations supported by the City's General Fund with respect to outstanding lease revenue bonds and certificates of participation as of October 1, 2017. Note that the annual payment obligations reflected in Table A-25 reflect the fully accreted value of any capital appreciation obligations as of the payment dates.

TABLE A-25

CITY AND COUNTY OF SAN FRANCISCO
Lease Revenue Bonds and Certificates of Participation
As of October 1, 2017

Fiscal Year	Principal	Interest	Annual Payment Obligation
2017-18	\$40,995,000	\$46,158,845	\$87,153,845
2018-19	63,790,000	62,426,217	126,216,217
2019-20	49,630,000	59,788,198	109,418,198
2020-21	58,345,000	57,310,890	115,655,890
2021-22	58,775,000	54,742,504	113,517,504
2022-23	61,390,000	52,119,175	113,509,175
2023-24	63,620,000	49,374,771	112,994,771
2024-25	63,985,000	46,505,114	110,490,114
2025-26	64,500,000	43,645,624	108,145,624
2026-27	67,545,000	40,628,011	108,173,011
2027-28	68,940,000	37,474,005	106,414,005
2028-29	72,160,000	34,218,461	106,378,461
2029-30	72,540,000	30,826,226	103,366,226
2030-31	64,540,000	27,588,665	92,128,665
2031-32	54,320,000	24,737,593	79,057,593
2032-33	55,495,000	22,446,642	77,941,642
2033-34	57,735,000	19,918,261	77,653,261
2034-35	46,410,000	17,650,673	64,060,673
2035-36	45,695,000	15,599,242	61,294,242
2036-37	44,775,000	13,589,230	58,364,230
2037-38	46,595,000	11,612,665	58,207,665
2038-39	48,485,000	9,553,956	58,038,956
2039-40	50,470,000	7,407,472	57,877,472
2040-41	52,520,000	5,172,668	57,692,668
2041-42	19,400,000	3,007,611	22,407,611
2042-43	10,125,000	1,242,000	11,367,000
2043-44	8,555,000	818,000	9,373,000
2044-45	8,895,000	475,800	9,370,800
2045-46	1,470,000	120,000	1,590,000
2046-47	1,530,000	61,200	1,591,200
TOTAL ¹	\$1,423,230,000	\$796,219,719 ²	\$2,219,449,719

¹ Totals reflect rounding to nearest dollar.

² For purposes of this table, the interest rate on the Lease Revenue Bonds Series 2008-1, and 2008-2 (Moscone Center Expansion Project) is assumed to be 3.25%. These bonds are in variable rate mode.

Source: Office of Public Finance, City and County of San Francisco.

The City electorate has approved several lease revenue bond propositions, some of which have authorized but unissued bonds. The following lease programs have remaining authorization:

In 1987, voters approved Proposition B, which authorizes the City to lease finance (without limitation as to maximum aggregate par amount) the construction of new parking facilities, including garages and surface lots, in eight of the City's neighborhoods. In July 2000, the City issued \$8.2 million in lease revenue bonds to finance the construction of the North Beach Parking Garage, which was opened in February 2002. There is no current plan to issue any more bonds under Proposition B.

In 1990, voters approved Proposition C, which amended the Charter to authorize the City to lease-purchase equipment through a nonprofit corporation without additional voter approval but with certain restrictions. The City and County of San Francisco Finance Corporation (the "Corporation") was incorporated for that purpose. Proposition C provides that the outstanding aggregate principal amount of obligations with respect to lease financings may not exceed \$20.0 million, with such amount increasing by five percent each fiscal year. As of October 1, 2017 the total authorized amount for such financings was \$71.1 million. The total principal amount outstanding as of October 1, 2017 was \$1.4 million.

In 1994, voters approved Proposition B, which authorized the issuance of up to \$60.0 million in lease revenue bonds for the acquisition and construction of a combined dispatch center for the City's emergency 911 communication system and for the emergency information and communications equipment for the center. In 1997 and 1998, the Corporation issued \$22.6 million and \$23.3 million of Proposition B lease revenue bonds, respectively, leaving \$14.0 million in remaining authorization. There is no current plan to issue additional series of bonds under Proposition B.

In June 1997, voters approved Proposition D, which authorized the issuance of up to \$100.0 million in lease revenue bonds for the construction of a new football stadium at Candlestick Park, the previous home of the San Francisco 49ers football team. If issued, the \$100.0 million of lease revenue bonds would be the City's contribution toward the total cost of the stadium project and the 49ers would be responsible for paying the remaining cost of the stadium construction project. There is no current plan to issue the Proposition D bonds.

On March 7, 2000, voters approved Proposition C, which extended a two and one half cent per \$100.0 in assessed valuation property tax set-aside for the benefit of the Recreation and Park Department (the "Open Space Fund"). Proposition C also authorizes the issuance of lease revenue bonds or other forms of indebtedness payable from the Open Space Fund. The City issued approximately \$27.0 million and \$42.4 million of such Open Space Fund lease revenue bonds in October 2006 and October 2007, respectively.

In November 2007, voters approved Proposition D, which amended the Charter and renewed the Library Preservation Fund. Proposition D continues the two and one half cent per \$100.0 in assessed valuation property tax set-aside and establishes a minimum level of City appropriations, moneys that are maintained in the Library Preservation Fund. Proposition D also authorizes the issuance of revenue bonds or other evidences of indebtedness. The City issued the first series of lease revenue bonds in the amount of approximately \$34.3 million in March 2009.

Commercial Paper Program

The Board authorized on March 17, 2009 and the Mayor approved on March 24, 2009 the establishment of a not-to-exceed \$150.0 million Lease Revenue Commercial Paper Certificates of Participation Program, Series 1 and 1-T and Series 2 and 2-T (the "CP Program"). Commercial Paper Notes (the "CP Notes") are

issued from time to time to pay approved project costs in connection with the acquisition, improvement, renovation and construction of real property and the acquisition of capital equipment and vehicles in anticipation of long-term or other take-out financing to be issued when market conditions are favorable. Projects are eligible to access the CP Program once the Board and the Mayor have approved the project and the long-term, permanent financing for the project. The former Series 1 and 1-T and Series 2 and 2-T letters of credit issued in 2010 by J.P. Morgan Chase Bank, N.A. and U.S. Bank National Association expired in June 2016. In May 2016, the City obtained renewal credit facilities securing the CP Notes issued by State Street Bank and Trust Company with a maximum principal amount of \$75 million and by U.S. Bank National Association with a maximum principal amount of \$75 million. The renewal credit facilities will expire in May 2021.

The Board authorized on July 16, 2013 and the Mayor approved on July 25, 2013 an additional \$100.0 million Lease Revenue Commercial Paper Certificates of Participation Program, Series 3 and 3-T and Series 4 and 4-T that increases the total authorization of the CP Program to \$250.0 million. The Series 3 and 3-T and 4 and 4-T are secured by a letter of credit issued by State Street Bank and Trust Company expiring February 2019.

As of September 30, 2017, the outstanding principal amount of CP Notes is \$22.3 million. The weighted average interest rate for CP Notes is approximately 0.88%.

Board Authorized and Unissued Long-Term Obligations

The Board of Supervisors authorized on October 26, 2010 and the Mayor approved on November 5, 2010 the issuance of not to exceed \$38 million in City and County of San Francisco certificates of participation to partially finance the rebuilding of severely distressed public housing sites, while increasing affordable housing and ownership opportunities and improving the quality of life for existing residents and the surrounding communities (the HOPE SF Project). The City anticipates issuing the certificates in the June of 2017.

The Board of Supervisors authorized on February 12, 2013 and the Mayor approved on February 15, 2013 the issuance of not to exceed \$507.9 million of City and County of San Francisco Certificates of Participation (Moscone Expansion Project) payable from Moscone Expansion District assessments to finance the costs of additions and improvements to the George R. Moscone Convention Center. The City anticipates issuing the certificates in the summer of 2017.

The Board of Supervisors authorized October 8, 2013 and the Mayor approved October 11, 2013 the issuance of not to exceed \$13.5 million of City and County of San Francisco Certificates of Participation (Treasure Island Improvement Project) to finance the cost of additions and improvements to the utility infrastructure at Treasure island.

Overlapping Debt

Table A-26 shows bonded debt and long-term obligations as of October 1, 2017 sold in the public capital markets by the City and those public agencies whose boundaries overlap the boundaries of the City in whole or in part. Long-term obligations of non-City agencies generally are not payable from revenues of the City. In many cases, long-term obligations issued by a public agency are payable only from the General Fund or other revenues of such public agency. In the table, lease obligations of the City which support indebtedness incurred by others are included. As noted below, the Charter limits the City's outstanding general obligation bond debt to 3% of the total assessed valuation of all taxable real and personal property within the City.

TABLE A-26

CITY AND COUNTY OF SAN FRANCISCO
Statement of Direct and Overlapping Debt and Long-Term Obligations
As of October 1, 2017

<u>2017-18 Assessed Valuation</u> (net of non-reimbursable & homeowner exemptions):	\$234,074,596,933	
<u>DIRECT GENERAL OBLIGATION BOND DEBT</u>		
General City Purposes Carried on the Tax Roll	<u>\$2,069,871,743</u>	
GROSS DIRECT DEBT	\$2,069,871,743	
<u>DIRECT LEASE PAYMENT AND LONG-TERM OBLIGATIONS</u>		
San Francisco Finance Corporation, Equipment LRBs Series 2012A, and 2013A	\$1,450,000	
San Francisco Finance Corporation Emergency Communication Refunding Series, 2010-R1	9,975,000	
San Francisco Finance Corporation Moscone Expansion Center, Series, 2008-1, 2008-2	96,020,000	
San Francisco Finance Corporation LRBs Open Space Fund (Various Park Projects) Series 2006, 2007	43,940,000	
San Francisco Finance Corporation LRBs Library Preservation Fund Series, 2009A	27,030,000	
San Francisco COPs, Series 2009A Multiple Capital Improvement Projects (Laguna Honda Hospital)	125,570,000	
San Francisco COPs, Series 2009B Multiple Capital Improvement Projects (Street Improvement Project)	31,190,000	
San Francisco COPs, Series 2009C Office Project (525 Golden Gate Avenue) Tax Exempt	23,240,000	
San Francisco COPs, Series 2009D Office Project (525 Golden Gate Avenue) Taxable BABs	129,550,000	
San Francisco Refunding Certificates of Participation, Series 2010A	100,575,000	
San Francisco COPs, Refunding Series 2011AB (Moscone)	25,515,000	
San Francisco COPs, Series 2012A Multiple Capital Improvement Projects (Street Improvement Project)	36,815,000	
San Francisco COPs, Series 2013A Moscone Center Improvement	-	
San Francisco COPs, Series 2013BC Port Facilities	32,275,000	
San Francisco COPs, Series 2014-R1 (Courthouse Project), 2014-R2 (Juvenile Hall Project)	38,350,000	
San Francisco COPs, Series 2015AB War Memorial Veterans Building Seismic Upgrade and Improvements	127,810,000	
San Francisco Refunding COPs, Series 2015-R1 (City Office Buildings-Multiple Properties Project)	118,100,000	
San Francisco COPs, Series 2016A War Memorial Veterans Building Seismic Upgrade and Improvements	15,170,000	
San Francisco COPs Series 2017A (Hope SF)	28,320,000	
San Francisco COPs Series 2017B (Moscone Convention Center Expansion)	<u>412,355,000</u>	
LONG-TERM OBLIGATIONS	\$1,423,250,000	
GROSS DIRECT DEBT & LONG-TERM OBLIGATIONS	\$3,493,121,743	
<u>OVERLAPPING DEBT & LONG-TERM OBLIGATIONS</u>		
Bayshore Hester Assessment District	\$510,000	
San Francisco Bay Area Rapid Transit District (33%) Sales Tax Revenue Bonds	72,628,333	
San Francisco Bay Area Rapid Transit District (29%) General Obligation Bonds, Series 2005A, 2007B	100,763,400	
San Francisco Community College District General Obligation Bonds (2001, 2005)	247,520,000	
San Francisco Redevelopment Agency Hotel Tax Revenue Bonds (2011)	30,995,000	
San Francisco Redevelopment Agency Obligations (Property Tax Increment)	760,367,853	
San Francisco Redevelopment Agency Obligations (Special Tax Bonds)	148,875,249	
Association of Bay Area Governments Obligations (Special Tax Bonds)	17,795,000	
Special Tax District No. 2009-1 Improvement Area 1, 2 SF Sustainable Financing	2,999,392	
San Francisco Unified School District General Obligation Bonds (2003, 2006, 2011, 2015R, 2016, 2017)	<u>1,021,010,000</u>	
TOTAL OVERLAPPING DEBT & LONG-TERM OBLIGATIONS	\$2,403,464,227	
GROSS COMBINED TOTAL OBLIGATIONS	\$5,896,585,970 ¹	
<u>Ratios to Assessed Valuation:</u>		
	<u>Actual Ratio</u>	<u>Charter Req.</u>
Gross Direct Debt (General Obligation Bonds)	0.88%	< 3.00%
Gross Direct Debt & Long-Term Obligations	1.49%	n/a
Gross Combined Total Obligations	2.52%	n/a

¹ Excludes revenue and mortgage revenue bonds and non-bonded third party financing lease obligations. Also excludes tax allocation bonds sold in August, 2009.

² Section 9.106 of the City Charter limits issuance of general obligation bonds of the City to 3% of the assessed value of all taxable real and personal property, located within the City and County.

On November 4, 2003, voters approved Proposition A. Proposition A of 2003 authorized the SFUSD to issue up to \$295.0 million of general obligation bonds to repair and rehabilitate school facilities, and various other improvements. The SFUSD issued \$58.0 million of such authorization in October 2004, \$130.0 million in October 2005, and \$92.0 million in October 2006, leaving \$15.0 million authorized but unissued. In March 2012, the SFUSD issued \$116.1 million in refunding general obligation bonds that refunded \$137.4 million in general obligation bonds authorized under Proposition A of 2003.

On November 2, 2004, voters approved Proposition AA. Proposition AA authorized the San Francisco BART to issue general obligation bonds in one or more series over time in an aggregate principal amount not to exceed \$980.0 million to strengthen tunnels, bridges, overhead tracks and the underwater Transbay Tube for BART facilities in Alameda and Contra Costa counties and the City. Of the \$980.0 million, the portion payable from the levy of *ad valorem* taxes on property within the City is approximately 29.0% or \$282.0 million. Of such authorization, BART issued \$100.0 million in May 2005 and \$400.0 million in July 2007, of which the allocable City portion is approximately \$29.0 million and \$116.0 million, respectively.

On November 7, 2006, voters approved Proposition A. Proposition A of 2006 authorized the SFUSD to issue an aggregate principal amount not to exceed \$450.0 million of general obligation bonds to modernize and repair up to 64 additional school facilities and various other improvements. The SFUSD issued the first series in the aggregate principal amount of \$100 million under the Proposition A authorization in February 2007. The SFUSD issued the second series in the aggregate principal amount of \$150.0 million under the Proposition A authorization in January 2009. The SFUSD issued the third series in the aggregate principal amount of \$185.0 million under the Proposition A authorization in May 2010.

On November 8, 2011, voters approved Proposition A. Proposition A of 2011 authorized the SFUSD to issue an aggregate principal amount not to exceed \$531.0 million of general obligation bonds to repair and rehabilitate school facilities to current accessibility, health, safety, and instructional standards, and where applicable, replace worn-out plumbing, electrical and other major building systems, replace aging heating, ventilation and air handling systems, renovate outdated classrooms and training facilities, construct facilities to replace aging modular classrooms. The SFUSD issued the first series in the aggregate principal amount of \$115.0 million under the Proposition A of 2011 authorization in March 2012.

On November 8, 2016, voters approved Proposition A. Proposition A of 2016 authorized the SFUSD to issue an aggregate principal amount not to exceed \$744.25 million of general obligation bonds to repair and rehabilitate San Francisco Unified School District facilities to current accessibility, health, safety, seismic and instructional standards, replace worn-out plumbing, electrical, HVAC, and major building systems, renovate outdated classrooms and training facilities, construct school facilities and replace aging modular classrooms, improve information technology systems and food service preparation systems. The SFUSD issued the first series in the aggregate principal amount of \$180.0 million under the Proposition A of 2016 authorization in March 2017.

MAJOR ECONOMIC DEVELOPMENT PROJECTS

Numerous development and construction projects are in progress throughout the City at any given time. This section describes several of the most significant privately owned and managed real estate developments currently under way in the City in which there is City participation, generally in the form of a public/private partnership. The information in this section has been prepared by the City based on City-approved plans as well as unofficial plans and representations of the developer in each case, and includes forward-looking statements. These forward-looking statements consist of expressions of opinion, estimates, predictions, projections, plans and the like; such forward-looking statements in this section are

those of the developers and not of the City. The City makes no prediction, representation or assurance that the plans and projects described will actually be accomplished, or the time frame in which the developments will be completed, or as to the financial impact on City real estate taxes, developer fees, other tax and fee income, employment, retail or real estate activity, or other consequences that might be expected or projected to result from the successful completion of each development project. Completion of development in each case may depend on the local economy, the real estate market, the financial health of the developer and others involved in the project, specific features of each development and its attractiveness to buyers, tenants and others, as well as the financial health of such buyers, tenants, and others. Completion and success of each development will also likely depend on other factors unknown to the City.

Hunters Point Shipyard (Phase 1 and 2) and Candlestick Point

The Hunters Point Shipyard Phase 1 and 2 and Candlestick Point project area will deliver approximately 12,100 new homes, approximately 32 percent of which will be below market rate and will include the rebuilding of the Alice Griffith public housing development consistent with the City's HOPE SF program, up to 3 million square feet of research and development space, and more than 350 acres of new parks in the southeast portion of San Francisco (the "Project"). In total, the Project will generate over \$6 billion of new economic activity to the City, more than 12,000 permanent jobs, hundreds of new construction jobs each year, new community facilities, new transit infrastructure, and provide approximately \$90 million in community benefits. The Project's full build out will occur over 20 to 30 years. In the next five years over 1,000 units of housing and 26 acres of parks will be completed in the first phase of the Shipyard.

The first phase of development has begun at the Hunters Point Shipyard site with approximately 200 completed units and an additional 350 units currently under construction. An additional 230 units will begin construction in 2017. On Candlestick Point, 306 housing units are under construction which includes a mix of public housing replacement and new, affordable units. In 2016, horizontal infrastructure construction commenced, which will support up to 1,710 units of housing, including 290 stand-alone affordable units and up to 145 inclusionary units, a 635,000 square foot mixed-use retail center, 220-room hotel, and a community facilities parcel. Two hillside open space areas at the base of Bayview Hill will be improved and a new wedge park and plaza will also be constructed, adding a total of 8.6 acres of open space adjacent to the new retail and residential development.

Treasure Island

Former Naval Station Treasure Island is located in the San Francisco Bay and connected to the City by the San Francisco-Oakland Bay Bridge. The former base, which ceased operations in 1997, consists of approximately 405 acres on Treasure Island and 90 acres on adjoining Yerba Buena Island. Development plans for the islands include up to 8,000 new homes, 25% of which will be offered at below-market rates; up to 500 hotel rooms; a 400 slip marina; restaurants; retail and entertainment venues; and a world-class 300-acre parks and open space system. The compact mixed-use transit-oriented development is centered around a new ferry terminal connecting the island to downtown San Francisco and is designed to prioritize walking, biking and public transit. The development plans include green building standards and best practices in low-impact development.

The first major land transfer from the Navy to the Treasure Island Development Authority ("TIDA") occurred in May 2015 and included the northern half of Yerba Buena Island and more than half of the area of Treasure Island. The developer, Treasure Island Community Development ("TICD"), received its first land transfer in February 2016, and demolition and initial infrastructure improvements under

contract are currently underway. The first phase of development will include extensive horizontal infrastructure improvements (utilities, roadway improvements, site preparation, etc.) as well as the initial vertical developments. The complete build-out of the project is anticipated to occur over fifteen to twenty years.

Mission Bay Blocks 29-32– Warriors Multipurpose Recreation and Entertainment Venue

The Golden State Warriors, a National Basketball Association team, is developing a multipurpose recreation and entertainment venue and associated development in Mission Bay. The site is bordered by Third Street to the West, Terry Francois Boulevard to the East, 16th Street to the South and South Street to the North. The Warriors project includes a state-of-the-art multi-purpose recreation and entertainment venue for Warriors' home games, concerts and family shows. The site will also have restaurants, retail, office space, bike valet, public plazas and a limited amount of parking, and trigger the construction of a new 5 acre Bay Front Park between the new event center and the Bay. Environmental review has been completed for the site, and was upheld in a November 2016 decision. The project began construction in January 2017 and the event center is scheduled to open in time for the 2019-2020 basketball season.

Transbay

The Transbay Project Redevelopment Project Area was adopted in 2005 with the purpose of redeveloping 10 acres of property owned by the State in order to generate funding for the new Salesforce Transit Center. In 2012 the Transit Center District Plan, the guiding document for the area surrounding the transit center, was approved by the Planning Commission and by the Board of Supervisors. The Transit Center District Plan includes additional funding sources for the Salesforce Transit Center. The Transbay Program will replace the former Transbay Terminal at First and Mission Streets with a modern transit hub and extend the Caltrain commuter rail line underground 1.3 miles into the Financial District. The Salesforce Transit Center broke ground on August 11, 2010, and is scheduled to commence operations in Spring 2018. Demolition of existing structures on the site was completed in August 2011.

The 10 acres of property formerly owned by the State surrounding the Transbay Transit Center is being redeveloped with plans for 3,300 new homes, 1,400 to be affordable below-market rate homes, over 2 million square feet of new office space, over 9 acres of new parks and open space, and a new retail boulevard on Folsom Street. The first project completed in the neighborhood was Rene Cazenave Apartments, 120 units of permanent affordable housing for formerly homeless individuals. Recently completed was Solaire, 479 residential units of which 70 units are affordable. There are over 1,600 units currently under construction on Folsom Street, 767,000 square feet of office space under construction at Howard and Beale Streets, and 1.4 million square feet of office space under construction at Mission and First Streets.

The Pelli Clarke Pelli Architects-designed transit center will serve more than 100,000 people per day through eleven transportation systems, including future California High Speed Rail, which will be designed to connect San Francisco to Los Angeles in less than 2-1/2 hours. The center is designed to embrace the goals of green architecture and sustainability. The heart of the Salesforce Transit Center, "Salesforce Park," a 5.4-acre public park atop the facility, that will serve as a living green roof for the transit facility. The center will have a LEED rating of at least Silver. The \$6 billion Program is funded by various public funding partners, including the federal government, the State, the Metropolitan Transportation

Commission, the San Francisco County and San Mateo County Transportation Authorities, and AC Transit, among others.

Mission Bay

The development plans for Mission Bay include a new University of California-San Francisco ("UCSF") research campus containing 3.15 million square feet of building space on 46 acres of land, of which 43 acres were donated by the Mission Bay Master Developer and the City; UCSF's 550-bed hospital; 3.4 million square feet of biotech, 'cleantech' and health care office space; 6,400 housing units, with 1,850 (29%) affordable to moderate-, low-, and very low-income households; 425,000 square feet of retail space; a 250-room hotel with up to 25,000 square feet of retail entertainment uses; 49 acres of public open space, including parks along Mission Creek and San Francisco Bay and eight acres of open space within the UCSF campus; a new 500-student public school; and a new fire and police station and police headquarters. Mission Bay is approximately 50% complete.

Over 5,296 units have been completed with an additional 493 units under construction, along with several new parks. Another 119 affordable housing units, a 250-room hotel and the mixed-use Chase Event Center project will house the Golden State Warriors have broken or will break ground in 2017.

Seawall Lot (SWL) 337 and Pier 48 (Mission Rock)

Mission Rock is a proposed mixed-use development at Seawall Lot 337 and Pier 48, Port-owned property comprising approximately 25 acres. The Port, OEWD in its capacity as lead negotiator, and Mission Rock's competitively-selected master developer, Seawall Lot 337 Associates, LLC, have agreed on a development concept and corresponding financial terms for Mission Rock, which are reflected in a non-binding Term Sheet that the Port Commission and Board of Supervisors have endorsed and which will be finalized in a Development Agreement following environmental review.

The proposed development plan for Mission Rock set forth in the term sheet includes: approximately 8 acres of public parks and open spaces, including a 5-acre regional waterfront park; 650 to 1,500 new housing units, 15 percent of which will be affordable to low-income households; 1.3 to 1.7 million square feet of commercial space; 150,000 to 250,000 square feet of retail space, approximately 3,000 parking spaces within mixed-use buildings and a dedicated parking structure, which will serve San Francisco Giants baseball team patrons as well as Mission Rock occupants and visitors; and the rehabilitation and reuse of historic Pier 48 as a new brewery/distillery for Anchor Steam Brewing Company.

In the wake of the passage of Proposition B on the June 2013 ballot, the developer, Port and OEWD staff have continued to engage relevant agencies and stakeholders to further refine the project plan. The environmental review process was initiated in January 2014 and is expected to last until mid-2017. That process will be accompanied by negotiation of transaction agreements and approval of any needed height limit and zoning changes.

Pier 70

Plans for Pier 70 call for substantial development, including major parks and historic building rehabilitation, on this 69-acre site to achieve a number of goals, including preservation and adaptive reuse of historic structures; retention of the ship repair operations; provision of new open space; reactivation and economic development on the site; and needed infrastructure and site remediation. The Port, which controls Pier 70, and OEWD, in its capacity as lead negotiator, have initiated preliminary negotiations with

Forest City, the developer selected to build a new mixed-use neighborhood on a 28-acre portion of Pier 70 known as the Waterfront Site. The parties have agreed on a development concept and corresponding financial terms for the Waterfront Site, which are reflected in a non-binding Term Sheet that the Port Commission and Board of Supervisors have endorsed and which will be finalized in a Development Agreement following community and environmental review. In November 2014, Proposition F was approved by the voters, authorizing an increase of height limits on Pier 70 from 40 feet to 90 feet.

Current development plans for the Pier 70 Waterfront Site call for 7 acres of parks and up to 3.25 million square feet of above-grade construction (not including parking) which may include up to 1.7 million square feet of office space; up to 400,000 square feet of retail, small-scale production, arts space intended to establish the new district as destination with unique character; and approximately 1600 housing units, with 30% percent of them made available to low- and middle- income households. This built area includes three historic industrial buildings that will be rehabilitated as part of the Waterfront Site development. Conclusion of the environmental review process, transaction agreements and planning approval are expected in mid-2017.

Moscone Convention Center

The Moscone Center Expansion Project will add approximately 300,000 square feet and repurpose an additional 120,000 square feet to the portion of the existing Moscone Center located on Howard Street between 3rd and 4th Streets in the Yerba Buena Gardens neighborhood of San Francisco. Nearly 140,000 square feet of this additional space would be created by excavating and expanding the existing below-grade exhibition halls that connect the Moscone North and South buildings under Howard Street, with the remaining consisting of new and repurposed lobby area, new multi-purpose/meeting room area, and new and repurposed building support area.

In addition to adding new rentable square footage, the project architects propose an iconic sense of arrival that enhances Moscone's civic presence on Howard Street and reconnects it to the surrounding neighborhood through the creation of reintroduced lost mid-block passageways. As such, the project proposes a new mid-block pedestrian entrance from Third Street and a replacement pedestrian bridge connecting Yerba Buena Gardens with the cultural facilities and children's playground to the south. An additional enclosed pedestrian bridge would provide enhanced circulation for Moscone convention attendees and reduce on-street congestion.

A May 2012 analysis by Jones Lang Lasalle Hotels estimated that the City would lose up to \$2 billion in foregone revenue over the next decade if Moscone was not expanded. The project allows the City to recover approximately \$734 million of this future revenue and create 3,480 local jobs through a phased construction schedule that keeps Moscone in continuous revenue generating operation.

The proposed project is a joint partnership between the City and the hotel industry, acting through the Tourist Improvement District Management Corporation, with the City paying approximately one-third of all expansion costs and the hotel community paying approximately two-thirds. The Board of Supervisors unanimously approved the creation of the Moscone Expansion District and the issuance of \$507 million in Certificates of Participation on February 5, 2013 and the Planning Commission unanimously approved the project on August 15, 2014. Project development began in December 2012, with major construction starting in November 2014. The project is expected to reach completion by the end of 2018.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES

Several constitutional and statutory limitations on taxes, revenues and expenditures exist under State law which limit the ability of the City to impose and increase taxes and other revenue sources and to spend such revenues, and which, under certain circumstances, would permit existing revenue sources of the City to be reduced by vote of the City electorate. These constitutional and statutory limitations, and future limitations, if enacted, could potentially have an adverse impact on the City's general finances and its ability to raise revenue, or maintain existing revenue sources, in the future. However, *ad valorem* property taxes required to be levied to pay debt service on general obligation bonds was authorized and approved in accordance with all applicable constitutional limitations. A summary of the currently effective limitations is set forth below.

Article XIII A of the California Constitution

Article XIII A of the California Constitution, known as "Proposition 13," was approved by the California voters in June of 1978. It limits the amount of *ad valorem* tax on real property to 1% of "full cash value," as determined by the county assessor. Article XIII A defines "full cash value" to mean the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when "purchased, newly constructed or a change in ownership has occurred" (as such terms are used in Article XIII A) after the 1975 assessment. Furthermore, all real property valuation may be increased or decreased to reflect the inflation rate, as shown by the CPI or comparable data, in an amount not to exceed 2% per year, or may be reduced in the event of declining property values caused by damage, destruction or other factors. Article XIII A provides that the 1% limitation does not apply to *ad valorem* taxes to pay interest or redemption charges on 1) indebtedness approved by the voters prior to July 1, 1978, 2) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition, or 3) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district voting on the proposition, but only if certain accountability measures are included in the proposition.

The California Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher or lower than 2%, depending on the assessor's measure of the restoration of value of the damaged property. The California courts have upheld the constitutionality of this procedure.

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be assessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate persons with disabilities and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the City. Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIII A.

Article XIII B of the California Constitution

Article XIII B was enacted by California voters as an initiative constitutional amendment in November 1979. Article XIII B limits the annual appropriations from the proceeds of taxes of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population, and services rendered by the governmental entity. However, no limit is imposed on the appropriation of local revenues and taxes to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters. Article XIII B includes a requirement that if an entity's revenues in any year exceed the amount permitted to be spent, the excess would have to be returned by revising tax or fee schedules over the next two years.

Articles XIII C and XIII D of the California Constitution

Proposition 218, an initiative constitutional amendment, approved by the voters of the State in 1996, added Articles XII C and XIII D to the State Constitution, which affect the ability of local governments, including charter cities such as the City, to levy and collect both existing and future taxes, assessments, fees and charges. Proposition 218 does not affect the levy and collection of taxes for voter-approved debt. However, Proposition 218 affects the City's finances in other ways. Article XIII C requires that all new local taxes be submitted to the electorate for approval before such taxes become effective. Taxes for general governmental purposes of the City require a majority vote and taxes for specific purposes require a two-thirds vote. Under Proposition 218, the City can only continue to collect taxes that were imposed after January 1, 1995 if voters subsequently approved such taxes by November 6, 1998. All of the City's local taxes subject to such approval have been either reauthorized in accordance with Proposition 218 or discontinued. The voter approval requirements of Article XIII C reduce the City's flexibility to manage fiscal problems through new, extended or increased taxes. No assurance can be given that the City will be able to raise taxes in the future to meet increased expenditure requirements.

In addition, Article XIII C addresses the initiative power in matters of local taxes, assessments, fees and charges. Pursuant to Article XIII C, the voters of the City could, by initiative, repeal, reduce or limit any existing or future local tax, assessment, fee or charge, subject to certain limitations imposed by the courts and additional limitations with respect to taxes levied to repay bonds. The City raises a substantial portion of its revenues from various local taxes which are not levied to repay bonded indebtedness and which could be reduced by initiative under Article XIII C. No assurance can be given that the voters of the City will disapprove initiatives that repeal, reduce or prohibit the imposition or increase of local taxes, assessments, fees or charges. See "OTHER CITY TAX REVENUES" herein, for a discussion of other City taxes that could be affected by Proposition 218.

With respect to the City's general obligation bonds (City bonds secured by *ad valorem* property taxes), the State Constitution and the laws of the State impose a duty on the Board of Supervisors to levy a property tax sufficient to pay debt service coming due in each year. The initiative power cannot be used to reduce or repeal the authority and obligation to levy such taxes which are pledged as security for payment of the City's general obligation bonds or to otherwise interfere with performance of the duty of the City with respect to such taxes which are pledged as security for payment of those bonds.

Article XIII D contains several provisions making it generally more difficult for local agencies, such as the City, to levy and maintain "assessments" (as defined in Article XIII D) for local services and programs. The City has created a number of special assessment districts both for neighborhood business improvement purposes and community benefit purposes, and has caused limited obligation bonds to be issued in 1996 to finance construction of a new public right of way. The City cannot predict the future impact of

Proposition 218 on the finances of the City, and no assurance can be given that Proposition 218 will not have a material adverse impact on the City's revenues.

Statutory Limitations

On November 4, 1986, California voters adopted Proposition 62, an initiative statute that, among other things, requires (i) that any new or increased general purpose tax be approved by a two-thirds vote of the local governmental entity's legislative body and by a majority vote of the voters, and (ii) that any new or increased special purpose tax be approved by a two-thirds vote of the voters.

In *Santa Clara County Local Transportation Authority v. Guardino*, 11 Cal. 4th 220 (1995) (the "*Santa Clara* decision"), the California Supreme Court upheld a Court of Appeal decision invalidating a one-half cent countywide sales tax for transportation purposes levied by a local transportation authority. The California Supreme Court based its decision on the failure of the authority to obtain a two-thirds vote for the levy of a "special tax" as required by Proposition 62. The *Santa Clara* decision did not address the question of whether it should be applied retroactively. In *McBrearty v. City of Brawley*, 59 Cal. App. 4th 1441 (1997), the Court of Appeal, Fourth District, concluded that the *Santa Clara* decision is to be applied retroactively to require voter approval of taxes enacted after the adoption of Proposition 62 but before the *Santa Clara* decision.

The *Santa Clara* decision also did not decide, and the California Supreme Court has not otherwise decided, whether Proposition 62 applies to charter cities. The City is a charter city. Cases decided by the California Courts of Appeal have held that the voter approval requirements of Proposition 62 do not apply to certain taxes imposed by charter cities. See *Fielder v. City of Los Angeles*, 14 Cal. App. 4th 137 (1993) and *Fisher v. County of Alameda*, 20 Cal. App. 4th 120 (1993).

Proposition 62, as an initiative statute, does not have the same level of authority as a constitutional initiative, but is analogous to legislation adopted by the State Legislature, except that it may be amended only by a vote of the State's electorate. Since it is a statute, it is subordinate to the authority of charter cities to impose taxes derived from the State Constitution. Proposition 218 (discussed above), however, incorporates the voter approval requirements initially imposed by Proposition 62 into the State Constitution.

Even if a court were to conclude that Proposition 62 applies to charter cities, the City's exposure under Proposition 62 may not be significant. The effective date of Proposition 62 was November 1986. Proposition 62 contains provisions that apply to taxes imposed on or after August 1, 1985. Since August 1, 1985, the City has collected taxes on businesses, hotel occupancy, utility use, parking, property transfer, stadium admissions and vehicle rentals. See "OTHER CITY TAX REVENUES" herein. Only the hotel and stadium admissions taxes have been increased since that date. The increases in these taxes were ratified by the voters on November 3, 1998 pursuant to the requirements of Proposition 218. With the exception of the vehicle rental tax, the City continues to collect all of the taxes listed above. Since these remaining taxes were adopted prior to August 1, 1985, and have not been increased, these taxes would not be subject to Proposition 62 even if Proposition 62 applied to a charter city.

Proposition 1A

Proposition 1A, a constitutional amendment proposed by the State Legislature and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate, or change the allocation of local sales tax revenues, subject to certain exceptions. As set forth under the laws in effect as of November 3, 2004, Proposition 1A

generally prohibits the State from shifting any share of property tax revenues allocated to local governments for any fiscal year to schools or community colleges. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe State financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

Proposition 1A also provides that if the State reduces the annual vehicle license fee rate below 0.65% of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 1A may result in increased and more stable City revenues. The magnitude of such increase and stability is unknown and would depend on future actions by the State. However, Proposition 1A could also result in decreased resources being available for State programs. This reduction, in turn, could affect actions taken by the State to resolve budget difficulties. Such actions could include increasing State taxes, decreasing aid to cities and spending on other State programs, or other actions, some of which could be adverse to the City.

Proposition 22

Proposition 22 ("Proposition 22") which was approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. In addition, Proposition 22 generally eliminates the State's authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily increase a school and community college district's share of property tax revenues, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof, and prohibits the State from reallocating vehicle license fee revenues to pay for State-imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. Proposition 22 prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies (but see "San Francisco Redevelopment Agency Dissolution" above). While Proposition 22 will not change overall State and local government costs or revenues by the express terms thereof, it will cause the State to adopt alternative actions to address its fiscal and policy objectives.

Due to the prohibition with respect to the State's ability to take, reallocate, and borrow money raised by local governments for local purposes, Proposition 22 supersedes certain provisions of Proposition 1A (2004). However, borrowings and reallocations from local governments during 2009 are not subject to Proposition 22 prohibitions. In addition, Proposition 22 supersedes Proposition 1A of 2006. Accordingly, the State is prohibited from borrowing sales taxes or excise taxes on motor vehicle fuels or changing the allocations of those taxes among local governments except pursuant to specified procedures involving public notices and hearings.

Proposition 26

On November 2, 2010, the voters approved Proposition 26 ("Proposition 26"), revising certain provisions of Articles XIII and XIII of the California Constitution. Proposition 26 re-categorizes many State and local fees as taxes, requires local governments to obtain two-thirds voter approval for taxes levied by local governments, and requires the State to obtain the approval of two-thirds of both houses of the State Legislature to approve State laws that increase taxes. Furthermore, pursuant to Proposition 26, any increase in a fee beyond the amount needed to provide the specific service or benefit is deemed to be a tax and the approval thereof will require a two-thirds vote. In addition, for State-imposed charges, any tax or fee adopted after January 1, 2010 with a majority vote which would have required a two-thirds vote if Proposition 26 were effective at the time of such adoption is repealed as of November 2011 absent the re-adoption by the requisite two-thirds vote.

Proposition 26 amends Article XIII of the State Constitution to state that a "tax" means a levy, charge or exaction of any kind imposed by a local government, except (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property or the purchase rental or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law, including late payment fees, fees imposed under administrative citation ordinances, parking violations, etc.; (6) a charge imposed as a condition of property development; or (7) assessments and property related fees imposed in accordance with the provisions of Proposition 218. Fees, charges and payments that are made pursuant to a voluntary contract that are not "imposed by a local government" are not considered taxes and are not covered by Proposition 26.

Proposition 26 applies to any levy, charge or exaction imposed, increased, or extended by local government on or after November 3, 2010. Accordingly, fees adopted prior to that date are not subject to the measure until they are increased or extended or if it is determined that an exemption applies.

If the local government specifies how the funds from a proposed local tax are to be used, the approval will be subject to a two-thirds voter requirement. If the local government does not specify how the funds from a proposed local tax are to be used, the approval will be subject to a fifty percent voter requirement. Proposed local government fees that are not subject to Proposition 26 are subject to the approval of a majority of the governing body. In general, proposed property charges will be subject to a majority vote of approval by the governing body although certain proposed property charges will also require approval by a majority of property owners.

Future Initiatives and Changes in Law

The laws and Constitutional provisions described above were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the City or the City's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the City.

On April 25, 2013, the California Supreme Court in *McWilliams v. City of Long Beach* (April 25, 2013, No. S202037), held that the claims provisions of the Government Claims Act (Government Code Section 900 *et. seq.*) govern local tax and fee refund actions (absent another State statute governing the issue), and that local ordinances were without effect. The effect of the *McWilliams* case is that local governments could face class actions over disputes involving taxes and fees. Such cases could expose local governments to significant refund claims in the future. The City cannot predict whether any such class claims will be filed against it in the future, the outcome of any such claim or its impact on the City.

LITIGATION AND RISK MANAGEMENT

Pending Litigation

There are a number of lawsuits and claims routinely pending against the City, including those summarized in Note 16 to the City's CAFR as of June 30, 2016, attached as Appendix B to this Official Statement. Included among these are a number of actions which if successful would be payable from the City's General Fund. In the opinion of the City Attorney, such suits and claims presently pending will not materially impair the ability of the City to pay debt service on the Certificates, its General Fund lease or other debt obligations, nor materially impair the City's ability to fund current operations.

Millennium Tower is a 58-story luxury residential building completed in 2009 and located at 301 Mission Street in downtown San Francisco. On August 17, 2016, some owners of condominiums in Millennium Tower filed a lawsuit (the "Lehman Lawsuit") against the Transbay Joint Powers Authority ("TJPA") and the individual members of the TJPA, including the City. The TJPA is a joint exercise of powers authority created by the City, the Alameda-Contra Costa Transit District, the Peninsula Corridor Joint Powers Board, and Caltrans (ex officio). The TJPA is responsible under State law for developing and operating the Transbay Transit Center, which will be a new regional transit hub located near the Millennium Tower. See "MAJOR ECONOMIC DEVELOPMENT PROJECTS—Transbay".

The TJPA began excavation and construction of the Transbay Transit Center in 2010, after the Millennium Tower was completed. In brief, the Lehman Lawsuit claims that the construction of the Transbay Transit Center harmed the Millennium Tower by causing it to settle into the soil more than planned and tilt toward the west/northwest, and the owners claim unspecified monetary damages for inverse condemnation and nuisance. The TJPA has asserted that the Millennium Tower was already sinking more than planned and tilting before the TJPA began construction of the Transbay Transit Center and that the TJPA took precautionary efforts to avoid exacerbating the situation. In addition to the Lehman Lawsuit, several other lawsuits have been filed against the TJPA related to the subsidence and tilting of the Millennium Tower. Since the Lehman Lawsuit, the City has been named as a defendant in two other lawsuits related to the Millennium Tower including the "Buttery Lawsuit". The BATTERY Lawsuit alleged that the City failed to inform buyers of various conditions of the Millennium Tower property, but all claims against the City in that action have been voluntary dismissed. On May 4, 2017, a new lawsuit was filed by additional owners, the Montana family and their trust (the "Montana Lawsuit"), against a number of parties, including the TJPA and the City. The City expects that other lawsuits may be filed against the TJPA and the City relating to the Millennium Tower. The City continues to evaluate the lawsuits, and the subject matter of the lawsuits, but cannot now make any prediction as to the outcome of the lawsuits, or whether the lawsuits, if determined adversely to the TJPA or the City, would have a material adverse impact on City finances.

Risk Retention Program

Citywide risk management is coordinated by the Office of Risk Management Division within the City's General Services Agency, which is under the supervision of the City Administrator. With certain exceptions, it is the general policy of the City not to purchase commercial insurance for the risks of losses to which it is exposed but rather to first evaluate self-insurance for such risks. The City's policy in this regard is based on its analysis that it is more economical to manage its risks internally and administer, adjust, settle, defend, and pay claims from budgeted resources (i.e., "self-insurance"). The City obtains commercial insurance in certain circumstances, including when required by bond or lease financing covenants and for other limited purposes. The City actuarially determines liability and workers' compensation risk exposures as permitted under State law. The City does not maintain commercial earthquake coverage, with certain minor exceptions.

The City's property risk management approach varies depending on various factors including whether the facility is currently under construction or if the property is owned by a self-supporting enterprise fund department. For new construction projects, the City has utilized traditional insurance, owner-controlled insurance programs or contractor-controlled insurance programs. Under the latter two approaches, the insurance program provides coverage for the entire construction project. When a traditional insurance program is used, the City requires each contractor to provide its own insurance, while ensuring that the full scope of work be covered with satisfactory levels to limit the City's risk exposure. The majority of the City's commercial insurance coverage is purchased for enterprise fund departments and other similar revenue-generating departments (the Airport, MTA, the SF Public Utilities Commission, the Port and Convention Facilities, etc.). The remainder of the commercial insurance coverage is for General Fund departments that are required to provide coverage for bond-financed facilities, coverage for collections at City-owned museums and to meet statutory requirements for bonding of various public officials, and other limited purposes where required by contract or other agreement.

Through coordination with the City Controller and the City Attorney's Office, the City's general liability risk exposure is actuarially determined and is addressed through appropriations in the City's budget and also reflected in the CAFR. The appropriations are sized based on actuarially determined anticipated claim payments and the projected timing of disbursement.

The City actuarially estimates future workers' compensation costs to the City according to a formula based on the following: (i) the dollar amount of claims; (ii) yearly projections of payments based on historical experience; and (iii) the size of the department's payroll. The administration of workers' compensation claims and payouts are handled by the Workers' Compensation Division of the City's Department of Human Resources. The Workers' Compensation Division determines and allocates workers' compensation costs to departments based upon actual payments and costs associated with a department's injured workers' claims. Statewide workers' compensation reforms have resulted in some City budgetary savings in recent years. The City continues to develop and implement programs to lower or mitigate workers' compensation costs. These programs focus on accident prevention, transitional return to work for injured workers, improved efficiencies in claims handling and maximum utilization of medical cost containment strategies.

The City's estimated liability and workers' compensation risk exposures are summarized in Note 16 to the City's CAFR, attached to this Official Statement as Appendix B.



CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

Nadia Sesay
Director
Office of Public Finance

MEMORANDUM

TO: Honorable Members, Board of Supervisors

FROM: Nadia Sesay, Director of Public Finance

SUBJECT: City and County of San Francisco General Obligation Bonds
(Clean and Safe Neighborhood Parks, 2012), Series 2018A
(Transportation and Road Improvement, 2014), Series 2018B

DATE: Monday, November 27, 2017

I respectfully request that the Board of Supervisors consider for review and adoption to the Board the resolutions authorizing the sale of general obligation bonds financing the Clean and Safe Neighborhood Parks and Transportation and Road Improvement programs at its Tuesday, November 28, 2017 meeting.

In connection with this request, legislation approving the sale and issuance of the bonds, supplemental appropriation ordinances to appropriate the bond proceeds, and related supporting documents are expected to be introduced. We respectfully request that the items be heard at the scheduled December 14, 2017 meeting of the Budget and Finance Committee.

Background:

On November 6, 2012, a two-thirds majority of voters of the City approved Proposition B ("2012 Proposition B"), the San Francisco Clean and Safe Neighborhood Parks Bond, authorizing the city to issue \$195,000,000 in general obligation bonds to finance the construction, reconstruction, purchase and/or improvement of park and recreation facilities in the City. Of the total authorization, \$115,190,000 has been issued to date, leaving \$79,810,000 remaining from the 2012 Proposition B funds.

On November 4, 2014, Proposition A, a two-thirds majority of voters of the City approved the San Francisco Transportation and Road Improvement General Obligation Bond. Proposition A authorizes the City and County of San Francisco to issue \$500,000,000 in General Obligation Bonds to implement many of the infrastructure repairs and improvements identified by Mayor Ed Lee's Transportation 2030 Task Force (the "2014 Proposition A"). The projects to be funded through the proposed bond sale include:

pedestrian safety improvements, SFMTA facility upgrades, accessibility improvements, traffic signal improvements, Muni Forward Rapid Network improvements, street infrastructure improvements, Caltrain upgrades, streetscape and other transit corridor improvements (the "Project"). Of the total authorization, \$67,005,000 has been issued to date, leaving \$432,995,000 remaining from the 2014 Proposition A funds.

The proposed resolutions authorize the sale of not-to-exceed \$76,710,000 of City and County of San Francisco General Obligation Bonds (Clean and Safe Neighborhood Parks, 2012), Series 2018A (the "2018A Bonds"), as well as the sale of not-to-exceed \$177,000,000 of City and County of San Francisco General Obligation Bonds (Clean and Safe Neighborhood Parks 2012), Series 2018B (the "2018B Bonds"). The 2018A Bonds will be the third series of bonds to be issued under the 2012 Proposition B. The 2018B Bonds will be the second series of bonds to be issued under the 2014 Proposition A.

As described more fully in the 2012 Clean and Safe Neighborhood Parks Bond Accountability Report, dated November 2017, proceeds from the 2018A Bonds will partially finance the following program categories:

- **Neighborhood Parks** – The bond program allocates the majority of its funds to capital improvements at Neighborhood Parks across the city. These parks were selected based on the extent to which they are unsafe in the event of an earthquake, are in poor physical condition, or for deficiencies in their ability to meet the basic recreational uses to many San Franciscans.
- **Citywide Programs** – The bond program allocates funds programmatically to promote community-based initiatives, and address deferred maintenance needs in our playgrounds, forestry, trails and irrigation systems. These funds often expand the scope of other capital projects and fill funding gaps that cannot be met through other funding sources.
- **Citywide Parks** – The bond program allocates funds to three Citywide parks: Golden Gate Park, John McLaren, and Lake Merced. These much loved, iconic parks are enjoyed by all of San Francisco. The 2012 Bond program dedicates funding to enhance and modernize their facilities and natural areas.

As detailed more fully in the 2014 Transportation and Road Improvement Bond Status Report, dated November 2017, proceeds from the 2018B Bonds will partially finance the following:

- **Muni Forward Rapid Network Improvements** – The bond will support design and construction on the next set of efficiency and connectivity improvement projects on Muni's high ridership lines.
- **Caltrain Upgrades** – The proceeds will allow San Francisco to contribute its share toward the Communications-Based Overlay Signal System (CBOSS) project, which will enhance Caltrain safety and operating performance, as well as the Caltrain Electrification project, which will allow Caltrain to convert from diesel to electric trains.
- **Accessibility Improvements** – Bond proceeds would be used to fund improvements such as new elevators, escalators, and boarding islands, which improve the safety and accessibility of transit stations and stops. They allow for level boarding for people with mobility impairments. One project currently under consideration for funding is the installation of canopies over shared

BART/Muni Metro station entrances. Such canopies would protect station escalators from the elements, as well as prevent unauthorized station access during nonoperational hours. Canopies would extend the service life of the open-air escalators, reduce escalator repairs, and improve reliability

- **Muni Facility Upgrades** – This program funds the initial design and construction of projects that are needed to optimize operations and accommodate fleet needs at Muni’s operations and maintenance facilities. These projects may include replacement of existing structures, reconfiguration of materials and parts storage, upgraded and expanded washing and fueling stations, and other structural modifications.
- **Major Transit Corridor Improvements** – The proceeds will allow for upgrades for streets that form the trunk of the transit system, to increase transit speed and reliability along major corridors. The focus of this program is to fund projects that encourage street interconnectivity to create a comprehensive, integrated, efficient, safe and connected network for all modes.
- **Pedestrian Safety Improvements** – These capital improvements will address safety issues at the most dangerous intersections or corridors in San Francisco to create a safer, more welcoming environment for pedestrians and make progress towards San Francisco’s Vision Zero initiative.
- **Traffic Signal Improvements** – Proceeds from this issuance would be allocated to fund continued planning, review, design and related outreach for traffic signal upgrades and improvements as part of the Better Market Street project.
- **Complete Streets Improvements** – These improvements include curb bulbs, raised crosswalks, and improved sidewalks at intersection corners, median islands, separated bikeways, and bicycle parking. This program also includes installing basic infrastructure to decrease the cost of future projects, such as underground signal conduit to be utilized for the future pedestrian countdown signals, and would provide safety improvements for people bicycling.

The remaining authorization amounts under 2012 Proposition B and 2014 Proposition A will be issued subject to review by the Capital Planning Committee, the consideration and adoption by the Board of Supervisors and approval by the Mayor of subsequent authorizing resolutions.

Financing Parameters:

The proposed resolutions authorize the sale of not-to-exceed combined par amount of \$253,710,000 for Series 2018A and 2018B. Based on current project cost estimates and schedules, the Office of Public Finance expects to issue \$251,300,000 under conservative assumptions of market conditions prevailing at the expected time of sale. The additional authorized amount above the expected issuance amount allows for fluctuations in market conditions from the date of authorization by the Board to the time of the sale of the Bonds.

The Bonds are anticipated to contribute approximately \$76,899,527 to park, open space, and recreation projects, and \$172,743,000 to transportation projects. Table 1 outlines anticipated sources and uses for the Bonds.

Table 1: Anticipated Sources and Uses for the Bonds.

	CSNPB Series 2018A	Transportation Series 2018B	Total
Sources			
Par Amount	\$76,710,000	\$174,590,000	\$251,300,000
Reserve Proceeds		\$2,410,000	\$2,410,000
Total Not-To-Exceed Amount	\$76,710,000	\$177,000,000	\$253,710,000
Uses			
<u>Projects</u>			
Project Funds	\$75,899,527	\$172,743,000	\$248,642,527
Controller's Audit Fund	\$151,799	\$345,486	\$497,285
Projects Subtotal	\$76,051,326	\$173,088,486	\$249,139,812
<u>Other Costs of Issuance</u>			
Costs of Issuance	\$198,414	\$453,977	\$652,391
Underwriter's Discount	\$383,550	\$872,947	\$1,256,497
Citizens' General Obligation Bond Oversight Committee	\$76,710	\$174,590	\$251,300
Costs of Issuance Subtotal	\$658,674	\$1,501,514	\$2,160,188
Total Uses	\$76,710,000	\$174,590,000	\$251,300,000
Reserve Pending Bond Sale ¹		\$2,410,000	\$2,410,000
Total Uses with Reserve	76,710,000	\$177,000,000	\$253,710,000

Based upon a conservative estimate of approximately 3.99% interest rate, OPF estimates that average fiscal year debt service on the Bonds is approximately \$18,667,000. The anticipated total par value of \$251,300,000 is estimated to result in approximately \$110,690,000 in interest payments over the life of the Bonds. The total principal and interest payment over the approximate 20-year life of the Bonds is approximately \$361,990,000. Based on market conditions expected to exist at the time of the sale coupled with the Capital Planning Committee constraints, the Bonds could be structured with a 25-year life.

In addition, a portion of the Bonds will pay certain expenses incurred in connection with their issuance and delivery and the periodic oversight and review of the Projects by the Citizens' General Obligation Bond Oversight Committee ("CGOBOC"). Detailed descriptions of the Projects financed with proceeds of the Bonds are included in the Bond Reports prepared by the San Francisco Recreation and Park Department and the San Francisco Municipal Transportation Agency (SFMTA).

Debt Limit:

The City Charter imposes a limit on the amount of general obligation bonds the City can have outstanding at any given time. That limit is 3.00% of the assessed value of property in the City. For purposes of this provision of the Charter, the City calculates its debt limit on the basis of total assessed valuation net of non-reimbursable and homeowner exemptions. On this basis, the City's general obligation debt limit for fiscal year 2017-18 is approximately \$7.02 billion, based on a net assessed valuation of

¹ The Reserve Pending Sale accounts for variations in interest rates prior to the sale of the proposed bonds.

approximately \$234.1 billion. As of October 1, 2017, the City had outstanding approximately \$2.07 billion in aggregate principal amount of general obligation bonds, which equals approximately 0.88% of the net assessed valuation for fiscal year 2017-18. If all of the City's authorized and unissued bonds were issued, the total debt burden would be 1.47% of the net assessed value of property in the City. If the Board of Supervisors approves the issuance of the Bonds, the debt ratio would increase by 0.11% to 0.99%— within the 3.00% legal debt limit.

Property Tax Impact

For Series 2018A and 2018B, repayment of the annual debt service will be recovered through increases in the annual Property Tax rate, which, according to the Controller's Office, would average \$0.00797 per \$100 or \$7.97 per \$100,000 of assessed valuation over the anticipated 20-year term of the bonds. The owner of a residence with an assessed value of \$600,000, assuming a homeowner's exemption of \$7,000, would pay average annual additional Property Taxes to the City of \$47.29 per year if the anticipated \$251,300,000 City and County of San Francisco General Obligation Bonds are sold.

Capital Plan:

The Capital Planning Committee approved a financial constraint regarding the City's planned use of general obligation bonds such that debt service on approved and issued general obligation bonds would not increase property owners' long-term property tax rates above fiscal year 2006 levels. The fiscal year 2006 property tax rate for the general obligation bond fund was \$0.1201 per \$100 of assessed value. If the Board of Supervisors approves the issuance of the Bonds, the property tax rate for general obligation bonds for fiscal year 2017-18 would be maintained below the fiscal year 2006 rate and within the Capital Planning Committee's approved financial constraint.

Additional Information:

The legislation is expected to be introduced at the Board of Supervisors meeting on Tuesday, November 14, 2017. The related financing documents—including the Notice of Intention to Sell, Official Notice of Sale, Official Statement, Appendix A and Continuing Disclosure Certificate and related documents—will also be submitted.

Official Notice of Sale: The Official Notice of Sale for the Bonds announces the date and time of the competitive bond sale, including the terms relating to the Bonds; the terms of sale, form of bids, and delivery of bids; and closing procedures and documents. Pending market conditions, the Bonds may be bid separately by series or bids may be received for all of the Bonds.

Exhibit A to the Official Notice of Sale is the form of the official bid for the purchase of the Bonds. Pursuant to the Resolutions, the Controller is authorized to award the Bonds to the bidder whose bid represents the lowest true interest cost to the City in accordance with the procedures described in the Official Notice of Sale.

Notice of Intention to Sell: The Notice of Intention to Sell provides legal notice to prospective bidders of the City's intention to sell the 2018A and 2018B Bonds. Such Notice of Intention to Sell will be published

once in "The Bond Buyer" or another financial publication generally circulated throughout the State of California.

Official Statement: The Official Statement provides information for prospective bidders and investors in connection with the public offering by the City of the Bonds. The Official Statement describes the Bonds, including sources and uses of funds; security for the Bonds; risk factors; and tax and other legal matters, among other information. The Official Statement also includes the City's Appendix A, the most recent Comprehensive Annual Financial Report of the City, the City's Investment Policy, and other forms of legal documents for the benefit of investors, holders and owners of the Bonds.

A *Preliminary Official Statement* is distributed to prospective bidders prior to the sale of the Bonds and within seven days of the public offering, the *Final Official Statement* (adding certain sale results including the offering prices, interest rates, selling compensation, principal amounts, and aggregate principal amounts) is distributed to the initial purchasers of the Bonds.

The Board of Supervisors and the Mayor, in adopting and approving the Resolutions, approve and authorize the use and distribution of the Official Statement by the co-financial advisors with respect to the Bonds. For purposes of the Securities and Exchange Act of 1934, the Controller certifies, on behalf of the City, that the Preliminary and Final Official Statements are final as of their dates.

Appendix A: The City prepares the Appendix A: "City and County of San Francisco—Organization and Finances" (the "Appendix A") for inclusion in the Official Statement. The Appendix A describes the City's government and organization, the budget, property taxation, other City tax revenues and other revenue sources, general fund programs and expenditures, employment costs and post-retirement obligations, investment of City funds, capital financing and bonds, major economic development projects, constitutional and statutory limitations on taxes and expenditures, and litigation and risk management. Pursuant to the Resolution, City staff will revise the Official Statement, including the Appendix A.

Continuing Disclosure Certificate: The City covenants to provide certain financial information and operating data relating to the City (the "Annual Report") not later than 270 days after the end of the fiscal year and to provide notices of the occurrence of certain enumerated events, if material. The Continuing Disclosure Certificate describes the nature of the information to be contained in the Annual Report or the notices of material events. These covenants have been made in order to assist initial purchasers of the Bonds in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5).

Financing Timeline:

The Bonds are expected to be issued and delivered in January 2018. Schedule milestones in connection with the financing may be summarized as follows:

Milestone	Date*
Consideration by the Capital Planning Committee	November 13, 2017
Introduction of authorizing legislation and supporting materials to the Board	November 14, 2017
Issuance and delivery of the Bonds	January 2018

*Please note that dates are estimated unless otherwise noted.

Your consideration of this matter is greatly appreciated. Please contact me at 415-554-5956 if you have any questions. Thank you.

OFFICIAL NOTICE OF SALE

and

OFFICIAL BID FORM

\$ _____*

**CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS**

**(CLEAN AND SAFE NEIGHBORHOOD PARKS BONDS, 2012),
SERIES 2018A**

\$ _____*

**CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS**

**(TRANSPORTATION AND ROAD IMPROVEMENT BONDS, 2014), SERIES
SERIES 2018B**

The City and County of San Francisco will receive sealed bids and electronic bids for the above-referenced bonds at the place and up to the time specified below:

SALE DATE: January __, 2018
(Subject to postponement, cancellation, modification or amendment in accordance with this Official Notice of Sale)

TIME: 8:30 a.m., California time

PLACE: Controller's Office of Public Finance
1 Dr. Carlton B. Goodlett Place, Room 336,
San Francisco, California 94102

DELIVERY DATE: January __, 2018*

* Preliminary, subject to change.

NOTICE IS HEREBY GIVEN that electronic bids and sealed bids will be received in the manner described below, in the case of electronic bids through Ipreo at www.newissuehome.i-deal.com and the Parity electronic bid submission system (“Parity”), and in the case of sealed bids, at the Controller’s Office of Public Finance, 1 Dr. Carlton B. Goodlett Place, Room 336, San Francisco, California 94102, by the City and County of San Francisco (the “City”) for the purchase of \$_____ * aggregate principal amount of City and County of San Francisco General Obligation Bonds (Clean and Safe Neighborhood Parks Bonds, 2012), Series 2018A and \$_____ * aggregate principal amount of City and County of San Francisco General Obligation Bonds (Transportation and Road Improvement Bonds, 2014), Series 2018B (collectively, the “Bonds”). Bidding procedures and sale terms are as follows:

- Issue:** The Bonds are described in the City’s Preliminary Official Statement for the Bonds dated January __, 2018 (the “Preliminary Official Statement”).
- Time:** Bids for the Bonds must be received by the City by 8:30 a.m., California time, on January __, 2018.
- Place:** Sealed, hand-delivered bids for the Bonds must be delivered to Office of Public Finance, 1 Dr. Carlton B. Goodlett Place, Room 336, San Francisco, California 94102. Instead of sealed, hand-delivered bids, bidders may submit electronic bids in the manner and subject to the terms and conditions described under “TERMS OF SALE—Form of Bids; Delivery of Bids” below, but no bid will be received after the time for receiving bids specified above.

THE RECEIPT OF BIDS ON JANUARY __, 2018 MAY BE POSTPONED OR CANCELLED AT OR PRIOR TO THE TIME BIDS ARE TO BE RECEIVED. NOTICE OF SUCH POSTPONEMENT OR CANCELLATION WILL BE COMMUNICATED BY THE CITY THROUGH THOMSON REUTERS AND BLOOMBERG BUSINESS NEWS (COLLECTIVELY, THE “NEWS SERVICES”) AND PARITY (AS DESCRIBED IN “TERMS OF SALE—FORM OF BIDS; DELIVERY OF BIDS” BELOW) AS SOON AS PRACTICABLE FOLLOWING SUCH POSTPONEMENT OR CANCELLATION. Notice of the new date and time for receipt of bids shall be given through Parity and the News Services as soon as practicable following a postponement and no later than 1:00 p.m., California time, on the business day preceding the new date for receiving bids.

As an accommodation to bidders, notice of such postponement and of the new sale date and time will be given to any bidder requesting such notice from either of the City’s Financial Advisors: (i) Acacia Financial Group, Inc.; 1441 Broadway, 5th Floor, New York, NY 10018, telephone: (212) 432-4020, Attention: Rich Lopatin, e-mail: rlopatin@acaciafin.com; and (ii) CSG Advisors Incorporated, One Post Street, Suite 575, San Francisco, California 94104; telephone (415) 830-8894 (office), Attention: Scott Smith (e-mail: ssmith@csgadvisors.com); (the “Co-Financial Advisors”), provided, however, that failure of any bidder to receive such supplemental notice shall not affect the sufficiency of any such notice or the legality of the sale. See “TERMS OF SALE—Postponement or Cancellation of Sale.”

The City reserves the right to modify or amend this Official Notice of Sale in any respect, including, without limitation, increasing or decreasing the principal amount of any serial maturity or mandatory sinking fund payment for the Bonds and adding or deleting serial or term maturity and mandatory sinking fund payment dates, along with corresponding principal amounts with respect thereto; provided, that any such modification or amendment will be communicated to potential bidders through the News Services and Parity not later than 1:00 p.m., California time, on the business day preceding the date for receiving bids. Failure of any potential bidder to receive notice of any modification or amendment will not affect the sufficiency of any such notice or the legality of the sale. Bidders are required to bid upon the Bonds as so modified or amended. See "TERMS OF SALE—Right to Modify or Amend."

Bidders are referred to the Preliminary Official Statement, for additional information regarding the City, the Bonds, security for the Bonds and other matters. See "CLOSING PROCEDURES AND DOCUMENTS—Official Statement." Capitalized terms used and not defined in this Official Notice of Sale shall have the meanings ascribed to them in the Preliminary Official Statement.

This Official Notice of Sale will be submitted for posting to Parity (as described in "TERMS OF SALE—Form of Bids; Delivery of Bids" below). If the summary of the terms of sale of the Bonds posted on Parity conflicts with this Official Notice of Sale in any respect, the terms of this Official Notice of Sale shall control, unless a notice of an amendment is given as described herein.

TERMS RELATING TO THE BONDS

THE AUTHORITY FOR ISSUANCE, PURPOSES, PAYMENT OF PRINCIPAL AND INTEREST, REDEMPTION, DEFEASANCE, SOURCES AND USES OF FUNDS, SECURITY AND SOURCES OF PAYMENT, FORM OF LEGAL OPINIONS OF CO-BOND COUNSEL AND OTHER INFORMATION REGARDING THE BONDS ARE PRESENTED IN THE PRELIMINARY OFFICIAL STATEMENT, WHICH EACH BIDDER IS DEEMED TO HAVE OBTAINED AND REVIEWED PRIOR TO BIDDING FOR THE BONDS. THIS OFFICIAL NOTICE OF SALE GOVERNS ONLY THE TERMS OF SALE, BIDDING, AWARD AND CLOSING PROCEDURES FOR THE BONDS. THE DESCRIPTION OF THE BONDS CONTAINED IN THIS OFFICIAL NOTICE OF SALE IS QUALIFIED IN ALL RESPECTS BY THE DESCRIPTION OF THE BONDS CONTAINED IN THE PRELIMINARY OFFICIAL STATEMENT.

Issue. The Bonds will be issued as fully registered bonds without coupons in book-entry form in denominations of \$5,000 or any integral multiple of that amount, as designated by the successful bidder (the "Purchaser"), all dated the date of delivery, which is expected to be January __, 2018*. If the sale is postponed, notice of the new date of the sale will also set forth the new expected date of delivery of the Bonds.

Book-Entry Only. The Bonds will be registered in the name of a nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, and the Purchaser will

* Preliminary, subject to change.

not receive certificates representing its interest in the Bonds purchased. As of the date of award of the Bonds, the Purchaser must either participate in DTC or must clear through or maintain a custodial relationship with an entity that participates in DTC.

Interest Rates. Interest on the Bonds will be payable on June 15, 20__, and semiannually thereafter on June 15 and December 15 of each year (each an “**Interest Payment Date**”). Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months from the dated date of the Bonds. Bidders may specify any number of separate rates, and the same rate or rates may be repeated as often as desired, provided:

- (i) each interest rate specified in any bid for the Bonds must be a multiple of one-eighth or one-twentieth of one percent (1/8 or 1/20 of 1%) per annum;
- (ii) the maximum interest rate bid for any maturity shall not exceed ten percent (10%) per annum;
- (iii) no Bond shall bear a zero rate of interest;
- (iv) each Bond shall bear interest from its dated date to its stated maturity date at the single rate of interest specified in the bid; and
- (v) all Bonds maturing at any one time shall bear the same rate of interest.

See the Preliminary Official Statement – “THE BONDS – Payment of Interest and Principal.”

Par and Premium Bids; No Net Discount Bids. All bids for the Bonds shall be for par or more, but shall not exceed 110% of the par amount. No net discount bids for the Bonds will be accepted. Individual maturities of the Bonds may be reoffered at par, a premium or a discount.

Principal Payments. The Bonds shall be serial and/or term Bonds, as specified by each bidder, and principal shall be payable on June 15 of each year, commencing on June 15, 20__ as shown below. Subject to the City’s right to modify or amend this Notice of Sale (see “TERMS OF SALE—Right to Modify or Amend”), the final maturity of the Bonds shall be June 15, 20__. The principal amount of the Bonds maturing or subject to mandatory sinking fund redemption in any year shall be in integral multiples of \$5,000. For any term Bonds specified, the principal amount for a given year may be allocated only to a single term Bond and must be part of an uninterrupted annual sequence from the first mandatory sinking fund payment to the term Bond maturity. The aggregate amount of the principal amount of the serial maturity or mandatory sinking fund payment for the Bonds is shown below for information purposes only. **Bidders for the Bonds will provide bids for all of the Bonds Principal Amounts.** Subject to the City’s right to modify or amend this Notice of Sale (see “TERMS OF SALE—Right to Modify or Amend”), and to adjustment as provided in this Notice of Sale (see “—Adjustment of Principal Payments”), the aggregate principal amount of the serial maturity or mandatory sinking fund payment for each series of Bonds in each year is as follows:

Principal Payment Date (June 15)	Series 2018A Bonds <u>Principal Amount*</u>	Series 2018A Bonds <u>Principal Amount*</u>	Total <u>Principal Amount*</u>
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\$

TOTAL

Adjustment of Principal Payments. The principal amounts set forth in this Official Notice of Sale reflect certain estimates of the City with respect to the likely interest rates of the winning bid and the premium contained in the winning bid. **The City reserves the right to change the principal payment schedule set forth above after the determination of the successful bidder, by adjusting one or more of the principal payments of the Bonds, in increments of \$5,000, as determined in the sole discretion of the City. Any such adjustment will not change the average per Bond dollar amount of the underwriter's discount. In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required or permitted and no successful bid may be withdrawn.**

See also “TERMS OF SALE—Right to Modify or Amend,” regarding the City’s right to modify or amend this Official Notice of Sale in any respect including, without limitation, increasing or decreasing the principal amount of any serial maturity or mandatory sinking fund payment for the Bonds and adding or deleting serial or term maturity and mandatory sinking fund payment dates, along with corresponding principal amounts with respect thereto.

A BIDDER AWARDED THE BONDS BY THE CITY WILL NOT BE PERMITTED TO WITHDRAW ITS BID, CHANGE THE INTEREST RATES IN ITS BID OR THE REOFFERING PRICES IN ITS REOFFERING PRICE CERTIFICATE AS A RESULT OF ANY CHANGES MADE TO THE PRINCIPAL PAYMENTS OF SUCH BONDS IN ACCORDANCE WITH THIS OFFICIAL NOTICE OF SALE.

Redemption.

(i) Optional Redemption of the Bonds. The Bonds maturing on or before June 15, 20__ will not be subject to optional redemption prior to their respective stated maturity dates. The Bonds maturing on or after June 15, 20__ will be subject to optional redemption prior to their respective stated maturity dates, at the option of the City, from any source of available funds, as a whole or in part on any date (with the maturities to be redeemed to be determined by the City and by lot within a maturity), on or after June 15, 20__, at the redemption price equal to the principal amount of the Bonds redeemed, together with accrued interest to the date fixed for redemption, without premium. See the Preliminary Official Statement – “THE BONDS—Redemption—Optional Redemption of the Bonds.”

(ii) Mandatory Redemption. The Bonds will not be subject to redemption prior to their respective stated maturity dates from mandatory sinking fund payments prior to June 15, 20__. Term Bonds, if any, are subject to redemption prior to their respective stated maturity dates, in part, by lot from mandatory sinking fund payments, on each June 15 on or after June 15, 20__, designated by the successful bidder as a date upon which a mandatory sinking fund payment is to be made, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium. No term Bonds may be redeemed from mandatory sinking fund payments until all term Bonds maturing on preceding term maturity dates, if any, have been retired. See the Preliminary Official Statement – “THE BONDS—Redemption—Mandatory Redemption.”

Legal Opinions and Tax Matters. Upon delivery of the Bonds, _____, Co-Bond Counsel to the City (“Co-Bond Counsel”), will deliver their legal opinions that, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes, subject to the matters described in “TAX MATTERS” in the Preliminary Official Statement including the alternative minimum tax consequences for corporations; and (ii) interest on the Bonds is exempt from present State of California personal income taxes.

A complete copy of the proposed form of opinion of Co-Bond Counsel is set forth in Appendix F to the Preliminary Official Statement. Copies of the opinions of Co-Bond Counsel will be furnished to the Purchaser upon delivery of the Bonds.

See the Preliminary Official Statement – “TAX MATTERS.”

TERMS OF SALE

Par and Premium Bids; No Net Discount Bids. All bids for the Bonds shall be for par or more, but shall not exceed 110% of the par amount. No net discount bids for the Bonds will be accepted. Individual maturities of the Bonds may be reoffered at par, a premium or a discount.

Form of Bids; Delivery of Bids. Each bid for the Bonds must be: (1) for not less than all of the Bonds offered for sale, (2) unconditional, and (3) either submitted (i) on the Official Bid Form attached hereto as Exhibit A and signed by the bidder, or (ii) via Parity, along with a facsimile transmission by the winning bidder after the verbal award, of the completed and signed applicable Official Bid Form conforming to the Parity bid, with any adjustments made by the City pursuant hereto, by not later than 11:00 a.m., California time, on the sale date. Electronic bids must conform to the procedures established by Parity. Sealed bids must be enclosed in a sealed envelope, delivered to the City at the address set forth on the cover and clearly marked “Bid for the City and County of San Francisco General Obligation Bonds (Clean and Safe Neighborhood Bonds) and City and County of San Francisco General Obligation Bonds (Transportation and Road Improvement Bonds)” or words of similar import, as hereinafter described and received by 8:30 a.m., California time, on January __, 2018, at the offices of the Office of Public Finance, c/o Nadia Sesay, 1 Dr. Carlton B. Goodlett Place, Room 336, San Francisco, California 94102; telephone: (415) 554-5956. No bid submitted to the City shall be subject to withdrawal or modification by the bidder.

All bids will be deemed to incorporate all of the terms of this Official Notice of Sale. If the sale of the Bonds is canceled or postponed, all bids for the Bonds shall be rejected. No bid submitted to the City shall be subject to withdrawal or modification by the bidder. No bid will be accepted after the time for receiving bids. The City retains absolute discretion to determine whether any bidder is a responsible bidder and whether any bid is timely, legible and complete and conforms to this Official Notice of Sale. The City takes no responsibility for informing any bidder prior to the time for receiving bids that its bid is incomplete, illegible or nonconforming with this Official Notice of Sale or has not been received.

Solely as an accommodation to bidders, electronic bids will be received exclusively through Parity in accordance with this Official Notice of Sale. For further information about Parity, potential bidders may contact either of the Co-Financial Advisors at the numbers provided above or Parity at: (212) 404-8107.

Warnings Regarding Electronic Bids. Bids for the Bonds may be submitted electronically via Parity. The City will attempt to accommodate bids submitted electronically via Parity. However, the City does not endorse or encourage the use of such electronic bidding service. None of the City, the City Attorney, the Co-Financial Advisors or Co-Bond Counsel assumes any responsibility for any error contained in any bid submitted electronically or for failure of any bid to be transmitted, received or opened by the time for receiving bids, and each bidder expressly assumes the risk of any incomplete, illegible, untimely or nonconforming bid submitted by electronic transmission by such bidder, including, without limitation, by reason of garbled transmissions, mechanical failure, engaged telecommunications lines, or any other cause arising

from submission by electronic transmission. The time for receiving bids will be determined by the City at the place of bid opening, and the City will not be required to accept the time kept by Parity.

If a bidder submits an electronic bid for the Bonds through Parity, such bidder thereby agrees to the following terms and conditions: (1) if any provision in this Official Notice of Sale with respect to the Bonds conflicts with information or terms provided or required by Parity, this Official Notice of Sale, including any amendments or modifications issued through Parity and the News Services, will control; (2) each bidder will be solely responsible for making necessary arrangements to access Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale; (3) the City will not have any duty or obligation to provide or assure access to Parity to any bidder, and the City will not be responsible for proper operation of, or have any liability for, any delays, interruptions or damages caused by use of Parity or any incomplete, inaccurate or untimely bid submitted by any bidder through Parity; (4) the City is permitting use of Parity as a communication mechanism, and not as an agent of the City, to facilitate the submission of electronic bids for the Bonds; Parity is acting as an independent contractor, and is not acting for or on behalf of the City; (5) the City is not responsible for ensuring or verifying bidder compliance with any procedures established by Parity; (6) the City may regard the electronic transmission of a bid through Parity (including information regarding the purchase price for the Bonds or the interest rates for any maturity of the Bonds) as though the information were submitted on the Official Bid Form and executed on the bidder's behalf by a duly authorized signatory; (7) if the bidder's bid is accepted by the City, then the signed, completed and conforming Official Bid Form submitted by the bidder by facsimile transmission after the verbal award, along with this Official Notice of Sale and the information transmitted electronically through Parity, will form a contract. The bidder will be bound by the terms of such contract; and (8) information provided by Parity to bidders will form no part of any bid or of any contract between the Purchaser and the City unless that information is included in this Official Notice of Sale or the Official Bid Form.

Basis of Award. Unless all bids are rejected, the Bonds will be awarded to the responsible bidder who submits a conforming bid that represents the lowest true interest cost to the City. The true interest cost will be that nominal interest rate that, when compounded semiannually and applied to discount all payments of principal and interest payable on the Bonds to the dated date of the Bonds, results in an amount equal to the principal amount of the Bonds plus the amount of any net premium. For the purpose of calculating the true interest cost, mandatory sinking fund payments for any term Bonds specified by a bidder will be treated as Bonds maturing on the dates of such mandatory sinking fund payments. In the event that two or more bidders offer bids for the Bonds at the same true interest cost, the City will determine by lot which bidder will be awarded the Bonds. Bid evaluations or rankings made by Parity are not binding on the City.

Estimate of True Interest Cost. Each bidder is requested, but not required, to supply an estimate of the true interest cost based upon its bid, which will be considered as informative only and not binding on either the bidder or the City.

Multiple Bids. If multiple bids with respect to the Bonds are received from a single bidder by any means or combination thereof, the City shall be entitled to accept the bid representing the lowest true interest cost to the City, and each bidder agrees by submitting multiple bids to be bound by the bid representing the lowest true interest cost to the City.

Good Faith Deposit. To secure the City from any loss resulting from the failure of the apparent winning bidder to comply with the terms of its bid, a good faith deposit in the amount of \$ ____ (the “**Good Faith Deposit**”) must be provided to the City by the apparent winning bidder.

Upon the determination by the City of the apparent winning bidder of the Bonds, the Co-Financial Advisors will (i) provide to the apparent winning bidder of the Bonds the wire transfer information and (ii) request the apparent winning bidder to immediately wire the Good Faith Deposit to the City. No later than ninety (90) minutes from the time the Co-Financial Advisors request the apparent winning bidder to wire the Good Faith Deposit to the City, the apparent winning bidder of the Bonds must wire the Good Faith Deposit to the City and provide the Federal wire reference number of such Good Faith Deposit to the Co-Financial Advisors. In the event that the apparent winning bidder does not wire the Good Faith Deposit to the City or does not provide the Federal wire reference number of such Good Faith Deposit to the Co-Financial Advisors within the time specified above, the City may reject the bid of the apparent winning bidder and award Bonds to a responsible bidder that submitted a conforming bid that represents the next lowest true interest cost to the City.

No interest will be paid upon the Good Faith Deposit made by any bidder. The Good Faith Deposit of the Purchaser will immediately become the property of the City. The Good Faith Deposit will be held and invested for the exclusive benefit of the City. The Good Faith Deposit, without interest thereon, will be credited against the purchase price of the Bonds purchased by the Purchaser at the time of delivery thereof.

If the purchase price is not paid in full upon tender of the Bonds, the City shall retain the Good Faith Deposit and the Purchaser will have no right in or to the Bonds or to the recovery of its Good Faith Deposit, or to any allowance or credit by reason of such deposit, unless it shall appear that the Bonds would not be validly delivered to the Purchaser in the form and manner proposed, except pursuant to a right of cancellation. See “CLOSING PROCEDURES AND DOCUMENTS—Right of Cancellation.” In the event of nonpayment for the Bonds by a successful bidder, the City reserves any and all rights granted by law to recover the full purchase price of the Bonds and, in addition, any damages suffered by the City.

Reoffering Prices and Certificate. The Purchaser of the Bonds must actually reoffer all of the Bonds to the general public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers). As soon as is practicable, but not later than one hour after the award of the Bonds, the successful bidder shall provide to the City a completed certificate in the form attached hereto as Exhibit B (a “**Reoffering Price Certificate**”), which will state the initial offering prices at which it has offered all of the Bonds of each maturity to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers), in a bona fide public offering. In addition, on the day prior to delivery of the Bonds, the Purchaser shall provide to the City; _____, a certificate substantially in the form attached hereto as Exhibit C, which shall be dated the date of the closing and include such additional information as may be requested by Co-Bond Counsel

including information necessary to complete IRS Form 8038-G and information regarding its sales of the Bonds. For the purposes of this paragraph, sales of the Bonds to the other securities brokers or dealers will not be considered sales to the general public.

Electronic Bids; Delivery of Form of Bids. If the City accepts a bidder's bid that was submitted through Parity, the successful bidder shall submit a signed, completed and conforming Official Bid Form by facsimile transmission to Director of Public Finance, fax: (415) 554-4864, as soon as practicable, but not later than one hour after the verbal award of the Bonds.

Right of Rejection and Waiver of Irregularity. The City reserves the right, in its sole discretion, to reject any and all bids and to waive any irregularity or informality in any bid which does not materially affect such bid or change the ranking of the bids.

Right to Modify or Amend. Other than with respect to postponement or cancellation as described in this Official Notice of Sale, and in addition to the City's right to adjust the payment amounts of the Bonds as provided in "TERMS RELATING TO THE BONDS—Adjustment of Principal Payments" the City reserves the right to modify or amend this Official Notice of Sale in any respect including, without limitation, increasing or decreasing the principal amount of any serial maturity or mandatory sinking fund payment for the Bonds and adding or deleting serial or term maturity and mandatory sinking fund payment dates, along with corresponding principal amounts with respect thereto; provided, that, subject to the terms of this Notice of Sale (see "TERMS RELATING TO THE BONDS—Adjustment of Principal Payments") any such modification or amendment will be communicated to potential bidders through Parity and the News Services not later than 1:00 p.m., California time, on the business day preceding the date for receiving bids. Failure of any potential bidder to receive notice of any modification or amendment will not affect the sufficiency of any such notice or the legality of the sale.

Postponement or Cancellation of Sale. The City may postpone or cancel the sale of the Bonds at or prior to the time for receiving bids. Notice of such postponement or cancellation shall be given through Parity and the News Services as soon as practicable following such postponement or cancellation. If a sale is postponed, notice of a new sale date will be given through Parity and the News Services as soon as practicable following a postponement and no later than 1:00 p.m., California time, on the business day preceding the new date for receiving bids. Failure of any potential bidder to receive notice of postponement or cancellation will not affect the sufficiency of any such notice.

Prompt Award. The Controller of the City will take official action awarding the Bonds or rejecting all bids with respect to the Bonds not later than thirty (30) hours after the time for receipt of bids for the Bonds, unless such time period is waived by the Purchaser.

Equal Opportunity. Pursuant to the spirit and intent of the City's Local Business Enterprise ("LBE") Ordinance, Chapter 14B of the Administrative Code of the City, the City strongly encourages the inclusion of Local Business Enterprises certified by the San Francisco Human Rights Commission in prospective bidding syndicates. A list of certified LBEs may be obtained from the San Francisco Human Rights Commission, 25 Van Ness Avenue, Room 800, San Francisco, California 94102; telephone: (415) 252-2500.

CLOSING PROCEDURES AND DOCUMENTS

Delivery and Payment. **Delivery of the Bonds will be made through the book-entry facilities of DTC in New York, New York, and is presently expected to take place on or about January __, 2018*.** Payment for the Bonds (including any premium) must be made at the time of delivery in immediately available funds to the City Treasurer. Any expense for making payment in immediately available funds shall be borne by the Purchaser. The City will deliver to the Purchaser, dated as of the delivery date, the legal opinions with respect to the Bonds described in APPENDIX F – "PROPOSED FORM OF OPINION OF CO-BOND COUNSEL" to the Preliminary Official Statement.

Qualification for Sale. The City will furnish such information and take such action not inconsistent with law as the Purchaser may request and the City may deem necessary or appropriate to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Purchaser; provided, that the City will not execute a general or special consent to service of process or qualify to do business in connection with such qualification or determination in any jurisdiction. By submitting its bid for the Bonds, the Purchaser assumes all responsibility for qualifying the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of the states and jurisdictions in which the Purchaser offers or sells the Bonds, including the payment of fees for such qualification. Under no circumstances may the Bonds be sold or offered for sale or any solicitation of an offer to buy the Bonds be made in any jurisdiction in which such sale, offer or solicitation would be unlawful under the securities laws of the jurisdiction.

No Litigation. The City will deliver a certificate stating that no litigation of any nature is pending, or to the knowledge of the officer of the City executing such certificate, threatened, restraining or enjoining the sale, issuance or delivery of the Bonds or any part thereof, or the entering into or performance of any obligation of the City, or concerning the validity of the Bonds, the ability of the City to levy and collect the *ad valorem* tax required to pay debt service on the Bonds, the corporate existence or the boundaries of the City, or the entitlement of any officers of the City who will execute the Bonds to their respective offices.

Right of Cancellation. The Purchaser will have the right, at its option, to cancel this contract if the City fails to execute the Bonds and tender the same for delivery within thirty (30) days from the sale date, and in such event the Purchaser will be entitled only to the return of the Good Faith Deposit, without interest thereon.

CUSIP Numbers. It is anticipated that CUSIP numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto will

* Preliminary, subject to change.

constitute cause for a failure or refusal by the Purchaser of the Bonds to accept delivery of and pay for such Bonds in accordance with the terms of this contract. The Purchaser, at its sole cost, will obtain separate CUSIP numbers for each maturity of the Bonds. CUSIP is a registered trademark of American Bankers Association. CUSIP data is provided by Standard and Poor's CUSIP Service Bureau. CUSIP data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. The City takes no responsibility for the accuracy of such CUSIP numbers. CUSIP numbers are provided only for the convenience of the Purchaser of the Bonds.

Expenses of the Successful Bidder. CUSIP Service Bureau charges, California Debt and Investment Advisory Commission fees (under California Government Code Section 8856), Depository Trust Company charges and all other expenses of the successful bidder will be the responsibility of the successful bidder. Pursuant to Section 8856 of the California Government Code, the Purchaser must pay to the California Debt and Investment Advisory Commission, within sixty (60) days from the sale date, the statutory fee for the Bonds purchased.

Official Statement. Copies of the Preliminary Official Statement with respect to the Bonds will be furnished or electronically transmitted to any potential bidder upon request to the Office of Public Finance or to either of the Co-Financial Advisors. (The contact information for the Co-Financial Advisors is set forth above in this Official Notice of Sale.) In accordance with Rule 15c2-12 of the Securities and Exchange Commission, as amended ("**Rule 15c2-12**"), the City deems the Preliminary Official Statement final as of its date, except for the omission of certain information permitted by Rule 15c2-12. Within seven business days after the date of award of the Bonds, the Purchaser of the Bonds will be furnished with a reasonable number of copies (not to exceed 50) of the final Official Statement, without charge, for distribution in connection with the resale of the Bonds. The Purchaser of the Bonds must notify the City in writing within two days of the sale of the Bonds if the Purchaser requires additional copies of the final Official Statement to comply with applicable regulations. The cost for such additional copies will be paid by the Purchaser requesting such copies.

By submitting a bid for the Bonds, the Purchaser of the Bonds agrees: (1) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any supplements, (2) to promptly file a copy of the final Official Statement, including any supplements, with the Municipal Securities Rulemaking Board, and (3) to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the Purchaser, including, without limitation, the delivery of a final Official Statement, including any supplements, to each investor who purchases Bonds.

The form and content of the final Official Statement is within the sole discretion of the City. The name of a Purchaser of the Bonds will not appear on the cover of the final Official Statement.

Certificate Regarding Official Statement. At the time of delivery of the Bonds, the Purchaser will receive a certificate, signed by an authorized representative of the City, confirming to the Purchaser that (i) such authorized representative has determined that, to the best of such authorized representative's knowledge and belief, the final Official Statement (excluding reoffering information, information relating to The Depository Trust Company and its book-entry system, as to which no view will be expressed) did not as of its date, and does not as of the date of closing, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, (ii) such authorized representative knows of no material adverse change in the condition or affairs of the City that would make it unreasonable for such Purchaser of the Bonds to rely upon the final Official Statement in connection with the resale of the Bonds, and (iii) the City authorizes the Purchaser of the Bonds to distribute copies of the final Official Statement in connection with the resale of the Bonds.

Purchaser Certificate Concerning Official Statement. As a condition of delivery of the Bonds, the Purchaser of the Bonds will be required to execute and deliver to the City, prior to the date of closing, a certificate to the following effect:

- (i) The Purchaser has provided to the City the initial reoffering prices or yields on the Bonds as printed in the final Official Statement, and the Purchaser has made a bona fide offering of the Bonds to the public at the prices and yields so shown.
- (ii) The Purchaser has not undertaken any responsibility for the contents of the final Official Statement. The Purchaser, in accordance with and as part of its responsibilities under the federal securities laws, has reviewed the information in the final Official Statement and has not notified the City of the need to modify or supplement the final Official Statement.
- (iii) The foregoing statements will be true and correct as of the date of closing.

Continuing Disclosure. To assist bidders in complying with Rule 15c2-12, the City will undertake, pursuant to a Continuing Disclosure Certificate, to provide certain annual financial information, operating data and notices of the occurrence of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

Additional Information. Prospective bidders should read the entire Preliminary Official Statement, copies of which may be obtained in electronic form from the City.

Sales Outside of the United States. The Purchaser must undertake responsibility for compliance with any laws or regulations of any foreign jurisdiction in connection with any sale of the Bonds to persons outside the United States.

Insurance. No bids with municipal bond insurance will be accepted.

Dated: January __, 2018.

TOTAL					TOTAL				

* Subject to adjustment in accordance with the Official Notice of Sale.

(1) Circle the final maturity of each term bond specified.

(2) There may not be serial maturities for dates after the first mandatory sinking fund redemption payment. Mandatory sinking fund payments may not commence earlier than June 15, 20__.

Authorized Signatory

Title:

Phone Number:

TIC (optional and not binding):

Fax Number:

THE BIDDER EXPRESSLY ASSUMES THE RISK OF ANY INCOMPLETE, ILLEGIBLE, UNTIMELY OR OTHERWISE NONCONFORMING BID. THE CITY RETAINS ABSOLUTE DISCRETION TO DETERMINE WHETHER ANY BID IS TIMELY, LEGIBLE, COMPLETE AND CONFORMING. NO BID SUBMITTED WILL BE CONSIDERED TIMELY UNLESS, BY THE TIME FOR RECEIVING BIDS, THE ENTIRE BID FORM HAS BEEN RECEIVED BY THE DELIVERY METHOD PROVIDED IN THE NOTICE OF SALE.

The City reserves the right to modify or amend this Bid Form, in any respect, including, without limitation, increasing or decreasing the principal amount at any serial maturity or mandatory sinking fund by payment for the Bonds and adding or deleting serial or term maturity and mandatory sinking fund and payment dates, along with corresponding principal amounts with respect thereto as provided in "TERMS RELATING TO THE BONDS—Adjustment of Principal Payments" and "TERMS OF SALE—Right to Modify or Amend" in the Official Notice of Sale.

EXHIBIT B

FORM OF REOFFERING PRICE CERTIFICATE

(TO BE DELIVERED AND COMPLETED BY THE PURCHASER OF THE BONDS, AS DESCRIBED UNDER "REOFFERING PRICES AND CERTIFICATE" IN THE OFFICIAL NOTICE OF SALE)

\$ _____
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(CLEAN AND SAFE NEIGHBORHOOD PARKS BONDS, 2012),
SERIES 2018A

\$ _____
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(TRANSPORTATION AND ROAD IMPROVEMENT BONDS, 2014),
SERIES 2018B

This Certificate is being delivered by [*insert name*], the purchaser (the "Purchaser"), in connection with its purchase of the above-captioned bonds (together, the "Bonds"). The Purchaser hereby certifies and represents the following:

A. Issue Price.

1. All the Bonds of all maturities were actually offered by the Purchaser to the public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide offering at prices not higher than, or, in the case of obligations sold on a yield basis, at yields not lower than, those set forth in Schedule I attached hereto, which the Purchaser believes is not more than the fair market value of each maturity as of _____, 2018, the date of sale of the Bonds.

2. On the date of the sale of the Bonds, the Purchaser sold to the public (excluding bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at least ten percent (10%) of each maturity of the Bonds at prices not higher than, or, in the case of obligations sold on a yield basis, at yields not lower than, those set forth in Schedule I attached hereto, except for the Bonds maturing in the years _____ (the "Unsold Maturities"). The Purchaser reasonably expected to sell at least ten percent (10%) of each of the Unsold Maturities to the public (excluding bond houses and brokers or similar persons or organizations active in the capacity of underwriters or wholesalers) at prices not higher than, or in the case of obligations sold on a yield basis, at yields not lower than, those set forth in Schedule I attached hereto.

3. As of the date hereof, neither the Purchaser nor any affiliate of the Purchaser has participated in offering any derivative product with respect to the Bonds.

B. Compensation.

All compensation received by the Purchaser for underwriting services (which includes certain expenses) in connection with the sale and delivery of the Bonds will be paid in the form of a purchase discount in the amount of \$ _____, and no part of such compensation includes

any payment for any property or services other than underwriting services relating to sale and delivery of the Bonds.

The signer is an authorized representative of the Purchaser and is duly authorized by the Purchaser to execute and deliver this Certificate on behalf of the Purchaser. The Purchaser understands that the representations contained in this Certificate will be relied on by the City and County of San Francisco in making certain of its representations in its Tax Certificate for the Bonds and in completing and filing the Information Return for the Bonds with the Internal Revenue Service, and by _____, Co-Bond Counsel to the City and County of San Francisco, in rendering certain legal opinions in connection with the issuance of the Bonds.

Dated: _____, 2018

By: _____
(Name of Purchaser)

Execution by: _____

Type Name: _____

Title: _____

\$ _____ *

CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(CLEAN AND SAFE NEIGHBORHOOD PARKS BONDS, 2012),
SERIES 2018A

Maturity Dates (June 15)*	Principal Amount*	Interest Rate†	Offering Price or Yield†
	\$	%	

* Subject to adjustment in accordance with the Official Notice of Sale.

† To be completed by Purchaser.

\$ _____^{*}
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(TRANSPORTATION AND ROAD IMPROVEMENT BONDS, 2014),
SERIES 2018B

Maturity Dates (<u>June 15</u>) [*]	<u>Principal Amount</u> [*]	Interest <u>Rate</u> [†]	Offering Price or <u>Yield</u> [†]
	\$	%	

^{*} Subject to adjustment in accordance with the Official Notice of Sale.
[†] To be completed by Purchaser.

EXHIBIT C

FORM OF CERTIFICATE OF PURCHASER

\$ _____
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(CLEAN AND SAFE NEIGHBORHOOD PARKS BONDS, 2012),
SERIES 2018A

\$ _____
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(TRANSPORTATION AND ROAD IMPROVEMENT BONDS, 2014),
SERIES 2018B

CERTIFICATE OF THE PURCHASER

The undersigned, on behalf of [PURCHASER], as the initial purchaser (the "Purchaser") of the above-captioned bonds (together, the "Bonds") hereby represents that:

(a) As of January __, 2018 (the "Sale Date"), the Purchaser reasonably expected to offer and sell all of the Bonds to the general public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) in a bona fide public offering at the yields set forth on the inside front cover of the final Official Statement, dated January __, 2018, with respect to the Bonds (the "Official Statement").

(b) Such offering yields represent a fair market value for each respective maturity of the Bonds as of the Sale Date.

(c) As of the Sale Date, all of the Bonds were actually offered to the general public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at such yields in a bona fide public offering.

(d) As of the Sale Date, at least 10% of each maturity of the Bonds was first sold, or was expected to be first sold, at such yields to the general public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) prior to the sale, allocation or allotment of any of the Bonds to any purchasers at yields other than those set forth on the inside front cover of the Official Statement, except for the Bonds maturing in the years _____ (the "Unsold Maturities"). The Purchaser reasonably expected, as of the Sale Date, to sell at least ten percent (10%) of each of the Unsold Maturities to the general public (excluding bond

houses, brokers or similar persons or organizations active in the capacity of underwriters or wholesalers) at the yields set forth on the inside front cover of the Official Statement.

(e) I understand that this Certificate shall form a part of the basis for the opinions, dated the date hereof, of _____, Co-Bond Counsel, to the effect that interest on the Bonds is excluded from gross income of the recipients thereof for purposes of federal income taxation under existing laws, regulations, rulings and judicial decisions; provided however, the Purchaser expresses no view regarding the legal sufficiency or the correctness of any legal interpretation made by Co-Bond Counsel, nothing herein represents the Purchaser's interpretation of any laws, and in particular, regulations under the Code, and the Purchaser expresses no view regarding the legal sufficiency of any representations made herein.

Terms not otherwise defined herein shall have the meanings ascribed thereto in the Tax Exemption Certificate, dated _____, 2018, executed by the City and County of San Francisco in connection with the issuance of the Bonds.

IN WITNESS WHEREOF, the undersigned has set their hand as of the date set forth below.

Dated: _____, 2018

[PURCHASER], as Purchaser

By: _____
Name: _____
Title: _____

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY __, 2018

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: Moody's: ___
S&P: ___
Fitch: ___
(See "Ratings" herein)

In the opinion of [Bond Counsel 1], _____, California, and [Bond Counsel 2], _____, California, Co-Bond Counsel, under existing statutes, regulations, rulings and court decisions, and subject to the matters described in "TAX MATTERS" herein, interest on the Bonds is excluded from the gross income of the owners thereof for federal income tax purposes and is not included in the federal alternative minimum tax for individuals or, except as described herein, corporations. It is also the opinion of Co-Bond Counsel that under existing law interest on the Bonds is exempt from personal income taxes of the State of California. See "TAX MATTERS" herein, including a discussion of the federal alternative minimum tax consequences for corporations. The Bonds will not be designated as "qualified tax-exempt obligations" for financial institutions.



[\$Par Amount A]*
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(CLEAN & SAFE NEIGHBORHOOD
PARKS, 2012),
SERIES 2018A

[\$Par Amount B]*
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(TRANSPORTATION & ROAD
IMPROVEMENTS, 2014),
SERIES 2018B

Dated: Date of Delivery

Due: June 15, as shown in the inside cover

The City and County of San Francisco General Obligation Bonds (Clean & Safe Neighborhood Parks, 2012), Series 2018A (the "2018A Bonds") and the City and County of San Francisco General Obligation Bonds (Transportation & Road Improvements, 2014), Series 2018B (the "2018B Bonds," and together with the 2018A Bonds, the "Bonds") are being issued under the Government Code of the State of California and the Charter of the City and County of San Francisco (the "City"). The issuance of the Bonds has been authorized by certain resolutions adopted by the Board of Supervisors of the City and duly approved by the Mayor of the City, as described under "THE BONDS – Authority for Issuance; Purposes." The proceeds of the Bonds will be used to finance certain public improvements as described herein, and to pay certain costs related to the issuance of the Bonds. See "PLAN OF FINANCE" and "SOURCES AND USES OF FUNDS."

The Bonds will be dated and bear interest from their date of delivery until paid in full at the rates shown in the maturity schedule on the inside cover hereof. Interest on the Bonds will be payable on June 15 and December 15 of each year, commencing [June] 15, 2018. Principal will be paid at maturity as shown on the inside cover. See "THE BONDS – Payment of Interest and Principal." The Bonds will be issued only in fully registered form without coupons, and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Individual purchases of the Bonds will be made in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Payments of principal and interest on the Bonds will be made by the City Treasurer, as paying agent, to DTC, which in turn is required to remit such principal and interest to the DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS – Form and Registration."

The Bonds will be subject to redemption prior to maturity, as described herein. See "THE BONDS – Redemption."

The Board of Supervisors has the power and is obligated to levy ad valorem taxes without limitation as to rate or amount upon all property subject to taxation by the City (except certain property which is taxable at limited rates) for the payment of the Bonds and the interest thereon when due. See "SECURITY FOR THE BONDS."

This cover page contains certain information for general reference only. It is not intended to be a summary of the security for or the terms of the Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE
(See Inside Cover)

BIDS FOR THE PURCHASE OF THE BONDS WILL BE RECEIVED BY THE CITY AT ___ A.M. PACIFIC TIME ON ____, 2018, AS PROVIDED IN THE OFFICIAL NOTICE OF SALE INVITING BIDS DATED ____, 2018, UNLESS POSTPONED AS SET FORTH IN SUCH OFFICIAL NOTICE OF SALE. See "SALE OF THE BONDS" herein.

The Bonds are offered when, as and if issued by the City and accepted by the initial purchaser, subject to the approval of legality by [Bond Counsel 1], _____, California, and [Bond Counsel 2], _____, California, Co-Bond Counsel, and certain other

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

Hawkins Delafield & Wood LLP
Draft of 11/10/2017

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY __, 2018

conditions. Certain legal matters will be passed upon for the City by its City Attorney and by Hawkins Delafield & Wood LLP, San Francisco, California, Disclosure Counsel. It is expected that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about _____, 2018.

Dated: _____, 2018.

MATURITY SCHEDULE
 (Base CUSIP[†] Number: _____)

\$ _____
2018A Serial Bonds

Maturity Date (June 15)	Principal Amount	Interest Rate	Price/Yield	CUSIP [†] Suffix
----------------------------	------------------	---------------	-------------	---------------------------

\$ _____ % 2018A Term Bonds due June 15, 20__ Price/Yield ____ CUSIP[†] No. _____

\$ _____
2018B Serial Bonds

Maturity Date (June 15)	Principal Amount	Interest Rate	Price/Yield	CUSIP [†] Suffix
----------------------------	------------------	---------------	-------------	---------------------------

\$ _____ % 2018B Term Bonds due June 15, 20__ Price/Yield ____ CUSIP[†] No. _____

[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard and Poor's Financial Services LLC on behalf of the American Bankers Association. CUSIP numbers are provided for convenience of reference only. Neither the City nor the initial purchaser take any responsibility for the accuracy of such numbers.

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The information set forth herein other than that provided by the City, although obtained from sources which are believed to be reliable, is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

The City maintains a website. The information presented on such website is *not* incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds. Various other websites referred to in this Official Statement also are not incorporated herein by such references.

This Official Statement is not to be construed as a contract with the initial purchaser of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 in reliance upon the exemption provided thereunder by Section 3(a)(2) for the issuance and sale of municipal securities.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.



CITY AND COUNTY OF SAN FRANCISCO

MAYOR

Edwin M. Lee

BOARD OF SUPERVISORS

London Breed, *Board President, District 5*

Sandra Lee Fewer, *District 1*

Mark Farrell, *District 2*

Aaron Peskin, *District 3*

Katy Tang, *District 4*

Jane Kim, *District 6*

Norman Yee, *District 7*

Jeff Sheehy, *District 8*

Hillary Ronen, *District 9*

Malia Cohen, *District 10*

Ahsha Safai, *District 11*

CITY ATTORNEY

Dennis J. Herrera

CITY TREASURER

José Cisneros

OTHER CITY AND COUNTY OFFICIALS

Naomi M. Kelly, *City Administrator*

Benjamin Rosenfield, *Controller*

Nadia Sesay, *Director of Public Finance*

PROFESSIONAL SERVICES

Paying Agent and Registrar

Treasurer of the City and County of San Francisco

Co-Bond Counsel

[Bond Counsel 1]
_____, *California*

[Bond Counsel 2]
_____, *California*

Co-Financial Advisors

CSG Advisors Incorporated
San Francisco, California

Acacia Financial Group
Chicago, Illinois

Disclosure Counsel

Hawkins Delafield & Wood LLP
San Francisco, California



TABLE OF CONTENTS

INTRODUCTION 1
THE CITY AND COUNTY OF SAN FRANCISCO..... 1
THE BONDS 3
 Authority for Issuance; Purposes 3
 Form and Registration 3
 Payment of Interest and Principal 4
 Redemption..... 4
 Defeasance 6
SOURCES AND USES OF FUNDS 8
 Deposit and Investment of Bond Proceeds 8
DEBT SERVICE SCHEDULE..... 9
SECURITY FOR THE BONDS 10
 General..... 10
 Factors Affecting Property Tax Security for the Bonds..... 10
 City Long-Term Challenges 11
 Seismic Risks 12
 Risk of Sea Level Changes and Flooding 13
 Other Events 13
TAX MATTERS..... 13
 Tax Exemption..... 13
 Tax Accounting Treatment of Discount and Premium on Certain Bonds 15
OTHER LEGAL MATTERS 16
PROFESSIONALS INVOLVED IN THE OFFERING 17
ABSENCE OF LITIGATION 17
CONTINUING DISCLOSURE..... 17
RATINGS 17
SALE OF THE BONDS 18
MISCELLANEOUS 18

APPENDICES

- APPENDIX A – CITY AND COUNTY OF SAN FRANCISCO – ORGANIZATION AND FINANCES
- APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2017
- APPENDIX C – CITY AND COUNTY OF SAN FRANCISCO, OFFICE OF THE TREASURER – INVESTMENT POLICY
- APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE
- APPENDIX E – DTC AND THE BOOK ENTRY ONLY SYSTEM
- APPENDIX F – PROPOSED FORM OF OPINION OF CO-BOND COUNSEL



OFFICIAL STATEMENT

**§[Par Amount A]*
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(CLEAN & SAFE
NEIGHBORHOOD PARKS, 2012),
SERIES 2018A**

**§[Par Amount B]*
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(TRANSPORTATION & ROAD
IMPROVEMENTS, 2014),
SERIES 2018B**

INTRODUCTION

This Official Statement, including the cover page and the appendices hereto, is provided to furnish information in connection with the public offering by the City and County of San Francisco (the "City") of its City and County of San Francisco General Obligation Bonds (Clean & Safe Neighborhood Parks, 2012), Series 2018A (the "2018A Bonds") and its City and County of San Francisco General Obligation Bonds (Transportation & Road Improvements, 2014), Series 2018B (the "2018B Bonds," and together with the 2018A Bonds, the "Bonds"). The Board of Supervisors of the City has the power and is obligated to levy ad valorem taxes without limitation as to rate or amount upon all property subject to taxation by the City (except certain property which is taxable at limited rates) for the payment of the principal of and interest on the Bonds when due. See "SECURITY FOR THE BONDS" herein.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Except as required by the Continuing Disclosure Certificate to be executed by the City with respect to the Bonds, the City has no obligation to update the information in this Official Statement. See "CONTINUING DISCLOSURE" and APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein.

Quotations from and summaries and explanations of the Bonds, the resolutions providing for the issuance and payment of the Bonds, and provisions of the constitution and statutes of the State of California (the "State"), the charter of the City (the "Charter") and City ordinances, and other documents described herein, do not purport to be complete, and reference is made to said laws and documents for the complete provisions thereof. Copies of those documents and information concerning the Bonds are available from the City through the Office of Public Finance, 1 Dr. Carlton B. Goodlett Place, Room 336, San Francisco, California 94102-4682. Reference is made herein to various other documents, reports, websites, etc., which were either prepared by parties other than the City, or were not prepared, reviewed and approved by the City with a view towards making an offering of public securities, and such materials are therefore not incorporated herein by such references nor deemed a part of this Official Statement.

THE CITY AND COUNTY OF SAN FRANCISCO

The City is the economic and cultural center of the San Francisco Bay Area and northern California. The limits of the City encompass over 93 square miles, of which 49 square miles are land, with the balance consisting of tidelands and a portion of the San Francisco Bay (the "Bay"). The City is located at the northern tip of the San Francisco Peninsula, bounded by the Pacific Ocean to the west, the Bay and the San Francisco-Oakland Bay Bridge to the east, the entrance to the Bay and the Golden Gate Bridge to the north, and San Mateo County to the south. Silicon Valley is about a 40-minute drive to the south, and the wine country is about an hour's drive to the north. The City's population in 2016 was approximately 877,000.

* Preliminary, subject to change.

The San Francisco Bay Area consists of the nine counties contiguous to the Bay: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma Counties (collectively, the "Bay Area"). The economy of the Bay Area includes a wide range of industries, supplying local needs as well as the needs of national and international markets. Major business sectors in the Bay Area include retail, entertainment and the arts, conventions and tourism, service businesses, banking, professional and financial services, corporate headquarters, international and wholesale trade, multimedia and advertising, biotechnology and higher education. The California State Supreme Court is also based in San Francisco.

The City is a major convention and tourist destination. According to the San Francisco Travel Association, a nonprofit membership organization, during the calendar year 2016, approximately 25.2 million people visited the City and spent an estimated \$9.0 billion during their visit, generating approximately \$750 million in direct spending to the City from convention visitors.

The City benefits from a highly skilled, educated and professional labor force. The per-capita personal income of the City for fiscal year 2016-17 was \$ _____, and the unemployment rate was ____%. The San Francisco Unified School District operates 16 transitional kindergarten schools, 64 elementary schools serving grades K-5, 8 schools serving grades K-8, 13 middle schools serving grades 6-8, 19 high schools serving grades 9-12, 5 continuation/alternative schools, and 9 County and Court schools. Higher education institutions located in the City include the University of San Francisco, California State University – San Francisco, University of California – San Francisco (a medical school and health science campus), the University of California Hastings College of the Law, the University of the Pacific's School of Dentistry, Golden Gate University, City College of San Francisco (a public community college), the Art Institute of California – San Francisco, the San Francisco Conservatory of Music, the California Culinary Academy, and the Academy of Art University.

San Francisco International Airport ("SFO"), located 14 miles south of downtown San Francisco in an unincorporated area of San Mateo County and owned and operated by the City, is the principal commercial service airport for the Bay Area and one of the nation's principal gateways for Pacific traffic. In fiscal year 2016-17, SFO serviced approximately 54 million passengers and handled 535,581 metric tons of cargo. The City is also served by the Bay Area Rapid Transit District (electric rail commuter service linking the City with the East Bay and the San Francisco Peninsula, including SFO), Caltrain (a conventional commuter rail line linking the City with the San Francisco Peninsula), and bus and ferry services between the City and residential areas to the north, east and south of the City. San Francisco Municipal Railway, operated by the City, provides bus and streetcar service within the City. The Port of San Francisco (the "Port"), which administers 7.5 miles of Bay waterfront held in "public trust" by the Port on behalf of the people of the State, promotes a balance of maritime-related commerce, fishing, recreational, industrial and commercial activities and natural resource protection.

The City is governed by a Board of Supervisors elected from eleven districts to serve four-year terms, and a Mayor who serves as chief executive officer, elected citywide to a four-year term. Edwin M. Lee is the 43rd and current Mayor of the City, having been elected by the voters of the City to his current term on November 3, 2015. The City's adopted budget for fiscal years 2016-17 and 2017-18 totals \$9.59 billion and \$9.72 billion, respectively. The General Fund portion of each year's adopted budget is \$4.86 billion in fiscal year 2016-17 and \$5.09 billion in fiscal year 2017-18, with the balance being allocated to all other funds, including enterprise fund departments, such as SFO, the San Francisco Municipal Transportation Agency, the Port Commission and the San Francisco Public Utilities Commission. The City employed _____ full-time-equivalent employees at the end of fiscal year 2016-17. According to the Controller of the City (the "Controller"), the fiscal year 2017-18 total net assessed valuation of taxable property in the City is approximately \$234.1 billion.

More detailed information about the City's governance, organization and finances may be found in APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES" and in

APPENDIX B: "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2017."

THE BONDS

Authority for Issuance; Purposes

The Bonds will be issued under the Government Code of the State and the Charter. The City authorized the issuance of the 2018A Bonds by Resolution No. 156-13 and Resolution No. _____, adopted by the Board of Supervisors of the City on May 21, 2013 and _____, 2017, respectively, and duly approved by the Mayor of the City on May 28, 2013 and _____, 2017, respectively (together, the "2018A Resolution"). The City authorized the issuance of the 2018B Bonds by Resolution No. 193-15 and Resolution No. _____, adopted by the Board of Supervisors of the City on June 2, 2015 and _____, 2017, respectively, and duly approved by the Mayor of the City on June 9, 2015 and _____, 2017, respectively (together, the "2018B Resolution," and with the 2018A Resolution, the "Resolutions").

The 2018A Bonds will constitute the third series of bonds to be issued from an aggregate authorized amount of \$195,000,000 of City and County of San Francisco General Obligation Bonds (Clean and Safe Neighborhood Parks Bonds, 2012), duly approved by at least two-thirds of the voters voting on Proposition B at an election held on November 6, 2012 ("Proposition B (2012)"), to provide funds for the purposes authorized in Proposition B (2012), which are summarized as follows: to improve the safety and quality of neighborhood parks across the City and waterfront open spaces, enhancing water quality and cleaning up environmental contamination along the Bay, replacing unsafe playgrounds, fixing restrooms, improving access for the disabled, and ensuring the seismic safety of park and recreation facilities under the jurisdiction of, or maintained by, the Recreation and Park Commission or the jurisdiction of the Port Commission, and all other structures, improvements and related costs necessary and convenient for these purposes. The City previously issued \$71,970,000 and \$43,220,000 of the bonds authorized by Proposition B (2012) on June 20, 2013 and February 2, 2016, respectively.

The 2018B Bonds will constitute the second series of bonds to be issued from an aggregate authorized amount of \$500,000,000 of City and County of San Francisco General Obligation Bonds (Transportation and Road Improvement Bonds, 2014), duly approved by at least two-thirds of the voters voting on Proposition A at an election held on November 4, 2014 ("Proposition A (2014)"), to provide funds for the purposes authorized in Proposition A (2014), which are summarized as follows: to construct, redesign and rebuild streets and sidewalks and to make infrastructure repairs and improvements that increase Muni service reliability, ease traffic congestion, reduce vehicle travel times, enhance pedestrian and bicycle safety, and improve disabled access. The City previously issued \$67,005,000 of the bonds authorized by Proposition A (2014) on July 14, 2015.

The Administrative Code of the City (the "Administrative Code"), Proposition B (2012) and Proposition A (2014) provide that, to the extent permitted by law, 0.1% of the gross proceeds of all proposed bonds, including the Bonds, be deposited by the Controller and used to fund the costs of the City's independent citizens' general obligation bond oversight committee. The committee was created by the Administrative Code and is appointed by the Board of Supervisors of the City to inform the public concerning the expenditure of general obligation bond proceeds in accordance with the voter authorization.

Form and Registration

The Bonds will be issued in the principal amounts set forth on the inside cover hereof, in the denomination of \$5,000 each or any integral multiple thereof, and will be dated their date of delivery. The Bonds will be issued in fully registered form, without coupons. The Bonds will be initially registered in the name of Cede & Co. as registered owner and nominee for The Depository Trust Company ("DTC"), which is

required to remit payments of principal and interest to the DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See APPENDIX E – "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Payment of Interest and Principal

Interest on the Bonds will be payable on each June 15 and December 15 to maturity or prior redemption, commencing [June] 15, 2018, at the interest rates shown on the inside cover hereof. Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. The City Treasurer will act as paying agent and registrar with respect to the Bonds. The interest on the Bonds will be payable in lawful money of the United States to the Registered Owner whose name appears on the Bond registration books of the City Treasurer as the owner thereof as of the close of business on the last day of the month immediately preceding an interest payment date (the "Record Date"), whether or not such day is a business day. Each Bond authenticated on or before [May 31, 2018] will bear interest from the date of delivery. Every other Bond will bear interest from the interest payment date next preceding its date of authentication unless it is authenticated as of a day during the period from the Record Date next preceding any interest payment date to the interest payment date, inclusive, in which event it will bear interest from such interest payment date; provided, that if, at the time of authentication of any Bond, interest is then in default on the Bonds, such Bond will bear interest from the interest payment date to which interest has previously been paid or made available for payment on the Bonds.

The Bonds will mature on the dates shown on the inside cover page hereof. The Bonds will be subject to redemption prior to maturity, as described below. See "– Redemption" below. The principal of the Bonds will be payable in lawful money of the United States to the owner thereof upon the surrender thereof at maturity or earlier redemption at the office of the City Treasurer.

Redemption*

Optional Redemption of the Bonds

The Bonds maturing on or before June 15, 20__ will not be subject to optional redemption prior to their respective stated maturity dates. The Bonds maturing on or after June 15, 20__ will be subject to optional redemption prior to their respective stated maturity dates, at the option of the City, from any source of available funds, as a whole or in part on any date (with the maturities to be redeemed to be determined by the City and by lot within a maturity), on or after June 15, 20__, at the redemption price equal to the principal amount of the Bonds redeemed, together with accrued interest to the date fixed for redemption (the "Redemption Date"), without premium.

Mandatory Redemption

The 2018A Bonds maturing on June 15, 20__ will be subject to redemption prior to their stated maturity date, in part, by lot, from mandatory sinking fund payments, on each June 15, as shown in the table below, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date, without premium.

Mandatory Sinking Fund Redemption Date (June 15)	Sinking Fund Payment Principal Amount
†	
† Maturity	

* Preliminary, subject to change.

The 2018B Bonds maturing on June 15, 20__ will be subject to redemption prior to their stated maturity date, in part, by lot, from mandatory sinking fund payments, on each June 15, as shown in the table below, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date, without premium.

Mandatory Sinking Fund Redemption Date (June 15)	Sinking Fund Payment Principal Amount
†	
† Maturity	

Selection of Bonds for Redemption

Whenever less than all of the outstanding Bonds are called for redemption on any one date, the City Treasurer will select the maturities of Bonds to be redeemed in the sole discretion of the City Treasurer, and whenever less than all the outstanding Bonds maturing on any one date are called for redemption on any date, the particular Bonds or portions thereof to be redeemed will be selected by lot, in any manner which the City Treasurer deems fair. The Bonds may be redeemed in denominations of \$5,000 or any integral multiple thereof.

If the Bonds to be optionally redeemed are also subject to mandatory redemption, the City Treasurer will designate the mandatory sinking fund payment or payments (or portions thereof) against which the principal amount of the Bonds optionally redeemed will be credited.

Notice of Redemption

The City Treasurer will mail, or cause to be mailed, notice of any redemption of the Bonds, postage prepaid, to the respective registered owners thereof at the addressés appearing on the Bond registration books not less than 20 days and not more than 60 days prior to the Redemption Date.

Notice of redemption also will be given, or caused to be given, by the City Treasurer, by (i) registered or certified mail, postage prepaid, (ii) confirmed facsimile transmission, (iii) overnight delivery service, or (iv) to the extent applicable to the intended recipient, email or similar electronic means, to (a) all organizations registered with the Securities and Exchange Commission as securities depositories and (b) such other services or organizations as may be required in accordance with the Continuing Disclosure Certificate. See "CONTINUING DISCLOSURE" and APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein.

Each notice of redemption will (a) state the Redemption Date; (b) state the redemption price; (c) state the maturity dates of the Bonds called for redemption, and, if less than all of any such maturity is called for redemption, the distinctive numbers of the Bonds of such maturity to be redeemed, and in the case of a Bond redeemed in part only, the respective portions of the principal amount thereof to be redeemed; (d) state the CUSIP number, if any, of each Bond to be redeemed; (e) require that such Bonds be surrendered by the owners at the office of the City Treasurer or his or her agent; and (f) give notice that interest on such Bonds or portions of such Bonds to be redeemed will cease to accrue after the designated Redemption Date. Any notice of optional redemption may be conditioned on the receipt of funds or any other event specified in the notice. See "– Conditional Notice; Right to Rescind Notice of Optional Redemption" below.

The actual receipt by the owner of any Bond of such notice of redemption will not be a condition precedent to redemption of such Bond, and failure to receive such notice, or any defect in such notice, will not

affect the validity of the proceedings for the redemption of such Bond or the cessation of the accrual of interest on such Bond on the Redemption Date.

Effect of Notice of Redemption

When notice of optional redemption has been given as described above, and when the amount necessary for the redemption of the Bonds called for redemption (principal, premium, if any and accrued interest to the Redemption Date) is set aside for that purpose in the redemption account for the Bonds (the "Redemption Account") established under the Resolution, the Bonds designated for redemption will become due and payable on the Redemption Date, and upon presentation and surrender of said Bonds at the place specified in the notice of redemption, those Bonds will be redeemed and paid at said redemption price out of the Redemption Account. No interest will accrue on such Bonds called for redemption after the Redemption Date and the registered owners of such Bonds will look for payment of such Bonds only to the Redemption Account. Moneys held in the Redemption Account will be invested by the City Treasurer pursuant to the City's policies and guidelines for investment of moneys in the General Fund of the City. See APPENDIX C – "CITY AND COUNTY OF SAN FRANCISCO, OFFICE OF THE TREASURER – INVESTMENT POLICY."

Conditional Notice; Right to Rescind Notice of Optional Redemption

Any notice of optional redemption may provide that such redemption is conditioned upon: (i) deposit of sufficient moneys to redeem the applicable Bonds called for redemption on the anticipated Redemption Date, or (ii) the occurrence of any other event specified in the notice of redemption. In the event that such conditional notice of optional redemption has been given and on the scheduled Redemption Date (i) sufficient moneys to redeem the Bonds have not been deposited or (ii) any other event specified in the notice of redemption did not occur, such Bonds for which notice of conditional optional redemption was given will not be redeemed and will remain Outstanding for all purposes and the redemption not occurring will not constitute a default under the Resolution.

In addition, the City may rescind any optional redemption and notice thereof for any reason on any date prior to any Redemption Date by causing written notice of the rescission to be given to the Registered Owner of all Bonds so called for redemption. Notice of such rescission of redemption will be given in the same manner notice of redemption was originally given. The actual receipt by the Registered Owner of any Bond of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice so mailed will not affect the validity of the rescission.

Defeasance

Payment of all or any portion of the Bonds may be provided for prior to such Bonds' respective stated maturities by irrevocably depositing with the City Treasurer (or any commercial bank or trust company designated by the City Treasurer to act as escrow agent with respect thereto): (a) an amount of cash equal to the principal amount of all of such Bonds or a portion thereof, and all unpaid interest thereon to maturity, except that in the case of Bonds which are to be redeemed prior to such Bonds' respective stated maturities and in respect of which notice of such redemption will have been given as described above or an irrevocable election to give such notice will have been made by the City, the amount to be deposited will be the principal amount thereof, all unpaid interest thereon to the Redemption Date, and premium, if any, due on such Redemption Date; or (b) Defeasance Securities (as defined below) not subject to call, except as described in the definition below, maturing and paying interest at such times and in such amounts, together with interest earnings and cash, if required, as will, without reinvestment, as certified by an independent certified public accountant, be fully sufficient to pay the principal and all unpaid interest to maturity, or to the Redemption Date, as the case may be, and any premium due on the Bonds to be paid or redeemed, as such principal and interest come due; provided, that, in the case of the Bonds which are to be redeemed prior to maturity, notice of such redemption will be given as described above or an irrevocable election to give such notice will have

been made by the City; then, all obligations of the City with respect to said outstanding Bonds will cease and terminate, except only the obligation of the City to pay or cause to be paid from the funds deposited as described in this paragraph, to the owners of said Bonds all sums due with respect thereto, and the tax covenant obligations of the City with respect to such Bonds; provided, that the City will have received an opinion of nationally recognized bond counsel that provision for the payment of said Bonds has been made as required by the Resolution.

As used in this section, the following terms have the meanings given below:

"Defeasance Securities" means any of the following which at the time are legal investments under the laws of the State of California for the moneys proposed to be invested therein: (1) United States Obligations (as defined below); and (2) Pre-refunded fixed interest rate municipal obligations meeting the following conditions: (a) the municipal obligations are not subject to redemption prior to maturity, or the trustee or paying agent has been given irrevocable instructions concerning their calling and redemption and the issuer has covenanted not to redeem such obligations other than as set forth in such instructions; (b) the municipal obligations are secured by cash or United States Obligations (as defined below); (c) the principal of and interest on the United States Obligations (plus any cash in the escrow fund or the applicable Redemption Account) are sufficient to meet the liabilities of the municipal obligations; (d) the United States Obligations serving as security for the municipal obligations are held by an escrow agent or trustee; (e) the United States Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and (f) the municipal obligations are rated (without regard to any numerical modifier, plus or minus sign or other modifier), at the time of original deposit to the escrow fund, by any two Rating Agencies (as defined below) not lower than the rating then maintained by the respective Rating Agency on such United States Obligations.

"United States Obligations" means (i) direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including without limitation, the interest component of Resolution Funding Corporation (REFCORP) bonds that have been stripped by request to the Federal Reserve Bank of New York in book-entry form, or (ii) any security issued by an agency or instrumentality of the United States of America that is selected by the Director of Public Finance that results in the escrow fund being rated by any two Rating Agencies (as defined below) at the time of the initial deposit to the escrow fund and upon any substitution or subsequent deposit to the escrow fund, no lower than the rating then maintained by the respective Rating Agency on United States Obligations described in (i) herein.

"Rating Agencies" means Moody's Investors Service, Inc., Fitch Ratings, and S&P Global Ratings, or any other nationally-recognized bond rating agency that is the successor to any of the foregoing rating agencies or that is otherwise recognized as a national rating agency after the date of adoption of the related Resolution.

SOURCES AND USES OF FUNDS

The following are the estimated sources and uses of funds in connection with the Bonds:

Sources	2018A	2018B
Principal Amount of Bonds		
Net Original Issue Premium		
Total Sources of Funds		
Uses		
Deposit to Project Subaccount		
Deposit to Bond Subaccount		
Oversight Committee		
Underwriter's Discount		
Costs of Issuance*		
Total Uses of Funds		

* Includes fees for services of rating agencies, Co-Financial Advisors, Co-Bond Counsel, Disclosure Counsel, costs to the City, printing costs, and other miscellaneous costs associated with the issuance of the Bonds.

Deposit and Investment of Bond Proceeds

2018A Bond Proceeds. Any bid premium received upon the delivery of the 2018A Bonds, and all taxes collected for payment of the 2018A Bonds, will be deposited into a special subaccount established for the payment of the 2018A Bonds. The subaccount was created by the 2018A Resolution specifically for payment of principal of and interest on the 2018A Bonds (the "2018A Bond Subaccount").

All remaining proceeds of the sale of the 2018A Bonds are required to be deposited by the City Treasurer into a special subaccount within the project account created by the City to hold proceeds of the sale of all of the Proposition B (2012) bonds, which proceeds are required to be applied exclusively to the purposes approved by the voters in Proposition B (2012), and to pay costs of issuance of such bonds. See "THE BONDS – Authority for Issuance; Purposes." The subaccount was created by the 2018A Resolution specifically to hold the proceeds of the 2018A Bonds (the "2018A Project Subaccount").

2018B Bond Proceeds. Any bid premium received upon the delivery of the 2018B Bonds, and all taxes collected for payment of the 2018B Bonds, will be deposited into a special subaccount established for the payment of the 2018B Bonds. The subaccount was created by the 2018B Resolution specifically for payment of principal of and interest on the 2018B Bonds (the "2018B Bond Subaccount").

All remaining proceeds of the sale of the 2018B Bonds are required to be deposited by the City Treasurer into a special subaccount within the project account created by the City to hold proceeds of the sale of all of the Proposition A (2014) bonds, which proceeds are required to be applied exclusively to the purposes approved by the voters in Proposition A (2014), and to pay costs of issuance of such bonds. See "THE BONDS – Authority for Issuance; Purposes." The subaccount was created by the 2018B Resolution specifically to hold the proceeds of the 2018B Bonds (the "2018B Project Subaccount").

Under the Resolutions, the 2018A Bond Subaccount, the 2018A Project Subaccount, the 2018B Bond Subaccount and the 2018B Project Subaccount may each be invested in any investment of the City in which moneys in the General Fund of the City are invested. The City Treasurer may commingle any of the moneys held in any such account with other City moneys, or deposit amounts credited to such accounts into a separate fund or funds for investment purposes only. All interest earned on any such account will be retained in that

SECURITY FOR THE BONDS

General

The Board of Supervisors of the City has the power and is obligated, and under the Resolution has covenanted, to levy *ad valorem* taxes without limitation as to rate or amount upon all property subject to taxation by the City (except certain property which is taxable at limited rates) for the payment of the principal of and interest on the Bonds when due.

Factors Affecting Property Tax Security for the Bonds

The annual property tax rate for repayment of the Bonds will be based on the total assessed value of taxable property in the City and the scheduled debt service on the Bonds in each year, less any other lawfully available funds applied by the City for repayment of the Bonds. Fluctuations in the annual debt service on the Bonds, the assessed value of taxable property in the City, and the availability of such other funds in any year, may cause the annual property tax rate applicable to the Bonds to fluctuate. Issuance by the City of additional authorized bonds payable from *ad valorem* property taxes may cause the overall property tax rate to increase.

Discussed below are certain factors that may affect the City's ability to levy and collect sufficient taxes to pay scheduled debt service on the Bonds each year. See APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES" for additional information on these factors.

Total Assessed Value of Taxable Property in the City. The greater the assessed value of taxable property in the City, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on bonds. The total net assessed valuation of taxable property in the City in fiscal year 2017-18 is approximately \$234.1 billion. During economic downturns, declining real estate values, increased foreclosures, and increases in requests submitted to the Assessor and the Assessment Appeals Board for reductions in assessed value have generally caused a reduction in the assessed value of some properties in the City. See APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – PROPERTY TAXATION – Assessed Valuations, Tax Rates and Tax Delinquencies."

Natural and economic forces can affect the assessed value of taxable property in the City. The City is located in a seismically active region, and damage from an earthquake in or near the City could cause moderate to extensive or total damage to taxable property. See "Seismic Risks" below. Other natural or man-made disasters, such as flood, fire, toxic dumping or acts of terrorism, could also cause a reduction in the assessed value of taxable property within the City. Economic and market forces, such as a downturn in the Bay Area's economy generally, can also affect assessed values, particularly as these forces might reverberate in the residential housing and commercial property markets. In addition, the total assessed value can be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

Concentration of Taxable Property Ownership. The more property (by assessed value) owned by any single assessee, the more exposure of tax collections to weakness in that taxpayer's financial situation and ability or willingness to pay property taxes. As of July 1, 2017, no single assessee owned more than 0.43% of the total taxable property in the City. See APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – PROPERTY TAXATION – Tax Levy and Collection."

Property Tax Rates. One factor in the ability of taxpayers to pay additional taxes for general obligation bonds is the cumulative rate of tax. The total tax rate per \$100 of assessed value (including the basic countywide 1% rate required by statute) is discussed further in APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – PROPERTY TAXATION – Assessed Valuations, Tax Rates and Tax Delinquencies."

Debt Burden on Owners of Taxable Property in the City. Another measure of the debt burden on local taxpayers is total debt as a percentage of taxable property value. Issuance of general obligation bonds by the City is limited under Section 9.106 of the Charter to 3.00% of the assessed value of all taxable real and personal property located within the City's boundaries. For purposes of this provision of the Charter, the City calculates its debt limit on the basis of total assessed valuation net of non-reimbursable and homeowner exemptions. On this basis, the City's gross general obligation debt limit for fiscal year 2017-18 is approximately \$[7.02] billion, based on a net assessed valuation of approximately \$234.1 billion. As of October 1, 2017, the City had outstanding approximately \$2.1 billion in aggregate principal amount of general obligation bonds, which equals approximately [0.89]% of the net assessed valuation for fiscal year 2017-18. See APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CAPITAL FINANCING AND BONDS."

Additional Debt; Authorized but Unissued Bonds. Issuance of additional authorized bonds can cause the overall property tax rate to increase. As of October 1, 2017, the City had voter approval to issue up to \$1.37 billion in additional aggregate principal amount of new bonds payable from *ad valorem* property taxes. See APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CAPITAL FINANCING AND BONDS – General Obligation Bonds." In addition, the City expects that it will propose further bond measures to the voters from time to time to help meet its capital needs. The City's most recent adopted ten-year capital plan sets forth \$35.2 billion of capital needs for all City departments. See APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CAPITAL FINANCING AND BONDS – Capital Plan."

City Long-Term Financial Challenges

[The following discussion highlights certain long-term challenges facing the City and is not meant to be an exhaustive discussion of challenges facing the City. Notwithstanding the City's strong economic and financial performance during the recent recovery and despite significant City initiatives to improve public transportation systems, expand access to healthcare and modernize parks and libraries, the City faces several long-term financial challenges and risks described below.

Significant capital investments are proposed in the City's adopted ten-year capital plan. However identified funding resources are below those necessary to maintain and enhance the City's physical infrastructure. As a result, over \$10 billion in capital needs are deferred from the capital plan's ten-year horizon. Over two-thirds of these unfunded needs relate to the City's transportation and waterfront infrastructure, where state of good repair investment has lagged for decades. Mayor Edwin Lee has convened a taskforce to recommend funding mechanisms and strategies to bridge a portion of the gaps in the City's transportation needs, but it is likely that significant funding gaps will remain even assuming the identification of significant new funding resources.

In addition, the City faces long term challenges with respect to the management of pension and post-employment retirement obligations. The City has taken significant steps to address long-term unfunded liabilities for employee pension and other post-employment benefits, including retiree health obligations, yet significant liabilities remain. In recent years, the City and voters have adopted significant changes that should mitigate these unfunded liabilities over time, including adoption of lower-cost benefit tiers, increases to employee and employer contribution requirements, and establishment of a trust fund to set-aside funding for future retiree health costs. The financial benefit from these changes will phase in over time, however, leaving ongoing financial challenges for the City in the shorter term. Further, the size of these liabilities is based on a

number of assumptions, including but not limited to assumed investment returns and actuarial assumptions. It is possible that actual results will differ materially from current assumptions, and such changes in investment returns or other actuarial assumptions could increase budgetary pressures on the City.

Lastly, while the City has adopted a number of measures to better position the City's operating budget for future economic downturns, these measures may not be sufficient. Economic stabilization reserves have grown significantly during the last four fiscal years and now exceed pre-recession peaks, but remain below adopted target levels of 10% of discretionary General Fund revenues.]

There is no assurance that other challenges not discussed in this Official Statement may become material to investors in the future. For more information, see APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES" and in APPENDIX B – "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2017."

Seismic Risks

The City is located in a seismically active region. Active earthquake faults underlie both the City and the surrounding Bay Area, including the San Andreas Fault, which passes about three miles of the City's border, and the Hayward Fault, which runs under Oakland, Berkeley and other cities on the east side of San Francisco Bay, about 10 miles away. Significant seismic events include the 1989 Loma Prieta earthquake, centered about 60 miles south of the City, which registered 6.9 on the Richter scale of earthquake intensity. That earthquake caused fires, building collapses, and structural damage to buildings and highways in the City and surrounding areas. The San Francisco-Oakland Bay Bridge, the only east-west vehicle access into the City, was closed for a month for repairs, and several highways in the City were permanently closed and eventually removed. On August 24, 2014, the San Francisco Bay Area experienced a 6.0 earthquake centered near Napa along the West Napa Fault. The City did not suffer any material damage as a result of this earthquake.

In March 2015, the Working Group on California Earthquake Probabilities (a collaborative effort of the U.S. Geological Survey (U.S.G.S.), the California Geological Survey, and the Southern California Earthquake Center) reported that there is a 72% chance that one or more quakes of about magnitude 6.7 or larger will occur in the San Francisco Bay Area before the year 2045. Such earthquakes may be very destructive. In addition to the potential damage to City-owned buildings and facilities (on which the City does not generally carry earthquake insurance), due to the importance of San Francisco as a tourist destination and regional hub of commercial, retail and entertainment activity, a major earthquake anywhere in the Bay Area may cause significant temporary and possibly long-term harm to the City's economy, tax receipts, and residential and business real property values.

In early 2016, the Port Commission of the City and County of San Francisco commissioned an earthquake vulnerability study of the Northern Waterfront Seawall. The Seawall was constructed over 100 years ago and sits on reclaimed land, rendering it vulnerable to seismic risk. The Seawall provides flood and wave protection to downtown San Francisco, and stabilizes hundreds of acres of filled land. Preliminary findings of the study indicate that a strong earthquake may cause most of the Seawall to settle and move outward toward the Bay, which would significantly increase earthquake damage and disruption along the waterfront. The Port Commission estimates that seismic retrofitting of the Seawall could cost as much as \$3 billion, with another \$2 billion or more needed to prepare the Seawall for rising sea levels. The study estimates that approximately \$1.6 billion in Port assets and \$2.1 billion of rents, business income, and wages are at risk from major damage to the Seawall.

Risk of Sea Level Changes and Flooding

In May 2009, the California Climate Change Center released a final paper, for informational purposes only, which was funded by the California Energy Commission, the California Environmental Protection Agency, the Metropolitan Transportation Commission, the California Department of Transportation and the California Ocean Protection Council. The title of the paper is "The Impacts of Sea-Level Rise on the California Coast." The paper posits that increases in sea level will be a significant consequence of climate change over the next century. The paper evaluated the population, infrastructure, and property at risk from projected sea-level rise if no actions are taken to protect the coast. The paper concluded that significant property is at risk of flooding from 100-year flood events as a result of a 1.4 meter sea level rise. The paper further estimates that the replacement value of this property totals nearly \$100 billion (in 2000 dollars). Two-thirds of this at-risk property is concentrated in San Francisco Bay, indicating that this region is particularly vulnerable to impacts associated with sea-level rise due to extensive development on the margins of the Bay. A wide range of critical infrastructure, such as roads, hospitals, schools, emergency facilities, wastewater treatment plants, power plants, and wetlands is also vulnerable. Continued development in vulnerable areas will put additional assets at risk and raise protection costs.

The City is unable to predict whether sea-level rise or other impacts of climate change or flooding from a major storm will occur, when they may occur, and if any such events occur, whether they will have a material adverse effect on the business operations or financial condition of the City and the local economy.

Other Events

Seismic events, wildfires, tsunamis, and other natural or man-made events such as cybersecurity breaches may damage City infrastructure and adversely impact the City's ability to provide municipal services. For example, in November 2016, the SFMTA was subjected to a ransomware attack which disrupted some of the SFMTA's internal computer systems but did not impact any of the critical transportation systems. Therefore, the attack did not interrupt Muni services nor did it compromise customer privacy or transaction information. The SFMTA, however, took the precaution of turning off the ticket machines and faregates in the Muni Metro subway stations from Friday, November 25 until the morning of Sunday, November 27. While the City takes prudent measures to prevent cyberattacks, no assurance can be given that the City will not be the target of future cybersecurity attacks that could adversely impact the City's operations.

[As another example, in August 2013, a massive wildfire in Tuolumne County and the Stanislaus National Forest burned over 257,135 acres (the "Rim Fire"), which area included portions of the City's Hetch Hetchy Project. The Hetch Hetchy Project is comprised of dams (including O'Shaughnessy Dam), reservoirs (including Hetch Hetchy Reservoir which supplies 85% of San Francisco's drinking water), hydroelectric generator and transmission facilities and water transmission facilities. Hetch Hetchy facilities affected by the Rim Fire included two power generating stations and the southern edge of the Hetch Hetchy Reservoir. There was no impact to drinking water quality. The City's hydroelectric power generation system was interrupted by the fire, forcing the San Francisco Public Utilities Commission to spend approximately \$1.6 million buying power on the open market and using existing banked energy with PG&E. The Rim Fire inflicted approximately \$40 million in damage to parts of the City's water and power infrastructure located in the region. In September 2010, a Pacific Gas and Electric Company ("PG&E") high pressure natural gas transmission pipeline exploded in San Bruno, California, with catastrophic results. There are numerous gas transmission and distribution pipelines owned, operated and maintained by PG&E throughout the City.] *[Did Napa fire impact the City?]*

TAX MATTERS

[To be updated using Co-Bond Counsel's preferred disclosure.]

[Tax Exemption

The delivery of the Bonds is subject to the opinion of Co-Bond Counsel to the effect that interest on the Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations. The delivery of the Bonds is also subject to the delivery of the opinion of Co-Bond Counsel, based upon existing provisions of the laws of the State of California, that interest on the Bonds is exempt from personal income taxes of the State of California. A form of Co-Bond Counsel's opinions is reproduced as APPENDIX F. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

Interest on the Bonds owned by a corporation will be included in such corporation's adjusted current earnings for purposes of calculating the federal alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust ("FASIT"). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by Section 55 of the Code will be computed.

In rendering the foregoing opinions, Co-Bond Counsel will rely upon representations and certifications of the City made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the City with the provisions of the Resolution subsequent to the issuance of the Bonds. The Resolution contains covenants by the City with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Co-Bond Counsel's opinion is not a guarantee of a result, but represents their legal judgment based upon their review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Co-Bond Counsel, and Co-Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the City as the "taxpayer," and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the City may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Co-Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have

paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Bonds

The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Bonds (the "Premium Bonds") may be greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal

income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity.

Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.]

OTHER LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds and with regard to the tax status of the interest on the Bonds (see "TAX MATTERS" herein) are subject to the legal opinions of [Bond Counsel 1], _____, California, and [Bond Counsel 2], _____, California, Co-Bond Counsel to the City. The signed legal opinions of Co-Bond Counsel, dated and premised on facts existing and law in effect as of the date of original delivery of the Bonds, will be delivered to the initial purchaser of the Bonds at the time of original delivery of the Bonds.

The proposed forms of the legal opinion of Co-Bond Counsel are set forth in APPENDIX F hereto. The text of the legal opinions to be delivered may vary if necessary to reflect facts and law on the date of delivery. The opinions will speak only as of their date, and subsequent distributions of them by recirculation of this Official Statement or otherwise will create no implication that Co-Bond Counsel have reviewed or express any opinion concerning any of the matters referred to in the respective opinions subsequent to their date. In rendering their opinions, Co-Bond Counsel will rely upon certificates and representations of facts to be contained in the transcript of proceedings for the Bonds, which Co-Bond Counsel will not have independently verified.

Co-Bond Counsel undertake no responsibility for the accuracy, completeness or fairness of this Official Statement.

Certain legal matters will be passed upon for the City by the City Attorney and by Hawkins Delafield & Wood LLP, San Francisco, California, Disclosure Counsel.

Hawkins Delafield & Wood LLP has served as disclosure counsel to the City and in such capacity has advised the City with respect to applicable securities laws and participated with responsible City officials and staff in conferences and meetings where information contained in this Official Statement was reviewed for accuracy and completeness. Disclosure Counsel is not responsible for the accuracy or completeness of the statements or information presented in this Official Statement and has not undertaken to independently verify any of such statements or information. Rather, the City is solely responsible for the accuracy and completeness of the statements and information contained in this Official Statement. Upon the delivery of the Bonds, Disclosure Counsel will deliver a letter to the City which advises the City, subject to the assumptions, exclusions, qualifications and limitations set forth therein, that no facts came to attention of such firm which caused them to believe that this Official Statement as of its date and as of the date of delivery of the Bonds contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. No purchaser or holder of the Bonds, or other person or party other than the City, will be entitled to or may rely on such letter or Hawkins Delafield & Wood LLP's having acted in the role of disclosure counsel to the City.

PROFESSIONALS INVOLVED IN THE OFFERING

CSG Advisors Incorporated, San Francisco, California and Acacia Financial Group, Chicago, Illinois, have served as Co-Financial Advisors to the City with respect to the sale of the Bonds. The Co-Financial Advisors have assisted the City in the City's review and preparation of this Official Statement and in other matters relating to the planning, structuring, and sale of the Bonds. The Co-Financial Advisors have not independently verified any of the data contained herein nor conducted a detailed investigation of the affairs of the City to determine the accuracy or completeness of this Official Statement and assume no responsibility for the accuracy or completeness of any of the information contained herein. The Co-Financial Advisors, Co-Bond Counsel and Disclosure Counsel will all receive compensation from the City for services rendered in connection with the Bonds contingent upon the sale and delivery of the Bonds. The City Treasurer is acting as paying agent and registrar with respect to the Bonds.

ABSENCE OF LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds, the ability of the City to levy the ad valorem tax required to pay debt service on the Bonds, the corporate existence of the City, or the entitlement to their respective offices of the officers of the City who will execute and deliver the Bonds and other documents and certificates in connection therewith. The City will furnish to the initial purchaser of the Bonds a certificate of the City as to the foregoing as of the time of the original delivery of the Bonds.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City (the "Annual Report") not later than 270 days after the end of the City's fiscal year (which currently ends on June 30), commencing with the report for fiscal year 2017-18, which is due not later than March 27, 2019, and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the City with the Municipal Securities Rulemaking Board ("MSRB"). The notices of enumerated events will be filed by the City with the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is summarized in APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the purchaser of the Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The ratings on certain obligations of the City were upgraded by Fitch Ratings on March 28, 2013. Under certain continuing disclosure undertakings of the City, the City was required to file a notice of such upgrade with the Electronic Municipal Market Access system of the MSRB by April 11, 2013. The City filed such notice on May 17, 2013.

The City may, from time to time, but is not obligated to, post its Comprehensive Annual Financial Report and other financial information on the City Controller's web site at www.sfgov.org/controller.

RATINGS

Moody's Investors Service, Inc. ("Moody's"), S&P Global Ratings ("S&P"), and Fitch Ratings ("Fitch"), have assigned municipal bond ratings of "___," "___," and "___," respectively, to the Bonds. Certain information not included in this Official Statement was supplied by the City to the rating agencies to be considered in evaluating the Bonds. The ratings reflect only the views of each rating agency, and any explanation of the significance of any rating may be obtained only from the respective credit rating agencies: Moody's, at www.moody's.com; S&P, at www.spratings.com; and Fitch, at www.fitchratings.com. The information presented on the website of each rating agency is not incorporated by reference as part of this Official Statement. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. No assurance can be given that any rating issued by a rating agency will be retained for any given period of time or that the same will not be revised or withdrawn

entirely by such rating agency, if in its judgment circumstances so warrant. Any such revision or withdrawal of the ratings obtained may have an adverse effect on the market price or marketability of the Bonds. The City undertakes no responsibility to oppose any such downward revision, suspension or withdrawal.

SALE OF THE BONDS

The Bonds are scheduled to be sold at competitive bid on _____, 2018, as provided in the Official Notice of Sale, dated _____, 2018 (the "Official Notice of Sale"). The Official Notice of Sale provides that all Bonds would be purchased if any were purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Official Notice of Sale, the approval of certain legal matters by Co-Bond Counsel and certain other conditions. The Purchaser will represent to the City that the Bonds have been reoffered to the public at the price or yield to be stated on the inside cover page hereof.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the initial purchaser or owners and beneficial owners of any of the Bonds.

The preparation and distribution of this Official Statement have been duly authorized by the Board of Supervisors of the City.

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Benjamin Rosenfield
Controller

APPENDIX A

**CITY AND COUNTY OF SAN FRANCISCO
ORGANIZATION AND FINANCES**

APPENDIX B

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE CITY AND COUNTY OF SAN FRANCISCO
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

APPENDIX C

**CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE TREASURER
INVESTMENT POLICY**

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

[\$[Par Amount A]*
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(CLEAN & SAFE NEIGHBORHOOD PARKS,
2012),
SERIES 2018A

[\$[Par Amount B]*
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(TRANSPORTATION & ROAD
IMPROVEMENTS, 2014),
SERIES 2018B

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City and County of San Francisco (the "City") in connection with the issuance of the bonds captioned above (the "Bonds"). The Bonds will be issued under the Government Code of the State and the Charter. The City authorized the issuance of the 2018A Bonds by Resolution No. 156-13 and Resolution No. _____, adopted by the Board of Supervisors of the City on May 21, 2013 and _____, 2017, respectively, and duly approved by the Mayor of the City on May 28, 2013 and _____, 2017, respectively (together, the "2018A Resolution"). The City authorized the issuance of the 2018B Bonds by Resolution No. 193-15 and Resolution No. _____, adopted by the Board of Supervisors of the City on June 2, 2015 and _____, 2017, respectively, and duly approved by the Mayor of the City on June 9, 2015 and _____, 2017, respectively (together, the "2018B Resolution," and with the 2018A Resolution, the "Resolutions"). The City covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which: (a) has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) including, but not limited to, the power to vote or consent with respect to any Bonds or to dispose of ownership of any Bonds; or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean the City, acting in its capacity as Dissemination Agent under this Disclosure Certificate, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"Holder" shall mean either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

"Listed Events" shall mean any of the events listed in Section 5(a) and 5(b) of this Disclosure Certificate.

* Preliminary, subject to change.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB currently located at <http://emma.msrb.org>.

"Participating Underwriter" shall mean any of the original underwriters or purchasers of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the City's fiscal year (which is June 30), commencing with the report for the 2017-18 Fiscal Year (which is due not later than March 27, 2019), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If the Dissemination Agent is not the City, the City shall provide the Annual Report to the Dissemination Agent not later than 15 days prior to said date. The Annual Report must be submitted in electronic format and accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided*, that if the audited financial statements of the City are not available by the date required above for the filing of the Annual Report, the City shall submit unaudited financial statements and submit the audited financial statements as soon as they are available. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

(b) If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the City), file a report with the City certifying the date that the Annual Report was provided to the MSRB pursuant to this Disclosure Certificate.

SECTION 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following information, as required by the Rule:

- (a) the audited general purpose financial statements of the City prepared in accordance with generally accepted accounting principles applicable to governmental entities;
- (b) a summary of budgeted general fund revenues and appropriations;
- (c) a summary of the assessed valuation of taxable property in the City;
- (d) a summary of the *ad valorem* property tax levy and delinquency rate;
- (e) a schedule of aggregate annual debt service on tax-supported indebtedness of the City; and
- (f) summary of outstanding and authorized but unissued tax-supported indebtedness of the City.

Any or all of the items listed above may be set forth in a document or set of documents, or may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB website. If the document included by

reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following events numbered 1-9 with respect to the Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) or adverse tax opinions;
6. Tender offers;
7. Defeasances;
8. Rating changes; or
9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The City shall give, or cause to be given, notice of the occurrence of any of the following events numbered 10-16 with respect to the Bonds not later than ten business days after the occurrence of the event, if material:

10. Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
11. Modifications to rights of Bond holders;
12. Unscheduled or contingent Bond calls;
13. Release, substitution, or sale of property securing repayment of the Bonds;
14. Non-payment related defaults;
15. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
16. Appointment of a successor or additional trustee or the change of name of a trustee.

(c) The City shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3, as provided in Section 3(b).

(d) Whenever the City obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the City shall determine if such event would be material under applicable federal securities laws.

(e) If the City learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the City shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection 5(b)(12) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolutions.

SECTION 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend or waive this Disclosure Certificate or any provision of this Disclosure Certificate, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 3(b), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of the City Attorney or nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the owners of a majority in aggregate principal amount of the Bonds or (ii) does not, in the opinion of the City Attorney or nationally recognized bond counsel, materially impair the interests of the Holders.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5; and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Remedies. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Participating Underwriter, Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate to cause the City to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in a federal or state court located in the City and County of San Francisco, State of California, and that the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____, 2018.

CITY AND COUNTY OF SAN FRANCISCO

Benjamin Rosenfield
Controller

Approved as to form:

DENNIS J. HERRERA
CITY ATTORNEY

By: _____
Deputy City Attorney

CONTINUING DISCLOSURE CERTIFICATE EXHIBIT A

**FORM OF NOTICE TO THE
MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of City: CITY AND COUNTY OF SAN FRANCISCO

Name of Bond Issue: CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(CLEAN & SAFE NEIGHBORHOOD PARKS, 2012), SERIES 2018A

CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(TRANSPORTATION & ROAD IMPROVEMENTS, 2014), SERIES 2018B

Date of Issuance: _____, 2018

NOTICE IS HEREBY GIVEN to the Municipal Securities Rulemaking Board that the City has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate of the City and County of San Francisco, dated _____, 2018. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

CITY AND COUNTY OF SAN FRANCISCO

By: _____ [to be signed only if filed]

Title: _____

APPENDIX E

DTC AND THE BOOK ENTRY ONLY SYSTEM

The information in numbered paragraphs 1-10 of this Appendix E, concerning The Depository Trust Company ("DTC") and DTC's book-entry system, has been furnished by DTC for use in official statements and the City takes no responsibility for the completeness or accuracy thereof. The City cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest or principal with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC. As used in this appendix, "Securities" means the Bonds, "Issuer" means the City, and "Agent" means the Paying Agent.

Information Furnished by DTC Regarding its Book-Entry Only System

1. The Depository Trust Company ("DTC") will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial

Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the registration, transfer and exchange of the Bonds.

Payment of the interest on any Bond shall be made by check mailed on the interest payment date to the owner at the owner's address as it appears on the registration books described below as of the Record Date (as defined herein).

The City Treasurer will keep or cause to be kept, at the office of the City Treasurer, or at the designated office of any registrar appointed by the City Treasurer, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection, and, upon presentation for such purpose, the City Treasurer shall, under such reasonable regulations as he or she may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as hereinbefore provided.

Any Bond may, in accordance with its terms, be transferred, upon the registration books described above, by the person in whose name it is registered, in person or by the duly authorized attorney of such person, upon surrender of such Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the City Treasurer.

Any Bonds may be exchanged at the office of the City Treasurer for a like aggregate principal amount of other authorized denominations of the same interest rate and maturity.

Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the designated City officials shall execute and the City Treasurer shall authenticate and deliver a new Bond or Bonds of the same series, interest rate and maturity, for a like aggregate principal amount. The City Treasurer shall require the payment by any Bond owner requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer or exchange.

No transfer or exchange of Bonds shall be required to be made by the City Treasurer during the period from the Record Date (as defined in this Official Statement) next preceding each interest payment date to such interest payment date or after a notice of redemption shall have been mailed with respect to such Bond.

APPENDIX F

PROPOSED FORM OF OPINION OF CO-BOND COUNSEL

[To come]

DRAFT
11/06/18

[FORM OF BOND PURCHASE CONTRACT]

\$ _____

**CITY AND COUNTY OF SAN FRANCISCO
TAX EXEMPT GENERAL OBLIGATION BONDS
(CLEAN AND SAFE NEIGHBORHOOD PARKS, 2012)
SERIES 2018A**

**CITY AND COUNTY OF SAN FRANCISCO
TAX EXEMPT GENERAL OBLIGATION BONDS
(TRANSPORTATION AND ROAD IMPROVEMENT, 2014)
SERIES 2018 B**

PURCHASE CONTRACT

_____, 2018

City and County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 336
San Francisco, California 94102

Ladies and Gentlemen:

The undersigned _____, acting on behalf of itself (the "Representative") and the other Underwriters named on the signature page of this Purchase Contract (collectively, the "Underwriters"), offers to enter into the following agreement with the City and County of San Francisco (the "City"). Upon the acceptance of this offer by the City, this Purchase Contract will be binding upon the City and the Underwriters. This offer is made subject to the acceptance of this Purchase Contract by the City on or before 11:59 p.m. California time on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriters upon written notice (by facsimile transmission or otherwise) from the Representative delivered to the City at any time prior to the acceptance of this Purchase Contract by the City. If the Underwriters withdraw this offer, or the Underwriters' obligation to purchase the general obligation above-captioned bonds (the "Bonds") is otherwise terminated pursuant to Section 8(c) hereof, then and in such case the City shall be without any further obligation to the Underwriters, including the payment of any costs set forth under Section 10(b) hereof, and the City shall be free to sell the Bonds to any other party.

Capitalized terms used in this Purchase Contract and not otherwise defined herein shall have the respective meanings set forth for such terms in the Resolutions (as hereinafter defined).

Inasmuch as this purchase and sale represents a negotiated transaction, the City understands, and hereby confirms, that the Underwriters are not acting as a fiduciary of the City, but rather are acting solely in their capacity as Underwriters for their own account. The Representative represents and warrants to the City that it has been duly authorized to enter into this Purchase Contract and to act hereunder by and on behalf of the other Underwriters. Any authority, discretion or other power conferred upon the Underwriters by this Purchase Contract may be exercised jointly by all of the Underwriters or by the Representative on their behalf.

Section 1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth in this Purchase Contract, the Underwriters hereby jointly and severally agree to purchase from the City, and the City agrees to sell and deliver to the Underwriters, all (but not less than all) of the \$ _____ aggregate principal amount of Bonds.

The Bonds shall be dated the date of delivery thereof and shall have the maturities, subject to the right of prior prepayment, and bear interest at the rates per annum and have the yields all as set forth on Schedule I attached hereto. The purchase price for the Bonds shall be \$ _____, calculated as the aggregate principal amount of the Bonds in the amount of \$ _____, [plus/less] a [net] original issue [premium/discount] in the amount of \$ _____ and less an aggregate underwriters' discount in the amount of \$ _____. The net purchase price due at Closing shall be \$ _____, which is the purchase price less the amount of the Good Faith Deposit of \$ _____ pursuant to Section 9 hereof.

Section 2. Official Statement. The City ratifies, approves and confirms the distribution of the Preliminary Official Statement with respect to the Bonds, dated _____, 201__ (together with the appendices thereto, any documents incorporated therein by reference, and any supplements or amendments thereto, the "Preliminary Official Statement"), in connection with the offering and sale of the Bonds by the Underwriters prior to the availability of the Official Statement. The City represents that the Preliminary Official Statement was deemed final as of its date for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Corporation under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for the omission of offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, ratings and other terms of the Bonds depending on such matters.

The City shall provide the Underwriters, within 7 business days after the date hereof (but in any event at least 2 business days prior to the Closing Date (as defined herein)) with a reasonable number of copies of the Official Statement in the form of the Preliminary Official Statement with such changes thereto as have been approved by the Representative (which approval shall not be unreasonably withheld), as requested by the Representative, for distribution. The City authorizes and approves the distribution by the Underwriters of the Official Statement in connection with the offering and sale of the Bonds. The City authorizes the Representative to file, and the Representative hereby agrees to file at or prior to the Closing Date (as defined herein), the Official Statement with Municipal Securities Rulemaking Board Rule G-32 (the "MSRB"), or its designees. The Official Statement, including the appendices thereto, any documents incorporated

therein by reference, and any supplements or amendments thereto on or prior to the Closing Date is herein referred to as the "Official Statement."

Section 3. The Bonds and City Documents. The Bonds shall be as described in and shall be executed and delivered and secured under the provisions of the following resolutions (collectively, the "Resolutions"):

- [TO COME]

- The Bonds shall be payable, and shall be subject to prepayment prior to their respective stated maturities, as provided in the Resolutions and as described in the Official Statement. The Bonds are secured by *ad valorem* taxes that the Board of Supervisors of the City has the power and is obligated, and under the Resolutions has covenanted, to levy without limitation as to rate or amount upon all property subject to taxation by the City (except certain property which is taxable at limited rates) for the payment of the principal of and interest on the Bonds when due.

Section 4. The Bonds are executed and delivered for the purpose of providing funds to (a) finance _____, and (b) pay costs of issuance of the Bonds.

The this Purchase Contract and the Continuing Disclosure Certificate are sometimes referred to in this Purchase Contract as the "City Documents."

Section 5. City Representations, Covenants and Agreements. The City represents and covenants and agrees with each of the Underwriters that as of the date hereof:

(a) The City has full legal right, power and authority to enter into the City Documents, to approve the Resolutions, and to observe, perform and consummate the covenants, agreements and transactions contemplated by the City Documents and the Resolutions; by all necessary official action of the City, the City has duly adopted the Resolutions prior to or concurrently with the acceptance hereof and has approved the Preliminary Official Statement and the Official Statement; the Resolutions are in full force and effect and have not been amended, modified, rescinded or challenged by referendum; the City has duly authorized and approved the execution and delivery of, and the performance by the City of its obligations contained in, the Resolutions and the City Documents; the City has duly authorized and approved the execution and delivery of the Official Statement; and the City is in compliance in all material respects with the obligations in connection with the execution and delivery of the Bonds on its part contained in the Resolutions and the City Documents.

(b) As of the date thereof, the Preliminary Official Statement (except for information regarding The Depository Trust Company ("DTC") and its book-entry only system) did not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(c) From the date of delivery of the Official Statement (as hereinafter defined) up to and including the end of the underwriting period (as such term is defined in

Rule 15c2-12), the Official Statement (except for information regarding DTC and its book-entry only system) does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. For purposes of this Purchase Contract, the end of the underwriting period shall be deemed to be the Closing Date (as hereinafter defined), unless the Underwriters notify the City to the contrary on or prior to such date.

(d) If the Official Statement is supplemented or amended pursuant to Section 4(e), at the time of each supplement or amendment thereto and at all times subsequent thereto up to and including the Closing Date or the end of the underwriting period, as the case may be, the Official Statement as so supplemented or amended (except for information regarding DTC and its book-entry only system) will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(e) If between the date of delivery of the Official Statement and the end of the underwriting period (i) any event occurs or any fact or condition becomes known to the City that might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, the City shall notify the Representative thereof, and (ii) if in the reasonable opinion of the City or the Representative such event, fact or condition requires the preparation and publication of a supplement or amendment to the Official Statement, the City will at its expense supplement or amend the Official Statement in a form and in a manner approved by the Representative, which approval shall not be unreasonably withheld.

(f) The City is not in material violation of, or in material breach of or in material default under, any applicable constitutional provision, charter provision, law or administrative regulation or order of the State or the United States of America or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, or other agreement or instrument to which the City is a party or to which the City or any of its properties is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a material default or event of default under any such instrument; and the execution and delivery of the City Documents, the adoption of the Resolutions and compliance with the provisions of the City Documents and the Resolutions will not conflict with or constitute a material breach of or material default under any constitutional provision, charter provision, law, administrative regulation, order, judgment, court decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is subject, or by which it or any of its properties is bound, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its properties or under the terms of any such law, regulation or instrument, except as permitted by the City Documents and the Resolutions.

(g) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending, with service of process having been accomplished, or to the best knowledge of the City after due inquiry, threatened by a prospective party or their counsel in writing addressed to the City, (i) in any way questioning the corporate existence of the City or the titles of the officers of the City to their respective offices; (ii) in any way contesting, affecting or seeking to prohibit, restrain or enjoin the execution or delivery of any of the Bonds, or the payment of the principal and interest with respect to the Bonds, or the application of the proceeds of the Bonds; (iii) in any way contesting or affecting the validity of the Bonds, the Resolutions, or the City Documents, or contesting the powers of the City or any authority for the execution and delivery of the Bonds, the approval of the Resolutions or the execution and delivery by the City of the City Documents or the Official Statement; (iv) which would likely result in any material adverse change relating to the business, operations or financial condition of the City or the City's ability to levy and collect the *ad valorem* property taxes securing the Bonds, or otherwise satisfy its payment obligations with respect to the Bonds; or (v) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(h) The City will furnish such information, execute such instruments and take such other action not inconsistent with law or established policy of the City in cooperation with the Representative as may be reasonably requested (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Representative, and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions; provided, that the City shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.

(i) The City Documents when executed or adopted by the City, will be legal, valid and binding obligations of the City enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium, other laws affecting creditors rights generally, and to limitations on remedies against cities and counties under California law.

(j) All material authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, court, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the City of, its respective obligations under City Documents and the Resolutions have been duly obtained or when required for future performance are expected to be obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds.

(k) The financial statements of the City for the fiscal year ended June 30, 2015, set forth as an Appendix to the Official Statement fairly present the financial position of the City as of the dates indicated and the results of its operations, the sources and uses of its cash and the changes in its fund balances for the periods therein specified to the extent included therein and, other than as set forth in the Official Statement, were prepared in conformity with generally accepted accounting principles applied on a consistent basis.

(l) The City has never defaulted in the payment of principal or interest with respect to any of its general obligation bonds.

(m) The City will undertake, pursuant to the Resolutions and a Continuing Disclosure Certificate to provide certain annual financial information and notices of the occurrence of certain events, if material, pursuant to paragraph (b)(5) of Rule 15c2-12. An accurate description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement. The City has been and is in compliance with its continuing disclosure obligations under Rule 15c2-12, as described in the Official Statement.

(n) Between the date hereof and the Closing Date, the City will not supplement or amend the City Documents, the Resolutions or the Official Statement in any respect that is material to the obligations of the City under this Purchase Contract without the prior written consent of the Representative, which consent shall not be unreasonably withheld.

Section 6. Underwriters' Representations, Covenants and Agreements. Each of the Underwriters represents and covenants and agrees with the City that:

(a) The Representative has been duly authorized to enter into this Purchase Contract and to act hereunder by and on behalf of the Underwriters.

(b) It shall comply with the San Francisco Business Tax Resolution and shall, if not otherwise exempt from such Resolution, provide to the City a Business Tax Registration Certificate on or prior to the date hereof.

(c) It shall comply with Chapter 12B of the San Francisco Administrative Code, entitled "Nondiscrimination in Contracts," which is incorporated herein by this reference.

Section 7. Offering. It shall be a condition to the City's obligations to sell and to deliver the Bonds to the Underwriters and to the Underwriters' obligations to purchase and to accept delivery of the Bonds that the entire \$ _____ principal amount of the Bonds shall be issued, sold and delivered by or at the direction of the City and purchased, accepted and paid for by the Underwriters at the Closing. On or prior to the Closing, the Representative will provide the City with information regarding the reoffering prices and yields on the Bonds, in such form as the City may reasonably request.

The Underwriters agree to make a bona fide public offering of all the Bonds, at prices not in excess of the initial public offering prices as set forth in the Official Statement. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the public offering price stated on the cover of

the Official Statement. Each of the Underwriters will provide, consistent with the requirements of MSRB, for the delivery of a copy of the Official Statement to each customer who purchases a Bond during the underwriting period. Each of the Underwriters further agree that it will comply with applicable laws and regulations, including without limitation Rule 15c2-12, in connection with the offering and sale of the Bonds.

Section 8. Closing. At 8:30 a.m., California time, on _____, 2018, or at such other time as shall have been mutually agreed upon by the City and the Representative (the "Closing Date" or the "Closing"), the City will deliver or cause to be delivered to the account of the Representative (through DTC) the Bonds duly executed on behalf of the City, together with the other certificates, opinions and documents set forth in Section 8(d); and the Representative will accept such delivery (through DTC) and pay by wire transfer the purchase price of the Bonds set forth in Section 1.

Payment for the delivery of the Bonds shall be coordinated at the offices of _____, or at such other place as may be mutually agreed upon by the City and the Underwriters. Such payment and delivery is called the "Closing." The Representative shall order CUSIP identification numbers and the City shall cause such CUSIP identification numbers to be printed on the Bonds, but neither the failure to print any such number on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the Representative to accept delivery of and pay for the Bonds in accordance with the terms of this Purchase Contract. Physical delivery of the Bonds shall be made to the City Treasurer, as agent for DTC under the Fast Automated Securities Transfer System, or as otherwise instructed by the Underwriters, and will be in printed form, will be prepared and delivered in registered form and will be registered in the name of Cede & Co., as nominee of DTC. The Bonds will be made available to the Representative for checking not less than 2 business days prior to the Closing.

Section 9. Closing Conditions. The Underwriters have entered into this Purchase Contract in reliance upon the representations and warranties of the City contained herein and to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the City of the obligations to be performed hereunder and under such documents and instruments to be delivered at or prior to the Closing, and the Underwriters' obligations under this Purchase Contract are and shall also be subject to the following conditions:

- (a) the representations and warranties of the City herein shall be true, complete and correct on the date thereof and on and as of the Closing Date, as if made on the Closing Date;
- (b) at the time of the Closing, the City Documents shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to by the Representative;
- (c) (1) the Underwriters shall have the right to cancel their obligation to purchase the Bonds by written notification from the Representative to the City if at any time after the date of this Purchase Contract and prior to the Closing:

(i) any event shall have occurred or any fact or condition shall have become known which, in the reasonable judgment of the Underwriters upon consultation with the City, Co-Bond Counsel and Disclosure Counsel (both as hereinafter defined), either (A) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or (B) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect; or

(ii) legislation shall be enacted, or a decision by a court of the United States shall be rendered, or any action shall be taken by, or on behalf of, the Securities and Exchange Commission which in the reasonable opinion of the Underwriters has the effect of requiring the Bonds to be registered under the Securities Act of 1933, as amended, or requires the qualification of the Resolutions under the Trust Indenture Act of 1939, as amended, or any laws analogous thereto relating to governmental bodies; or

(iii) any national securities exchange, the Comptroller of the Currency, or any other governmental authority, shall impose as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriters.

(iv) any state blue sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(v) there shall have occurred any materially adverse change in the affairs or financial condition of the City, except for changes which the Official Statement discloses are expected to occur; provided however, that any such material adverse change shall have the effect of materially adversely affecting, directly or indirectly, the market price of the Bonds, the ability of the Underwriters to enforce contracts for the Bonds or the sale at the contemplated offering price by the Underwriters of the Bonds;

(2) The Underwriters shall have the further right to cancel their obligation to purchase the Bonds by written notification from the Representative to the City if at any time after the date of this Purchase Contract and prior to the Closing any of the following occurs and in the reasonable judgment of the Representative would have the effect of materially adversely affecting, directly or indirectly, the market price of the Bonds, the ability of the Underwriters to enforce contracts for the Bonds or the sale at the contemplated offering price by the Underwriters of the Bonds:

(i) there shall have occurred or any notice shall have been given of any, downgrading, suspension, withdrawal, or negative change in credit watch status by Moody's Investors Service, Standard & Poor's Ratings Services and Fitch, Inc. or

any other national rating service to any of the City's obligations (including the ratings to be accorded the Bonds);

(ii) any proceeding shall have been commenced or be threatened in writing by the Securities and Exchange Commission (the "SEC") against the City;

(iii) an amendment to the Constitution of the United States or the State of California shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the California legislature or legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended to the Congress of the United States or to the California legislature or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed for consideration by either such Committee by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State of California or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State of California authority, with respect to federal or State of California taxation upon revenues or other income of the general character to be derived pursuant to the Resolutions which may have the purpose or effect, directly or indirectly, of affecting the tax status of the City, its property or income, its securities (including the Bonds) or any tax exemption granted or authorized by State of California legislation or, in the reasonable judgment of the Representative, materially and adversely affecting the market for the Bonds or the market price generally of obligations of the general character of the Bonds;

(iv) the declaration of war or engagement in, or escalation of, military hostilities by the United States or the occurrence of any other national emergency or calamity relating to the effective operation of the government of, or the financial community in, the United States;

(v) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange or the establishment of minimum prices on such national securities exchanges, or the establishment of material restrictions (not in force as the date hereof) upon trading securities generally by any governmental authority or any national securities exchange; or

(vi) an order, decree or injunction of any court of competent jurisdiction, or order, ruling, regulation or official statement by the SEC, or any other governmental agency having jurisdiction of the subject matter, issued or made to the effect that the delivery, offering or sale of obligations of the general character of the Bonds, or the delivery, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect;

(vii) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, Underwriters;

(viii) the purchase of and payment for the Bonds by the Underwriters, or the resale of the Bonds by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

(d) at or prior to the Closing, the Underwriters shall have received each of the following documents:

(1) the Official Statement, together with any supplements or amendments thereto in the event the Official Statement has been supplemented or amended, with the Official Statement and each supplement or amendment (if any) signed on behalf of the City by its authorized officer;

(2) copies of the adopted Resolutions, certified by the Clerk of the Board of Supervisors as having been duly enacted by the Board of Supervisors of the City and as being in full force and effect;

(3) a certificate of the City executed by its authorized officer(s), substantially in the form attached hereto as Exhibit A;

(4) unqualified opinions of _____ (“Co-Bond Counsel”), in substantially the form set forth in Appendix G to the Official Statement;

(5) supplemental opinions of Co-Bond Counsel, addressed to the City and the Underwriters, dated the Closing Date and substantially in the form attached hereto as Exhibit C;

(6) an opinion of Hawkins Delafield & Wood LLP, Disclosure Counsel, addressed to the City in form and substance acceptable to the City and the City Attorney;

(7) a letter of _____, Underwriters’ Counsel (“Underwriters’ Counsel”), dated the Closing Date and addressed to the Underwriters in form and substance acceptable to the Underwriters;

(8) evidence of required filings with the California Debt and Investment Advisory Commission;

(9) evidence satisfactory to the Representative that Moody's Investors Service, Inc., Standard & Poor's Ratings Services and Fitch, Inc. have assigned ratings to the Bonds set forth in the Preliminary Official Statement;

(10) the Continuing Disclosure Certificate duly executed by the City;

(11) a Tax Certificate; and

(12) such additional legal opinions, certificates, instruments or other documents as the Representative may reasonably request to evidence the truth and accuracy, as of the date of this Purchase Contract and as of the Closing Date, of the City's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the City on or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the City.

All of the opinions, letters, certificates, instruments and other documents mentioned in this Purchase Contract shall be deemed to be in compliance with the provisions of this Purchase Contract if, but only if, they are in form and substance satisfactory to the Representative and Underwriters' Counsel (provided that the letter described in subsection (d)(9) above shall be deemed satisfactory for purposes of this paragraph). If the City is unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Purchase Contract, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds are terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriters nor the City shall be under further obligations hereunder, except that the respective obligations of the City and the Underwriters set forth in Section 10 of this Purchase Contract shall continue in full force and effect.

Section 10. Good Faith Deposit. To secure the City from any loss resulting from the failure of the Underwriters to comply with the terms of this Purchase Contract, the Representative has sent to the City Treasurer a wire transfer (in immediately available funds) payable to the order of the City Treasurer, for the benefit of the City, in the amount of \$ _____ (the "Good Faith Deposit"), the receipt of which is hereby acknowledged by the City. The Good Faith Deposit will, immediately upon the City's acceptance of this offer, become the property of the City. The Good Faith Deposit will be held and invested for the exclusive benefit of the City. At the Closing, the Underwriters shall pay or cause to be paid the net purchase price of the Bonds (as specified in Section 1 of this Purchase Contract) which takes into account the Good Faith Deposit. If the Underwriters fail to pay the purchase price in full upon tender of the Bonds (other than for a reason expressly set forth in Section 8 of this Purchase Contract), the Underwriters will have no right to recover the Good Faith Deposit or to any allowance or credit therefor, and the Good Faith Deposit, together with any interest thereon, will be retained by the City as and for liquidated damages for such failure by the Underwriters. Retention of the Good Faith Deposit shall constitute the City's sole and exclusive remedy and full liquidated damages for the Underwriters' failure (other than for a reason expressly set forth herein) to purchase and accept delivery of the Bonds pursuant to

the terms of this Purchase Contract. Upon such retention, the Underwriters shall be released and discharged from any and all claims for damages by the City against the Underwriters related to such failure and any other defaults by Underwriters hereunder. The Underwriters and the City hereby acknowledge and agree that the amount fixed pursuant to this Section for liquidated damages does not constitute a penalty and is a reasonable estimate of the damages that the City would sustain in the event of the Underwriters' failure to purchase and to accept delivery of the Bonds pursuant to the terms of this Purchase Contract. The amount is agreed upon and fixed as liquidated damages because of the difficulty of ascertaining as of the date hereof the amount of damages that would be sustained in such event. Each of the Underwriters waives any right to claim that actual damages resulting from such failure are less than the amount of such liquidated damages.

Section 11. Expenses.

(a) Except for those expenses assigned to the Underwriters pursuant to Section 10(b) hereof, the Underwriters shall be under no obligation to pay, and the City shall pay, any expenses incident to the performance of the City's obligations under this Purchase Contract and the fulfillment of the conditions imposed hereunder, including but not limited to: (i) the fees and disbursements of Co-Bond Counsel, Disclosure Counsel and Acacia Financial Group, Inc. and CSG Advisors Incorporated (the "Co-Financial Advisors"); (ii) the fees and disbursements of any counsel, auditors, engineers, consultants or others retained by the City in connection with the transactions contemplated herein; (iii) the costs of preparing and printing the Bonds; (iv) the costs of the printing of the Official Statement (and any amendment or supplement prepared pursuant to Section 4(e) of this Purchase Contract); and (v) any fees charged by investment rating agencies for the rating of the Bonds.

(b) The Underwriters shall pay all expenses incurred by the Underwriters in connection with the offering and distribution of the Bonds, including but not limited to: (i) all advertising expenses in connection with the offering of the Bonds; (ii) the costs of printing the Blue Sky memorandum used by the Underwriters, (iii) all out-of-pocket disbursements and expenses incurred by the Underwriters in connection with the offering and distribution of the Bonds, including the fees of the CUSIP Service Bureau for the assignment of CUSIP numbers; and (iv) all other expenses incurred by the Underwriters in connection with the offering and distribution of the Bonds, including the fees and disbursements of Underwriters' Counsel.

Section 12. Notices. Any notice or other communication to be given to the City under this Purchase Contract may be given by delivering the same in writing to the City at the address set forth above and any notice or other communication to be given to the Underwriters under this Purchase Contract may be given by delivering the same in writing to the Representative:

_____,
_____,
Attention: _____.

Section 13. Parties in Interest. This Purchase Contract is made solely for the benefit of the City and the Underwriters (including the successors or assigns of the Underwriters), and no other person shall acquire or have any right hereunder or by virtue of this Purchase Contract. All of the representations, warranties and agreements of the City contained in this Purchase Contract shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriters; (ii) delivery of and payment for the Bonds, pursuant to this Purchase Contract; and (iii) any termination of this Purchase Contract.

Section 14. Invalid or Unenforceable Provisions. In the event that any provision of this Purchase Contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of this Purchase Contract.

Section 15. Counterparts. This Purchase Contract may be executed by facsimile transmission and in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute the Purchase Contract by signing any such counterpart.

Section 16. Governing Law; Venue. This Purchase Contract shall be governed by and interpreted under the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Purchase Contract shall be in the City and County of San Francisco.

Section 17. City Contracting Requirements.

(a) Underwriters Shall Not Discriminate. In the performance of this Purchase Contract, the Underwriters agree not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, weight, height, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or associated with members of such protected classes, or in retaliation for opposition to discrimination against such classes against any employee of, any City employee working with, or applicant for employment with the Underwriters in any of the Underwriters' operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services or membership in all business, social or other establishments or organizations operated by the Underwriters.

(b) Subcontracts. The Underwriters shall incorporate by reference in all subcontracts made in fulfillment of its obligations hereunder the provisions of Section 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from purchasing) and shall require all subcontractors to comply with such provisions. The Underwriters' failure to comply with the obligations in this subsection shall constitute a material breach of this Purchase Contract.

(c) Non-Discrimination in Benefits. The Underwriters do not as of the date of this Purchase Contract and will not during the term of this Purchase Contract, in any of its operations in San Francisco, California, or on real property owned by San Francisco,

California, or where the work is being performed for the City elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) HRC Form. The Underwriters shall execute the “Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits” form (Form HRC 12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Purchase Contract as though fully set forth herein. The Underwriters shall comply fully with and be bound by all of the provisions that apply to this Purchase Contract under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, the Underwriters understand that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Purchase Contract may be assessed against the Underwriters and/or deducted from any payments due the Underwriters; provided, however that such damages shall not be set off against the payment of rental or other contract related to Bonds, certificates of participation or other debt obligation of the City.

(f) Drug-Free Workplace Policy. The Underwriters acknowledge that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City premises. The Underwriters agrees that any violation of this prohibition by the Underwriters, its employees, agents or assigns will be deemed a material breach of this Purchase Contract.

(g) Compliance with Americans with Disabilities Act. Without limiting any other provisions of this Purchase Contract, the Underwriters shall provide the services specified in this Purchase Contract in a manner that complies with the Americans with Disabilities Act (“ADA”) Title 24, and any and all other applicable federal, state and local disability rights legislation. The Underwriters agree not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Purchase Contract and further agrees that any violation of this prohibition on the part of the Underwriters, its employees, agents or assigns shall constitute a material breach of this Purchase Contract.

(h) Sunshine Ordinance. In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors’ bids, responses to solicitations and all other records

of communications between the City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

(i) Prohibition on Political Activity with City Funds. In accordance with San Francisco Administrative Code Chapter 12.G, the Underwriters may not participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure in the performance of the services provided under this Purchase Contract. The Underwriters agree to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event the Underwriters violate the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Purchase Contract, and (ii) prohibit the Underwriters from bidding on or receiving any new City contract for a period of two (2) years.

(j) MacBride Principles—Northern Ireland. The City urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, et seq. The City urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

(k) Tropical Hardwood and Virgin Redwood Ban. The City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood product or any virgin redwood or virgin redwood product.

(l) Repeal of Administrative Code Provisions. To the extent that the City repeals any provision of the Administrative Code incorporated, set forth or referenced in this Section 15, other than pursuant to a restatement or amendment of any such provision, such provision, as incorporated, set forth or referenced herein, shall no longer apply to this Purchase Contract or the Underwriters.

(m) Limitations on Contributions. Through execution of this Purchase Contract, each Underwriter acknowledges that it is familiar with section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or a board on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Each Underwriter acknowledges that the foregoing restriction

applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Each Underwriter further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of such Underwriter's board of directors; such Underwriter's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in such Underwriter; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by such Underwriter. Additionally, each Underwriter acknowledges that such Underwriter must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126.

(n) Requiring Minimum Compensation for Covered Employees. Each Underwriter agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance ("MCO"), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 12P are incorporated herein by reference and made a part of this Purchase Contract as though fully set forth. The text of the MCO is available on the web at www.sfgov.org/olse/mco. A partial listing of some of the Underwriters' obligations under the MCO is set forth in this Section. Each Underwriter is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Purchase Contract shall have the meanings assigned to such terms in Chapter 12P. Consistent with the requirements of the MCO, each Underwriter agrees to all of the following:

(i) The MCO requires each Underwriter to pay such Underwriter's employees a minimum hourly gross compensation wage rate and to provide minimum compensated and uncompensated time off. The minimum wage rate may change from year to year and such Underwriter is obligated to keep informed of the then-current requirements. Any subcontract entered into by an Underwriter shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. It is each Underwriter's obligation to ensure that any subcontractors of any tier under this Purchase Contract comply with the requirements of the MCO. If any subcontractor under this Purchase Contract fails to comply, the City may pursue any of the remedies set forth in this Section against such Underwriter. Nothing in this Section shall be deemed to grant any Underwriter the right to subcontract.

(ii) No Underwriter shall take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the MCO. Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

(iii) Each Underwriter shall maintain employee and payroll records as required by the MCO. If such Underwriter fails to do so, it shall be presumed that such Underwriter paid no more than the minimum wage required under State law.

(iv) The City is authorized to inspect each Underwriter's job sites and conduct interviews with employees and conduct audits of such Underwriter.

(v) Each Underwriter's commitment to provide the Minimum Compensation is a material element of the City's consideration for this Purchase Contract. The City in its sole discretion shall determine whether such a breach has occurred. The City and the public will suffer actual damage that will be impractical or extremely difficult to determine if such Underwriter fails to comply with these requirements. Each Underwriter agrees that the sums set forth in Section 12P.6.1 of the MCO as liquidated damages are not a penalty, but are reasonable estimates of the loss that the City and the public will incur for such Underwriter's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.

(vi) Each Underwriter understands and agrees that if it fails to comply with the requirements of the MCO, the City shall have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law. If, within 30 days after receiving written notice of a breach of this Purchase Contract for violating the MCO, such Underwriter fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, such Underwriter fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 12P.6(c) of Chapter 12P. Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

(vii) Each Underwriter represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

(viii) If an Underwriter is exempt from the MCO when this Purchase Contract is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000, but such Underwriter later enters into an agreement or agreements that cause such Underwriter to exceed that amount in a fiscal year, such Underwriter shall thereafter be required to comply with the MCO under this Purchase Contract. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between such Underwriter and this department to exceed \$25,000 in the fiscal year.

(o) Requiring Health Benefits for Covered Employees. Each Underwriter agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance ("HCAO"), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated by reference and made a part of this Purchase Contract as though fully set forth herein. The text of the HCAO is available on the web at www.sfgov.org/olse. Capitalized terms used in this Section and not defined in this Purchase Contract shall have the meanings assigned to such terms in Chapter 12Q.

(i) For each Covered Employee, each Underwriter shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If such Underwriter chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(ii) Notwithstanding the above, if an Underwriter is a small business as defined in Section 12Q.3(e) of the HCAO, it shall have no obligation to comply with part (i) above.

(iii) An Underwriter's failure to comply with the HCAO shall constitute a material breach of this Purchase Contract. The City shall notify such Underwriter if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Purchase Contract for violating the HCAO, such Underwriter fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, such Underwriter fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue the remedies set forth in 12Q.5.1 and 12Q.5(f)(1-6). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

(iv) Any Subcontract entered into by an Underwriter shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Such Underwriter shall notify City's Office of Contract Administration when it enters into such a Subcontract and shall certify to the Office of Contract Administration that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Underwriter shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this Section against the applicable Underwriter based on the Subcontractor's failure to comply, provided that the City has first provided such Underwriter with notice and an opportunity to obtain a cure of the violation.

(v) No Underwriter shall discharge, reduce in compensation, or otherwise discriminate against any employee for notifying the City with regard to such Underwriter's noncompliance or anticipated noncompliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(vi) Each Underwriter represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(vii) Each Underwriter shall maintain employee and payroll records in compliance with the California Labor Code and Industrial Welfare Commission orders, including the number of hours each employee has worked on the City Contract.

(viii) Each Underwriter shall keep itself informed of the current requirements of the HCAO.

(ix) Each Underwriter shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

(x) Each Underwriter shall provide the City with access to records pertaining to compliance with HCAO after receiving a written request from the City to do so and being provided at least ten business days to respond.

(xi) Each Underwriter shall allow the City to inspect such Underwriter's job sites and have access to such Underwriter's employees in order to monitor and determine compliance with HCAO.

(xii) The City may conduct random audits of each Underwriter to ascertain its compliance with HCAO. Each Underwriter agrees to cooperate with the City when it conducts such audits.

(xiii) If an Underwriter is exempt from the HCAO when this Purchase Contract is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but such Underwriter later enters into an agreement or agreements that cause such Underwriter's aggregate amount of all agreements with the City to reach \$75,000, all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between such Underwriter and the City to be equal to or greater than \$75,000 in the fiscal year.

(p) Prohibition on Political Activity with City Funds. In accordance with San Francisco Administrative Code Chapter 12.G, no Underwriter may participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "Political Activity") in the performance of the services provided under this Purchase Contract. Each Underwriter agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event that an Underwriter violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Purchase Contract, and (ii) prohibit such Underwriter from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider an Underwriter's use of profit as a violation of this section.

(q) Protection of Private Information. Each Underwriter has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, "Nondisclosure of Private Information," and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. Each Underwriter agrees that any failure of such Underwriter to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of this Purchase Contract. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate this Purchase Contract, bring a false claim action against such Underwriter pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar such Underwriter.

(r) Graffiti Removal. Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the City's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the City and its residents, and to prevent the further spread of graffiti.

Each Underwriter shall remove all graffiti from any real property owned or leased by such Underwriter in the City and County of San Francisco within forty eight (48) hours of the earlier of such Underwriter's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require any Underwriter to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

Any failure of an Underwriter to comply with this section of this Purchase Contract shall constitute a material breach of this Purchase Contract.

(s) Food Service Waste Reduction Requirements. Each Underwriter agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Purchase Contract as though fully set forth. This provision is a material term of this Purchase Contract. By entering into this Purchase Contract, each Underwriter agrees that if it breaches this provision, the City will suffer actual damages that will be impractical or extremely difficult to determine; further, each Underwriter agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that the City will incur based on the violation, established in light of the

circumstances existing at the time this Purchase Contract was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by the City because of such Underwriter's failure to comply with this provision.

(t) Conflicts of Interest. Through its execution of this Purchase Contract, each Underwriter acknowledges that it is familiar with the provisions of Section 15.103 of the City Charter, Article III, Chapter 2 of the City's Campaign and Governmental Conduct Code, and Sections 87100 et seq. and Sections 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitute a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Purchase Contract.

Section 18. Headings. The section headings in this Purchase Contract are inserted for convenience only and shall not be deemed to be a part hereof.

This Purchase Contract shall become effective upon execution of the acceptance of this Purchase Contract by the City and shall be valid and enforceable as of the time of such acceptance.

Very truly yours;

[UNDERWRITERS]

By: _____, as Representative

By: _____
[Title]

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Deputy Controller

ACCEPTED at [_____] [a.m./p.m.] Pacific Time this ___ day of _____, 2018

APPROVED AS TO FORM:

DENNIS J. HERRERA,
CITY ATTORNEY

By: _____
MARK D. BLAKE
Deputy City Attorney

SCHEDULE 1

<u>Maturity Date</u> <u>()</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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\$ _____ % Term Bonds Due _____ 1, 20 __, Yield: _____ %, Price: _____ %

\$ _____ % Term Bonds Due _____ 1, 20 __, Yield: _____ %, Price: _____ %

EXHIBIT A

\$ _____

**CITY AND COUNTY OF SAN FRANCISCO
TAX EXEMPT GENERAL OBLIGATION BONDS
(CLEAN AND SAFE NEIGHBORHOOD PARKS, 2012)
SERIES 2018A**

**CITY AND COUNTY OF SAN FRANCISCO
TAX EXEMPT GENERAL OBLIGATION BONDS
(TRANSPORTATION AND ROAD IMPROVEMENT, 2014)
SERIES 2018 B**

FORM OF CERTIFICATE OF THE CITY

The undersigned _____, _____ and _____, respectively, of the City and County of San Francisco ("the City"), acting in their official capacities, hereby certify as follows in connection with the execution, delivery and sale of the general obligation bonds captioned above (the "Bonds"):

1. The City is a chartered city and county duly organized and validly existing under its Charter and the Constitution of the State of California (the "State"), with full right, power and authority to (a) manage, control, hold and convey property for the use and benefit of the City, and (b) enter into and perform all of the transactions contemplated by the _____ the Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") executed by the City and the Purchase Contract, dated _____, 20__ (the "Purchase Contract"), between the City and _____, acting on its behalf and on behalf of _____, as underwriters. The Continuing Disclosure Certificate and the Purchase Contract are sometimes referred to in this Certificate as the "City Documents." Capitalized terms not otherwise defined herein shall have the meanings assigned thereto in the Purchase Contract.

2. The persons named below are now, and at all times from and after _____ 1, 20__, have been duly appointed and qualified officers of the City holding the offices of the City set forth opposite their respective names, and each of the undersigned certifies that the signature affixed following the other of the undersigned's name and office is the genuine signature of such person.

3. The representations and warranties of the City contained in the Purchase Contract are true, complete and correct as of the Closing Date as if made on such Closing Date.

4. The City has duly authorized the execution and delivery of the City Documents and is authorized to perform the obligations on its part to be performed under the City Documents, and each of the City Documents constitutes the legal, valid and binding obligation of the City enforceable against the City in accordance with its respective terms.

5. Except for any information about book-entry or The Depository Trust Company, included therein, as to which we express no opinion or view, as of the date thereof, the Official

Statement as of its date did not, and as of the date hereof, does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

6. The City is not in breach of or in default under any applicable law or administrative regulation of the State or the United States of America or any applicable judgment or decree or any loan agreement, note, ordinance, resolution, agreement or other instrument to which the City is party or otherwise subject, which breach or default would in any way materially and adversely affect the City Documents or the performance of any of the City's obligations thereunder. No event has occurred and is continuing that with the passage of time or giving of notice, or both, would constitute such a breach or default. The execution and delivery by the City of the City Documents and compliance with the provisions thereof will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree or any agreement or other instrument to which the City is a party or is otherwise subject; nor will any such execution, delivery or compliance result in the creation or imposition of any lien, charge, encumbrance or security interest of any nature whatsoever upon any of the revenues, property or assets of the City, except as expressly provided or permitted by the Resolutions.

7. No litigation is pending (with service of process having been accomplished) or, to the knowledge of the undersigned, threatened (a) to restrain or enjoin the execution of or the delivery of the Bonds, the execution of and performance by the City under the City Documents or the use and occupancy by the City of the Project (as defined in the Resolutions) or (b) in any way contesting or affecting the validity of the Bonds, the City Documents or the performance by the City under the City Documents.

8. There is no litigation pending (with service of process having been accomplished), or, to the knowledge of the undersigned, threatened against the City or involving any of the property or assets under the control of the City, including, without limitation, the Facilities that involves the possibility of any judgment or uninsured liability which may result in any material adverse change in the business, properties or assets or in the condition, financial, physical, legal or otherwise, of the City or of the Facilities.

10. The City does hereby certify that Resolution No. _____, adopted by the Board of Supervisors of the City on _____, 20__ and signed by the Mayor of the City on _____, 20__, and Resolution No. _____, adopted by the Board of Supervisors of the City on _____, 20__ and signed by the Mayor of the City on _____, 20__ were duly adopted at proceedings duly conducted by the City and that such Resolutions are in full force and effect and have not been amended, modified or rescinded as of the date hereof.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands.

Dated: _____, 2018.

Name

Office

Signature

EXHIBIT C

FORM OF SUPPLEMENTAL OPINION OF CO-BOND COUNSEL

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *EW* Mayor Edwin M. Lee *[Signature]*
RE: City and County of San Francisco General Obligation Bonds (Clean and Safe Neighborhood Parks, 2012), Series 2018A (Transportation and Road Improvement, 2014), Series 2018B
DATE: November 28, 2017

RECEIVED
11/28/2017 @ 8:31pm
[Signature]

Attached for introduction to the Board of Supervisors are two resolutions authorizing the sale of General Obligation Bonds for Clean & Safe Neighborhood Parks and Transportation & Road Improvement and two ordinances appropriating bond proceeds:

1. Resolution authorizing and directing the sale of not to exceed \$177,000,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (Transportation and Road Improvement Bonds, 2014), Series 2018B; prescribing the form and terms of said bonds, authorizing the execution, authentication, and registration of said bonds; providing for the appointment of depositories and other agents for said bonds, providing for the establishment of accounts related to said bonds, providing for the manner of sale of said bonds by either competitive or negotiated sale; approving the forms of Official Notice of Sale and Notice of Intention to Sell Bonds; directing the publication of the Notice of Intention to Sell Bonds; approving the form of the Preliminary Official Statement and the form and execution of the Official Statement relating to the sale of said bonds; approving the form of the Continuing Disclosure Certificate; authorizing and approving modifications to documents, as defined herein, declaring the City's official intent to reimburse certain expenditures; waiving the deadline for submission of Bond Accountability Reports; adopting findings under the California Environmental Quality Act (CEQA), CEQA Guidelines and Chapter 31 of the Administrative Code; ratifying certain actions previously taken as defined herein; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale, and delivery of said bonds, as defined herein.
2. Ordinance appropriating \$177,000,000 of proceeds from General Obligation Bonds Transportation and Road Improvements, 2014— Series 2018B to Municipal Transportation Agencies for street and transit projects in FY 2017-2018; and placing \$177,000,000 of appropriations on Controller's Reserve pending receipt of proceeds of indebtedness.
3. Resolution authorizing and directing the sale of not to exceed \$76,710,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (Clean and Safe Neighborhood Parks Bonds, 2012), Series 2018A; prescribing the form and terms of said bonds; authorizing the execution, authentication, and registration of said bonds; providing for the appointment of depositories and other agents for said bonds; providing for the establishment of

accounts related to said bonds; providing for the manner of sale of said bonds by competitive or negotiated sale; approving the forms of Official Notice of Sale and Notice of Intention to Sell Bonds; directing the publication of the Notice of Intention to Sell Bonds; approving the form of the Preliminary Official Statement and the form and execution of the Official Statement relating to the sale of said Bonds; approving the form of the Continuing Disclosure Certificate; authorizing and approving modifications to documents, as defined herein; declaring the City's official intent to reimburse certain expenditures; waiving the deadline for submission of Bond Accountability Reports; adopting findings under the California Environmental Quality Act (CEQA), CEQA Guidelines and Chapter 31 of the Administrative Code; ratifying certain actions previously taken as defined herein; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale, and delivery of said bonds, as defined herein.

4. Ordinance appropriating \$76,710,000, consisting of proceeds from the third issuance of the 2012 Clean and Safe Neighborhood Parks General Obligation Bond, Series 2018A, to the Recreation and Park Department to support the renovation, repair, and construction of parks and open spaces; and placing \$76,710,000 on Controller's Reserve pending receipt of proceeds of indebtedness in FY2017-18.

I respectfully request that this items be calendared in Budget & Finance Committee on December 14, 2017.

Should you have any questions, please contact Mawuli Tugbenyoh (415) 554-5168.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 16-013

WHEREAS, The San Francisco Municipal Transportation Agency has proposed parking and traffic modifications along the 22 Fillmore Muni transit corridor included in the Muni Forward Service-Related Capital Improvements and Travel Time Reduction Proposals and support the SFMTA's Vision Zero program:

- A. ESTABLISH – BUS ONLY LANE - 16th Street, westbound, from Third Street to Church Street; 16th Street, eastbound, from Bryant Street to Potrero Avenue; 16th Street, eastbound, from Vermont Street to Third Street.
- B. ESTABLISH – BUS ZONE AND SIDEWALK WIDENING - 16th Street, north side, from Church Street to 78 feet easterly (6-foot wide bus bulb replaces bus zone); 16th Street, north side, from Dolores Street to 71 feet westerly (6-foot wide bus bulb– bus stop relocated to farside); 16th Street, south side, from Dolores Street to 83 feet easterly (6-foot wide bus bulb– bus stop relocated to farside); 16th Street, north side, from Valencia Street to 118 feet westerly (6-foot wide bus bulb– bus stop relocated to farside, relocates a blue zone, removes four metered parking spaces and one yellow parking zone); 16th Street, south side, from Valencia Street to 118 feet easterly (6-foot wide bus bulb– bus stop relocated to farside, removes 3 metered parking spaces and one yellow parking zone); 16th Street, north side, from Mission Street to 126 feet easterly (6-foot wide bus bulb replaces bus zone); 16th Street, south side, from Mission Street to 116 feet westerly (6-foot wide bus bulb replaces bus zone); 16th Street, south side, from Shotwell Street to 146 feet easterly (6-foot wide bus bulb replaces bus zone); 16th Street, north side, from Folsom Street to 118 feet westerly (6-foot wide bus bulb replaces bus zone); 16th Street, north side, from Potrero Avenue to 115 feet westerly (6-foot wide bus bulb replaces bus zone); 16th Street, north side, from Rhode Island Street to 95 feet westerly (6-foot wide bus bulb replaces bus zone); 16th Street, north side, from Wisconsin Street to 118 feet westerly (6-foot wide bus bulb replaces bus zone); 16th Street, north side, from Missouri Street to 118 feet westerly (6-foot wide bus bulb replaces bus zone).
- C. ESTABLISH – TOW-AWAY NO STOPPING ANYTIME AND BOARDING ISLAND - Folsom Street, east side, from 16th Street to 115 feet northerly; Folsom Street, west side, from 16th Street to 115 feet southerly (shortens existing yellow zone by 20 feet); 16th Street, north side, from Bryant Street to 200 feet easterly; 16th Street, south side, from Potrero Avenue to 100 feet westerly; Street, south side, from Rhode Island Street to 198 feet westerly; 16th Street, south side, from Wisconsin Street to 200 feet westerly; 16th Street, south side, from Missouri Street to 200 feet westerly.
- D. ESTABLISH – NO PARKING ANYTIME AND SIDEWALK WIDENING - Dolores Street, west side, from 16th Street to 18 feet northerly (6-foot wide pedestrian bulb); 16th Street, south side, from Dolores Street to 18 feet westerly (6-foot wide pedestrian bulb); Dolores Street, west side, from 16th Street to 18 feet southerly (6-foot wide pedestrian bulb, removes 18 feet of passenger loading zone); 16th Street, north side, from Guerrero Street to 18 feet westerly (6-foot wide pedestrian bulb); Guerrero Street, west side, from

16th Street to 18 feet northerly (6-foot wide pedestrian bulb); 16th Street, north side, from Guerrero Street to 18 feet easterly (6-foot wide pedestrian bulb); Guerrero Street, east side, from 16th Street to 18 feet northerly (6-foot wide pedestrian bulb, relocates 18 feet of a commercial loading zone northerly); 16th Street, south side, from Guerrero Street to 18 feet easterly (6-foot wide pedestrian bulb); Guerrero Street, east side, from 16th Street to 18 feet southerly (6-foot wide pedestrian bulb); 16th Street, south side, from Guerrero Street to 15 feet westerly (4-foot wide pedestrian bulb); Guerrero Street, west side, from 16th Street to 15 feet southerly (4-foot wide pedestrian bulb); 16th Street, north side, from Mission Street to 18 feet westerly (6-foot wide pedestrian bulb); 16th Street, north side, from Capp Street to 63 feet westerly (6-foot wide pedestrian bulb, removes 1 metered parking space); Capp Street, west side, from 16th Street to 18 feet northerly (6-foot wide pedestrian bulb); 16th Street, north side, from Capp Street to 18 feet easterly (6-foot wide pedestrian bulb, relocates a yellow metered parking space); Capp Street, east side, from 16th Street to 18 feet northerly (6-foot wide pedestrian bulb, relocates existing blue zone northerly); 16th Street, south side, from Capp Street to 54 feet easterly (6-foot wide pedestrian bulb, removes 1 metered parking space); Capp Street, east side, from 16th Street to 18 feet southerly (6-foot wide pedestrian bulb, removes 1 metered parking space); 16th Street, south side, from Capp Street to 20 feet westerly (6-foot wide pedestrian bulb); Capp Street, west side, from 16th Street to 18 feet southerly (6-foot wide pedestrian bulb, relocates existing blue zone southerly); 16th Street, north side, from Folsom Street to 23 feet easterly (6-foot wide pedestrian bulb); 16th Street, south side, from Folsom Street to 18 feet easterly (6-foot wide pedestrian bulb); Folsom Street, east side, from 16th Street to 18 feet southerly (6-foot wide pedestrian bulb); 16th Street, south side, from Folsom Street to 21 feet westerly (6-foot wide pedestrian bulb); 16th Street, north side, from Harrison Street to 42 feet easterly (6-foot wide pedestrian bulb and bike corral); 16th Street, north side, from Harrison Street to 18 feet easterly (6-foot wide pedestrian bulb); Treat Avenue, east side, from 16th Street to 145 feet northerly (8-foot to 45-foot plaza bulb, turning Treat Avenue into a T Intersection, intersecting with Harrison Street); 16th Street, south side, from Treat Avenue to 18 feet westerly (6-foot wide pedestrian bulb); Treat Avenue, west side, from 16th Street to 114 feet southerly (16-foot to 45-foot plaza bulb, relocates a green zone, turning Treat Avenue into a T-Intersection, intersecting with Harrison Street); 16th Street, north side, from San Bruno Avenue to 18 feet westerly (6-foot wide pedestrian bulb); San Bruno Avenue, west side, from 16th Street to 18 feet northerly (6-foot wide pedestrian bulb); 16th Street, north side, from San Bruno Avenue to 18 feet easterly (6-foot wide pedestrian bulb); San Bruno Avenue, east side, from 16th Street to 18 feet northerly (6-foot wide pedestrian bulb); 16th Street, south side, from San Bruno Avenue to 18 feet easterly (6-foot wide pedestrian bulb); San Bruno Avenue, east side, from 16th Street to 18 feet southerly (6-foot wide pedestrian bulb); 16th Street, south side, from San Bruno to 18 feet westerly (6-foot wide pedestrian bulb, shortens green zone by 8 feet); San Bruno Avenue, west side, from 16th Street to 18 feet southerly (6-foot wide pedestrian bulb, relocates blue zone and extends existing green zone 12 feet northerly); 16th Street, north side, from Kansas Street to 18 feet westerly (6-foot wide pedestrian bulb); Kansas Street, west side, from 16th Street to 18 feet northerly (6-foot wide pedestrian bulb); 16th Street, north side, from Kansas Street to 18 feet easterly (6-foot wide pedestrian bulb); Kansas Street, east side, from 16th Street to 18 feet northerly (6-

foot wide pedestrian bulb); Kansas Street, east side, from 16th Street to 23 feet southerly (6-foot wide pedestrian bulb); Kansas Street, west side, from 16th Street to 23 feet southerly (6-foot wide pedestrian bulb); Rhode Island Street, west side, from 16th Street to 18 feet northerly (6-foot wide pedestrian bulb); 16th Street, north side, from Rhode Island Street to 18 feet easterly (6-foot wide pedestrian bulb); Rhode Island Street, east side, from 16th Street to 18 feet northerly (6-foot wide pedestrian bulb); Rhode Island Street, west side, from 16th Street to 18 feet southerly (6-foot wide pedestrian bulb, shortens yellow zone by 18 feet); De Haro Street, west side, from 16th Street to 18 feet northerly (6-foot wide pedestrian bulb); 16th Street, north side, from De Haro Street to 18 feet easterly (6-foot wide pedestrian bulb); De Haro Street, east side, from 16th Street to 18 feet northerly (6-foot wide pedestrian bulb); 16th Street, south side, from De Haro Street to 18 feet easterly (6-foot wide pedestrian bulb); De Haro Street, east side, from 16th Street to 18 feet southerly (6-foot wide pedestrian bulb); 16th Street, south side, from De Haro Street to 18 feet westerly (6-foot wide pedestrian bulb); De Haro Street, west side, from 16th Street to 18 feet southerly (6-foot wide pedestrian bulb); Wisconsin Street, west side, from 16th Street to 18 feet northerly (6-foot wide pedestrian bulb); 16th Street, north side, from Wisconsin Street to 18 feet easterly (6-foot wide pedestrian bulb); Wisconsin Street, east side, from 16th Street to 18 feet northerly (6-foot wide pedestrian bulb); Wisconsin Street, west side, from 16th Street to 18 feet southerly (6-foot wide pedestrian bulb); Connecticut Street, east side, from 16th Street to 18 feet southerly (6-foot wide pedestrian bulb); 16th Street, south side, from Connecticut Street to 18 feet westerly (6-foot wide pedestrian bulb); Connecticut Street, west side, from 16th Street to 18 feet southerly (6-foot wide pedestrian bulb).

- E. ESTABLISH - TOW-AWAY NO STOPPING ANYTIME - 16th Street, south side, from Valencia Street to 20 feet westerly (daylighting); Harrison Street, east side, from 16th Street to 15 feet southerly (daylighting); 16th Street, south side, from 180 feet to 300 feet east of Bryant Street (lateral bus lane transition); 16th Street, north side, from Potrero Avenue to 100 feet easterly (right turn pocket); 16th Street, south side, from Potrero Avenue to 100 feet westerly (right turn pocket); 16th Street, south side, from 100 feet to 278 feet west of Potrero Avenue (boarding island taper and lateral travel lane transition); 16th Street, north side, from Vermont Street to 20 feet westerly (daylighting); 16th Street, south side, from Vermont Street to 20 feet westerly (daylighting); 16th Street, south side, from Kansas Street to 20 feet westerly (daylighting); Rhode Island Street, east side, from 16th Street to 20 feet southerly (daylighting); 16th Street, south side, from Wisconsin Street to 20 feet easterly (daylighting); Wisconsin Street, east side, from 16th Street to 20 feet southerly (daylighting); 16th Street, south side, from Mississippi Street to 150 feet westerly (left turn pocket).
- F. ESTABLISH - RAISED CROSSWALK - Julian Avenue, north crosswalk, at 16th Street; Hoff Avenue, south crosswalk, at 16th Street.
- G. RESCIND - BUS ZONE - 16th Street, south side, from Dolores Street to 70 feet westerly; 16th Street, north side, from Guerrero Street to 72 feet easterly; 16th Street, south side, from Guerrero Street to 65 feet westerly; 16th Street, north side, from Valencia Street to 100 feet easterly; 16th Street, south side, from Valencia Street to 80 feet westerly; Folsom Street, east side, from 16th Street to 75 feet northerly; Folsom Street, west side, from 16th Street to 80 feet southerly; 16th Street, north side, from Harrison Street to 75 feet easterly; 16th Street, south side, from Treat Avenue to 75 feet

westerly; 16th Street, north side, from 80 feet to 200 feet east of Bryant Street; 16th Street, south side, from Potrero Avenue to 150 feet westerly; 16th Street, south side, from San Bruno Avenue to 80 feet easterly; 16th Street, north side, from Vermont Street to 80 feet westerly; 16th Street, south side, from Kansas Street to 75 feet westerly; 16th Street, south side, from Rhode Island Street to 80 feet easterly; 16th Street, south side, from Wisconsin Street to 80 feet easterly; 16th Street, south side, from Missouri Street to 85 feet easterly.

- H. RESCIND – BUS POLE STOP - 16th Street, north side, from Dolores Street to 70 feet easterly.
- I. ESTABLISH – BLUE ZONE - 16th Street, north side, from Caledonia Street to 22 feet westerly; Capp Street, east side, from 18 feet to 38 feet north of 16th Street; Capp Street, west side, from 18 feet to 38 feet south of 16th Street; Valencia Street, west side, from 21 feet to 43 feet south of 15th Street (replaces one general Meter #404); South Van Ness Avenue, west side, from 16th Street 20 feet southerly; South Van Ness Avenue, east side, from 16th Street 20 feet northerly; Potrero Avenue, west side, from 10 feet to 30 feet south of 15th Street (replaces one general Meter #202); San Bruno Avenue, east side, from 18 feet to 38 feet north of 16th Street.
- J. ESTABLISH – 6-WHEEL COMMERCIAL LOADING ZONE, 9 AM TO 6 PM, MONDAY THROUGH SATURDAY - 16th Street, south side, from 6 feet to 30 feet east of Rondel Place (removes 1 general parking Meter #3035); 16th Street, south side, from 30 feet to 52 feet east of Rondel Place (removes 1 general parking Meter #3033-G).
- K. ESTABLISH – 30-MINUTE COMMERCIAL LOADING ZONE, 8 AM TO 6 PM, MONDAY THROUGH FRIDAY - Guerrero Street, east side, from 18 feet to 63 feet north of 16th Street; 16th Street, south side, from 18 feet to 38 feet east of Folsom Street (shifts existing loading zone 20 feet westerly); Folsom Street, west side, from 115 feet to 160 feet south of 16th Street (shortens existing loading zone by 20 feet); Harrison Street, east side, from 15 feet to 35 feet south of 16th Street.
- L. ESTABLISH – 30-MINUTE COMMERCIAL LOADING ZONE, 9 AM TO 6 PM, MONDAY THROUGH SATURDAY - 16th Street, north side, from 118 feet to 138 feet west of Valencia Street (shortens existing yellow metered parking space by 6 feet); 16th Street, north side, from 18 feet to 48 feet east of Capp Street (extends and shifts existing zone easterly, relocates green metered parking space 18 feet easterly).
- M. ESTABLISH – GREEN PARKING METER - 16th Street, north side, from 48 feet to 70 feet east of Capp Street (removes 1 metered parking space).
- N. ESTABLISH – GREEN ZONE - Treat Avenue, west side, from 114 feet to 154 feet south of 16th Street; San Bruno Avenue, west side, from 18 feet to 30 feet south of 16th Street.
- O. ESTABLISH – RIGHT TURN LANE - Harrison Street, west side, from 16th Street to 100 feet northerly; Harrison Street, west side, from 17th Street to 115 feet northerly.
- P. ESTABLISH – NO TURN ON RED - Valencia Street, southbound, at 16th Street.
- Q. ESTABLISH – NO TURN ON RED EXCEPT BICYCLES - 16th Street, eastbound, at Valencia Street.
- R. ESTABLISH – LEFT LANE MUST TURN LEFT - Harrison Street, northbound, at 16th Street; Harrison Street, southbound, at 16th Street.
- S. ESTABLISH – NO LEFT TURN - 16th Street, westbound and eastbound, at Guerrero Street, 16th Street, westbound and eastbound, at Valencia Street, 16th Street, westbound

- and eastbound, at Folsom Street, 16th Street, westbound, at Harrison Street, 16th Street, westbound and eastbound, at Kansas Street, 16th Street, westbound and eastbound, at Rhode Island Street, 16th Street, westbound and eastbound, at De Haro Street, 16th Street, westbound and eastbound, at Carolina Street, 16th Street, westbound and eastbound, at Wisconsin Street, 16th Street, westbound, at Arkansas Street, 16th Street, westbound, at Connecticut Street, 16th Street, westbound, at Missouri Street, 16th Street, westbound, at 7th Street and Mississippi Street.
- T. ESTABLISH – NO LEFT TURN EXCEPT MUNI - 16th Street, eastbound at Harrison Street, 16th Street, westbound and eastbound, at Potrero Avenue.
 - U. ESTABLISH – NO LEFT TURN, 7 AM TO 9 AM AND 4 PM TO 7 PM, MONDAY THROUGH FRIDAY - 16th Street, westbound and eastbound, at Dolores Street; 16th Street, westbound and eastbound, at Capp Street; 16th Street, westbound and eastbound, at Shotwell Street; 16th Street, westbound and eastbound, at Alabama Street; 16th Street, westbound and eastbound, at Florida Street; 16th Street, westbound and eastbound, at Bryant Street; 16th Street, westbound and eastbound, at Utah Street; 16th Street, westbound and eastbound, at San Bruno Street.
 - V. ESTABLISH – NO TURN ON RED - 7th Street, southbound, at 16th Street.
 - W. RESCIND – CLASS II BIKE LANES - 16th Street, westbound and eastbound, from Kansas Street to Mississippi Street and 7th Street.
 - X. RESCIND – CLASS III BIKE ROUTE - 16th Street, westbound, Valencia Street to Mission Street.
 - Y. ESTABLISH – CLASS II BIKE LANE - Harrison Street, northbound, from 16th Street to 17th Street; 17th Street, westbound and eastbound, from Rhode Island Street to Mississippi Street and 7th Street.
 - Z. ESTABLISH – CLASS III BIKE ROUTE - 17th Street, westbound and eastbound, from Kansas Street to Rhode Island Street.

WHEREAS, This project was analyzed in the Transit Effectiveness Project Final Environmental Impact Report (FEIR) certified by the San Francisco Planning Commission in Motion No. 19105 on March 27, 2014; and,

WHEREAS, Approval for parking and traffic modifications to implement various projects along the 22 Fillmore Muni transit corridor included in the Service-Related Capital Improvements of the Muni Forward program, which was previously referred to as the Transit Effectiveness Project (TEP), relies on said FEIR, and information pertaining to the FEIR is set forth in a SFMTA Resolution No 14-041, which is on file with the Secretary to the SFMTA Board of Directors and are incorporated herein by reference; and,

WHEREAS, As part of the Resolution No. 14-041, the SFMTA Board of Directors adopted approval findings under the California Environmental Quality Act (CEQA), the CEQA Guidelines, and Chapter 31 of the Administrative Code (CEQA Findings) and a Mitigation Monitoring and Reporting Program (MMRP), which Resolution, CEQA Findings, and MMRP are on file with the Secretary to the SFMTA Board of Directors and are incorporated herein by reference as though fully set forth; and,

WHEREAS, The San Francisco Planning Department has reviewed the proposed project

changes to the TTRP.22 Expanded Alternative described here (Modified Expanded Alternative) and determined that the proposed project is within the scope of the TEP FEIR, with no new significant effects identified, no substantial increase in significant effects already identified, and no new mitigation is required for the Modified Expanded Alternative; and,

WHEREAS, The Modified Expanded Alternative includes all of the same parking and traffic improvements that are included in the Moderate Alternative, and it also includes the implementation of new transit only lanes on 16th Street, which is not part of the Moderate Alternative. The transit only lanes on 16th Street, will allow buses to travel through the corridor more efficiently; and,

WHEREAS, Due to the transit only lanes, the Moderate Expanded Alternative will provide more reliable 22 Fillmore service on one of the busiest lines. Therefore, SFMTA will have fewer needs for last-minute service adjustments on this line, a more stable service environment for resource-need assessment, and will be able to more reliably and effectively allocate transit resources and deliver service overall, which are the objectives of the TEP; and,

WHEREAS, The SFMTA Board has reviewed the FEIR and hereby finds that since certification of the FEIR, no changes have occurred in the proposed project or in the circumstances under which the project would be implemented that would cause new significant impacts or a substantial increase in the severity of impacts identified and analyzed in the FEIR, and that no new information has emerged that would materially change the analysis or conclusions set forth in the FEIR. The actions approved herein would not necessitate implementation of additional or considerably different mitigation measures that those identified in the FEIR; and,

WHEREAS, The public has been notified about the proposed modifications and has been given the opportunity to comment on those modifications through the public hearing process; now, therefore, be it

RESOLVED, That the SFMTA Board rejects the TTRP.22 Moderate Alternative as infeasible, and approves the proposed Modified Expanded project; and, be it further,

RESOLVED, That the SFMTA Board of Directors amends Transportation Code, Division II, Section 601 to designate transit/taxi only lanes on 16th Street from Third Street to Church Street in the westbound direction (inbound), Bryant Street to Potrero Avenue in the eastbound direction (outbound), and Vermont Street to Third Street in the eastbound (outbound) direction; and, be it further,

RESOLVED; That the San Francisco Municipal Transportation Agency Board of Directors approves these parking and traffic modifications set forth in items A through Z above along the 22 Fillmore Muni transit corridor included in the Muni Forward Service-Related Capital Improvements and Travel Time Reduction Proposals and support the SFMTA's Vision Zero program.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of January 19, 2016.



Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

RESOLUTION 16-013

[Transportation Code – 16th Street Transit Only Lanes]

Resolution amending the Transportation Code to designate transit vehicle only lanes on 16th Street from Third Street to Church Street in the westbound (inbound) direction, and Bryant Street to Potrero Avenue in the eastbound (outbound) direction, and Vermont Street to Third Street in the eastbound (outbound) direction.

NOTE: Additions are single-underline Times New Roman;
deletions are ~~strike-through Times New Roman~~.

The Municipal Transportation Agency Board of Directors of the City and County of San Francisco enacts the following regulations:

Section 1. Article 600 of Division II of the Transportation Code is hereby amended by amending Section 601, to read as follows:

Sec. 601. DESIGNATED TRANSIT-ONLY AREAS.

(a) The locations listed in this Section 601 are designated as Transit-only Areas. Any vehicle operating within a Transit-only Area during times that the Transit-only Area is enforced is in violation of Transportation Code, Division I, Section 7.2.72 (Driving in Transit-only Area).

(1) **Cable Car Lanes On Powell Street Between California Street and Sutter Street.** Except as to cable cars, Municipal Railway vehicles, and authorized emergency vehicles, no vehicle may operate within, over, upon or across the cable car lanes, or make any left or U-turn on the exclusive cable car lanes on Powell Street between California and Sutter Streets except to pass a disabled vehicle.

(2) **West Portal Avenue Between 15th Avenue and Sloat Boulevard.** Except as to streetcars and Municipal Railway vehicles, no vehicle may operate within Transit-only Areas on West Portal Avenue between 15th Avenue and Sloat Boulevard.

(3) **Exclusive Commercial Vehicle/Transit Area on Sansome Street.** Except as to buses, taxis, authorized emergency vehicles, and commercial vehicles, no vehicle may operate within the Transit-only Area running southbound on Sansome Street between Washington Street and Bush Street.

(4) **Exclusive Transit/Taxi/Commercial Vehicle Area on Powell Street** from Ellis Street to Geary Street in the northbound (outbound) direction, and from O'Farrell Street to Ellis Street in the southbound (inbound) direction. Except as to buses, taxis, authorized emergency vehicles, and commercial vehicles, no vehicle may operate within the Transit/Taxi/Commercial Vehicle-only Area on Powell Street from Ellis Street to Geary Street in the northbound (outbound) direction, and from O'Farrell Street to Ellis Street in the southbound (inbound) direction.

(5) **Judah Street, from 9th Avenue to 20th Avenue.** Except as to streetcars and Municipal Railway vehicles, no vehicle may operate within Transit-only Areas on Judah Street from 9th Avenue to 20th Avenue.

(6) **Van Ness Avenue, from Filbert Street to Market Street.** Except as to Municipal Railway and Golden Gate Transit vehicles and authorized emergency vehicles, no vehicle may operate within the Transit-only Areas on Van Ness Avenue from Filbert Street to Market Street.

(7) **Van Ness Avenue, from Filbert Street to Lombard Street.** Except as to Municipal Railway and Golden Gate Transit vehicles and authorized emergency vehicles, no vehicle may operate within the Transit-only Areas on Van Ness Avenue from Filbert Street to Lombard Street southbound.

(8) **South Van Ness Avenue, from Market Street to Mission Street.** Except as to Municipal Railway and Golden Gate Transit vehicles and authorized emergency vehicles, no vehicle may operate within the Transit-only Areas on South Van Ness Avenue from Market Street to Mission Street.

(9) **Other Transit-Only Areas.** Except for buses, taxicabs, vehicles preparing to make a turn, vehicles entering into or existing from a stopped position at the curb, and vehicles entering into or exiting from a driveway, no vehicle may operate in the following Transit-only Areas during the times indicated:

Hours of Operation	Street	From	To
All Times	1st St.	Market St.	Howard St.
	3rd St.	Townsend St.	Market St.
	4th St.	Harrison St.	Townsend St.
	4th St.	Market St.	Howard St.
	<u>16th St. (Inbound)</u>	<u>Third St.</u>	<u>Church St.</u>
	<u>16th St. (Outbound)</u>	<u>Bryant St.</u>	<u>Potrero Ave.</u>
	<u>16th St. (Outbound)</u>	<u>Vermont St.</u>	<u>Third St.</u>
	Church St.	16th St.	Duboce Ave.
	Clay St.	Sansome St.	Davis St.
	Fremont St.	Mission St.	Market St.
	Geary St.	Market St.	Powell St.
	Geary St.	Mason St.	Gough St.
	Geneva Ave. (Outbound)	Delano Ave.	280 Freeway Overpass
	Judah St.	20th Ave.	La Playa St.
	Market St. (Inbound)	12th St.	3rd St.
	Market St. (Outbound)	So. Van Ness Ave.	3rd St.
	Mission St. (Inbound)	Randall St.	Cesar Chavez St.
	Mission St. (Outbound)	11th St.	South Van Ness Ave.
	Mission St. (Outbound)	Duboce Ave.	Randall St.
	O'Farrell St.	Gough St.	Hyde St.
	O'Farrell St.	Jones St.	Powell St.
	Otis St. (Outbound)	South Van Ness Ave.	Duboce Ave.
	Post St.	Gough St.	Grant St.
Potrero Ave. (SB)	25th St.	18th St.	
Stockton St.	Bush St.	Geary St.	
Sutter St.	Gough St.	Kearny St.	
7:00 AM-7:00 PM, Monday-Friday	Sacramento St.	Drumm St.	Kearny St.
7:00 AM-7:00 PM, Monday-Saturday	Stockton St.	Geary St.	O'Farrell St.

7:00 AM-6:00 PM, Monday-Friday	Mission St. (Inbound)	5th St.	Beale St.
	Mission St. (Outbound)	Main St.	4th St.
7:00 AM-9:00 PM, Monday-Friday	Mission St. (Inbound)	11th St.	5th St.
	O'Farrell St.	Hyde St.	Jones St.
	Clay St.	Powell St.	Battery St.
4:00 PM-6:00 PM, Monday-Friday	Mission St. (Inbound)	11th St.	5th St.
	Mission St. (Outbound)	4th St.	11th St.
	Geary St.	Mason St.	Powell St.
	Sacramento St.	Kearny St.	Larkin St.
3:00 PM-6:00 PM, Monday-Friday	Sutter St.	Sansome St.	Kearny St.
3:00 PM-7:00 PM, Monday-Friday	Bush St.	Montgomery St.	Battery St.
	4th St.	Howard St.	Clementina

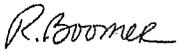
Section 2. Effective Date. This ordinance shall become effective 31 days after enactment. Enactment occurs when the San Francisco Municipal Transportation Agency Board of Directors approves this ordinance.

Section 3. Scope of Ordinance. In enacting this ordinance, the San Francisco Municipal Transportation Agency Board of Directors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, letters, punctuation marks, charts, diagrams, or any other constituent parts of the Transportation Code that are explicitly shown in this ordinance as additions or deletions in accordance with the "Note" that appears under the official title of the ordinance.

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

By: _____
JOHN I. KENNEDY
Deputy City Attorney

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of January 19, 2016.



Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 16-128

WHEREAS, The San Francisco Municipal Transportation Agency has proposed parking and traffic modifications along the 5/5R Fulton Rapid corridor to support 60-foot articulated electric trolley buses on Muni's 5R Fulton Rapid route as follows:

- A. RESCIND – BUS ZONE - Fulton Street, south side, from Masonic Avenue to 70 feet westerly
- B. ESTABLISH – TOW-AWAY, NO STOPPING ANYTIME - Fulton Street, south side, from Masonic Avenue to 60 feet westerly (right-turn only except Muni)
- C. ESTABLISH – RIGHT LANE MUST TURN RIGHT EXCEPT MUNI - Fulton Street, eastbound, at Masonic Avenue
- D. ESTABLISH – BUS ZONE - Fulton Street, south side, from Masonic Avenue to 100 feet easterly (removes five unmetered parking spaces); Fulton Street, north side, from 6th Avenue to 105 feet westerly (prohibits parking across driveway, extends existing 75-foot bus zone to 105 feet); Fulton Street, north side, from 8th Avenue to 100 feet westerly (removes one unmetered parking space, extends existing 75-foot bus zone to 100 feet); Fulton Street, south side, from 10th Avenue to 100 feet easterly (removes one unmetered parking space, extends existing 90-foot bus zone to 100 feet); Fulton Street, south side, from 18th Avenue to 100 feet easterly (removes one unmetered parking space, extends existing 80-foot bus zone to 100 feet); Fulton Street, north side, from 18th Avenue to 105 feet westerly (removes one unmetered parking space and prohibits parking across one driveway, extends existing 75-foot bus zone to 105 feet); Fulton Street, south side, from 22nd Avenue to 100 feet easterly (removes one unmetered parking space, extends existing 75-foot bus zone to 100 feet); Fulton Street, north side, from 22nd Avenue to 105 feet westerly (removes one unmetered parking space and prohibits parking across one driveway, extends existing 75-foot bus zone to 105 feet); Fulton Street, south side, from 30th Avenue to 100 feet easterly (removes one unmetered parking space, extends existing 80-foot bus zone to 100 feet); Fulton Street, north side, from 30th Avenue to 100 feet westerly (prohibits parking across driveway, extends existing 80-foot bus zone to 100 feet); Fulton Street, north side, from 36th Avenue to 100 feet westerly (prohibits parking across driveway, extends existing 75-foot bus zone to 100 feet); and,

WHEREAS, This project was analyzed in the Transit Effectiveness Project Final Environmental Impact Report (FEIR) certified by the San Francisco Planning Commission in Motion No. 19105 on March 27, 2014; and,

WHEREAS, Approval for traffic and parking modifications to implement various projects along the 5/5R Fulton Rapid Muni transit corridor included in the Service-Related Capital Improvements of the Muni Forward program, which was previously referred to as the Transit Effectiveness Project (TEP), relies on said FEIR, and information pertaining to the FEIR is set forth in a SFMTA Resolution No 14-041, which is on file with the Secretary to the SFMTA Board of Directors and are incorporated herein by reference; and,

WHEREAS, As part of the Resolution No. 14-041, the SFMTA Board of Directors adopted approval findings under the California Environmental Quality Act (CEQA), the CEQA Guidelines, and Chapter 31 of the Administrative Code (CEQA Findings) and a Mitigation Monitoring and Reporting Program (MMRP), which Resolution, CEQA Findings, and MMRP are on file with the

Secretary to the SFMTA Board of Directors and are incorporated herein by reference as though fully set forth; and,

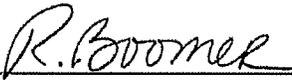
WHEREAS, The SFMTA Board has reviewed the FEIR and hereby finds that since certification of the FEIR, no changes have occurred in the proposed project or in the circumstances under which the project would be implemented that would cause new significant impacts or a substantial increase in the severity of impacts identified and analyzed in the FEIR, and that no new information has emerged that would materially change the analyses or conclusions set forth in the FEIR. The actions approved herein would not necessitate implementation of additional or considerably different mitigation measures that those identified in the FEIR; and,

WHEREAS, The public has been notified about the proposed modifications and has been given the opportunity to comment on those modifications through the public hearing process; now, therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors adopts the attached Mitigation Monitoring and Reporting Program as conditions of approval; and be it further,

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors approves these parking and traffic modifications, as set forth in items A through D above, along the 5/5R Fulton Rapid corridor.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of September 20, 2016.


Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 14-041

WHEREAS, The Strategic Plan requires that the SFMTA, in the context of the "Transit First" policy, make transit and other non-personal vehicle-oriented transportation modes the preferred means of travel; and

WHEREAS, The Transit Effectiveness Project (TEP) is a major SFMTA initiative to improve Muni and help meet the Strategic Plan's mode shift goals; and

WHEREAS, The goals of the TEP are to improve Muni travel speed; reliability and safety, make Muni a more attractive transportation mode, improve cost-effectiveness of Muni operations and assist in implementing the City's Transit First policy; and

WHEREAS, The SFMTA applied to the Planning Department for environmental review of the TEP under the California Environmental Quality Act, Public Resources Code Sections 21000 *et seq.*, (CEQA), on June 25, 2011, and the Planning Department determined that an Environmental Impact Report (EIR) was required and provided public notice of that determination by publication in a newspaper of general circulation on November 9, 2011; and

WHEREAS, On July 10, 2013, the Planning Department published the Transit Effectiveness Project Draft Environmental Impact Report (DEIR) and provided public notice in a newspaper of general circulation of the availability of the DEIR for public review and comment and of the date and time of the Planning Commission public hearing on the DEIR; this notice was mailed to the Department's list of persons requesting such notice; and

WHEREAS, Notices of availability of the DEIR and of the date and time of the public hearing were posted at the San Francisco County Clerk's Office, on transit vehicles, and on the Planning Department's web site on July 10, 2013, and copies were provided to all public libraries within San Francisco; and

WHEREAS, On July 10, 2013, copies of the DEIR were mailed or otherwise delivered to a list of persons requesting it, to those noted on the distribution list in the DEIR, and to government agencies, the latter both directly and through the State Clearinghouse; and

WHEREAS, The Planning Commission held a duly advertised public hearing on the DEIR on August 15, 2013 and received public comment on the DEIR; the period for acceptance of written comments ended on September 17, 2013; and

PAGE 2.

WHEREAS, The Planning Department prepared responses to comments on environmental issues received at the public hearing and in writing during the 67 day public review period for the DEIR, prepared revisions to the text of the DEIR in response to comments received or based on additional information that became available during the public review period, and corrected errors in the DEIR. This material was presented in a Responses to Comments document, published on March 13, 2014; and

WHEREAS, The Planning Department prepared a Final Environmental Impact Report (FEIR), consisting of the DEIR, any consultations and comments received during the review process, any additional information that became available, the Responses to Comments document, and the Supplemental Service Variants Memorandum dated March 13, 2014, all as required by law; and

WHEREAS, Environmental review files have been made available for review by the SFMTA Board and the public. (Planning Department File No. 2011.0558E.) These files are available for public review at the Planning Department at 1650 Mission Street, Suite 400, and are part of the record before the SFMTA Board; and

WHEREAS, On March 27, 2014, the Planning Commission reviewed and considered the FEIR and found that its contents and the procedures through which the FEIR was prepared, publicized, and reviewed complied with the provisions of CEQA, the CEQA Guidelines, and Chapter 31 of the San Francisco Administrative Code; and

WHEREAS, The Planning Commission found that the FEIR reflects the independent judgment and analysis of the City and County of San Francisco, is adequate, accurate and objective, and that the Responses to Comments document, the Supplemental Service Variants Memorandum, and all relevant errata contain no significant revisions to the DEIR, and certified the completion of the FEIR in compliance with CEQA and the CEQA Guidelines; and

WHEREAS, The Planning Commission's CEQA certification motion is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by this reference; now, therefore be it

RESOLVED, That the SFMTA Board of Directors approves the Service Policy Framework as identified in the FEIR and incorporated herein by this reference; and be it further

RESOLVED, That the SFMTA Board of Directors approves the Transit Preferential Streets "Toolkit" as identified in the FEIR and incorporated herein by this reference; and be it further

RESOLVED, That the SFMTA Board of Directors approves at a programmatic and conceptual level the Service Improvements, Service-Related Capital Improvements and both the Moderate and Expanded Travel Time Reduction Proposals Alternatives identified in the FEIR and incorporated herein by this reference; and be it further

PAGE 3.

RESOLVED, That, in taking this approval action, the SFMTA Board of Directors adopts CEQA Findings, which include rejecting alternatives identified in the FEIR as infeasible and adopting a statement of overriding considerations, attached to this Resolution as Enclosure A and incorporated herein by this reference; and be it further

RESOLVED, That the SFMTA Board of Directors adopts the Mitigation Monitoring and Reporting Program (MMRP) attached to this Resolution as Enclosure B; and be it further

RESOLVED, That the SFMTA Board authorizes the Director of Transportation to direct staff to continue with obtaining otherwise necessary approvals and to carry out the actions to implement the Project.

I certify that the foregoing resolution was adopted by the Municipal Transportation Agency Board of Directors and the Parking Authority Commission at their meeting of March 28, 2014.

R. Bowmer

**Secretary, Municipal Transportation Agency
Board and Parking Authority Commission**

ENCLOSURE A

**TRANSIT EFFECTIVENESS PROJECT,
INCLUDING THE SERVICE POLICY FRAMEWORK,
CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS:
FINDINGS OF FACT, EVALUATION OF MITIGATION MEASURES AND
ALTERNATIVES, AND STATEMENT OF OVERRIDING CONSIDERATIONS
SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS**

In determining to approve the Transit Effectiveness Project (the "Project") described in Section I, Project Description below, the San Francisco Municipal Transportation Agency Board of Directors (the "SFMTA Board") makes and adopts the following findings of fact and decisions regarding significant impacts, mitigation measures, and alternatives, and adopts the statement of overriding considerations, based on substantial evidence in the whole record of this proceeding and under the California Environmental Quality Act ("CEQA"), California Public Resources Code Sections 21000 et seq. ("CEQA"), particularly Sections 21081 and 21081.5, the Guidelines for Implementation of CEQA ("CEQA Guidelines"), 14 California Code of Regulations Sections 15000 et seq., particularly Sections 15091 through 15093, and Chapter 31 of the San Francisco Administrative Code. These findings comprise **ENCLOSURE A** to the associated Board of Directors Resolution.

This document is organized as follows:

Section I provides a description of the Project proposed for adoption, the environmental review process for the Project, the approval actions to be taken and the location of records;

Section II identifies the impacts found not to be significant that do not require mitigation;

Section III identifies potentially significant impacts that can be avoided or reduced to less-than-significant levels through mitigation and describes the disposition of the mitigation measures;

Section IV identifies significant impacts that cannot be avoided or reduced to less-than-significant levels and describes any applicable mitigation measures as well as the disposition of the mitigation measures;

Section V evaluates the different Project alternatives and sets forth the economic, legal, social, technological, and other considerations, and incorporates by reference the reasons set forth in Section VI, that support approval of the Project and the rejection of the alternatives, or elements thereof, analyzed as infeasible; and

Section VI presents a statement of overriding considerations setting forth specific reasons in support of the Board's actions to approve the Project despite its significant and unavoidable

environmental impacts and its rejection of the alternatives not incorporated into the Project as infeasible.

The Mitigation Monitoring and Reporting Program ("MMRP") containing the mitigation measures from the Final Environmental Impact Report ("FEIR") that have been proposed for adoption is attached with these findings as **Attachment B** to the associated Board of Directors Resolution. The MMRP is required by CEQA Section 21081.6 and CEQA Guidelines Section 15091. The MMRP provides a table setting forth each mitigation measure listed in the FEIR for the Project that is required to reduce or avoid a significant adverse impact and that is made a condition of approval. The MMRP also specifies the agency responsible for implementation of each measure and establishes monitoring actions and a monitoring schedule. The full text of the mitigation measures is set forth in the MMRP.

These findings are based upon substantial evidence in the entire record before the SFMTA Board. The references set forth in these findings to certain pages or sections of the Draft Environmental Impact Report ("DEIR" or "DEIR") or the Responses to Comments document ("RTC") are for ease of reference and are not intended to provide an exhaustive list of the evidence relied upon for these findings. The DEIR and the Responses to Comments document, together with the Supplemental Service Variants Memorandum dated March 13, 2014 and Errata dated March 27, 2014, comprise the FEIR.

I. APPROVAL OF THE PROJECT

A. Project Description

The Transit Effectiveness Project (TEP) is comprised of a Service Policy Framework, Service Improvements and Service Variants, Service-related Capital Improvements, and Travel Time Reduction Proposals ("TTRPs"), including the Transit Preferential Streets Toolkit. The TEP includes locations throughout the 49-square-mile City and County of San Francisco and is a program comprised of a group of varied projects and proposals. The TEP components will be implemented on public land and within the public right-of-way throughout the City, on property largely under the jurisdiction of the San Francisco Public Works Department and the SFMTA.

The proposals that comprise the TEP vary in the level of detail provided, from highly specific redesigns, including capital improvements, along certain transportation corridors to more conceptual policy recommendations. Accordingly, and pursuant to CEQA Guidelines Sections 15161 and 15168, the FEIR analyzed portions of the TEP at a "project-level" where the amount and type of information available for those components lent itself to a detailed and specific analysis of all potential environmental impacts, and other portions were analyzed at a "program-level" (a more conceptual level) when the details about and current level of design for a

component did not allow for a project-level analysis. In particular, the Service Policy Framework, 5 of the 12 Service-related Capital Improvements, and 6 of the 17 Travel Time Reduction Proposals (TTRPs) were analyzed at a program level.

The description provided here summarizes the project description provided in the FEIR, which, as noted above, is comprised of the DEIR, the RTC, and the Supplemental Service Variant Memorandum. Please see Chapter 2 of the FEIR for a more detailed description of the TEP project.

1. The Service Policy Framework

The Service Policy Framework sets forth transit service delivery objectives that support the SFMTA Strategic Plan goals, and identifies a variety of actions to implement these objectives. The Service Policy Framework will guide how investments are made to the Muni system and is intended to improve system reliability and reduce transit travel time as well as improve customer service. These objectives include the effective allocation of transit resources, the efficient delivery of service, the improvement of service reliability and reduction in transit travel time, and an improvement in customer service. Most importantly, the Policy Framework would organize Muni transit service into four distinct transit categories:

- **Rapid Network:** These heavily used bus and rail lines form the backbone of the Muni system. With vehicles arriving frequently and transit priority enhancements along the routes, the Rapid network delivers speed and reliability whether customers are heading across town, or simply traveling a few blocks.
- **Local Network:** Also known as "Grid" routes, these long routes combine with the Rapid network to form an expansive core system that lets customers get to their destinations with no more than a short walk, or a seamless transfer.
- **Community Connectors:** Also known as "Circulators", these lightly used bus routes predominantly circulate through San Francisco's hillside residential neighborhoods, filling in gaps in coverage and connecting customers to the core network.
- **Specialized Services:** These routes augment existing service during specific times of day to serve a specific need, or serve travel demand related to special events. They include express service, owl service, and special event trips to serve sporting events, large festivals and other San Francisco activities.

2. Service Improvements and Service Variants

The Service Improvements and Service Variants include creation of new transit routes, changes in the alignment of some existing routes, elimination of underused routes or route segments, changes to headways and hours of service, changes to the day of the week for service, and

changes to the mix of local/limited/express service on several routes. The Service Improvements were developed based on a comprehensive evaluation of the overall transit network and public input from community meetings. Specifically, these proposals include:

- Increasing frequency of transit service along heavily used corridors;
- Creating new routes;
- Changing existing route alignments;
- Eliminating underutilized routes or route segments;
- Introducing larger buses on crowded routes;
- Changing the mix of local/limited/express service;
- Expanding limited services.

In addition, the SFMTA included a number of possible variants to these service changes (including recent service variants developed as part of the public outreach process and summarized in the Supplemental Service Variants Memorandum of March 13, 2014) that are proposed as part of the project to allow for flexibility in the phasing and implementation of the Service Improvements. Proposed Service Variants mostly include modifications to portions of some routes or change the type of vehicle used on some routes. In addition, many of the service variants work in concert to improve service along a particular corridor or neighborhood.

3. Service-Related Capital Improvements

Some of the Service Improvements will be supported by Service-related Capital Improvements. The Service-related Capital Improvements include the following: a) Transfer and Terminal Point Improvements, which include installation of overhead wiring and poles; installation of new switches, bypass rails, and/or transit bulbs; expansion of transit zones; and modification of sidewalks at stops to accommodate substantial passenger interchanges and/or to provide for transit vehicle layovers; b) Overhead Wire Expansion capital improvements to support service route changes for electric trolley routes and provide bypass wires to allow trolley coaches to pass one another on existing routes; c) Systemwide Capital Infrastructure projects, such as installation of new accessible platforms to improve system accessibility across the light rail network.

4. Travel Time Reduction Proposals (TTRPs), Using the Transit Preferential Streets (TPS) Toolkit

The Travel Time Reduction Proposals (TTRPs) will implement roadway and transit stop changes to reduce transit delay on the most heavily used routes that make up the backbone of the Muni system, which is referred to as the Rapid Network. The SFMTA has identified a set of 18 standard roadway and traffic engineering elements that can be used to reduce transit travel time

along a transit corridor. Collectively, these tools or elements are called the Transit Preferential Streets Toolkit ("TPS Toolkit"). The TPS Toolkit elements will be applied to 17 Rapid Network transit corridors to improve operation of the Muni system. These elements include:

- **Transit Stop Changes:** removing or consolidating transit stops; moving stop locations at intersections; adding transit bulbs; adding transit boarding islands; increasing transit stop lengths; converting flag stops to transit zones;
- **Land Modifications:** establishing transit-only lanes; establishing transit queue jump/bypass lanes; establishing dedicated turn lanes; widening travel lanes through lane reductions;
- **Parking and Turn Restrictions:** implement turning restrictions; widening travel lanes through parking restrictions; installing traffic signals at uncontrolled and two-way stop-controlled intersections; installing traffic signals at all-way stop-controlled intersections; replacing all-way stop-controls with traffic calming measures at intersections;
- **Pedestrian Improvements:** installing pedestrian refuge islands; installing pedestrian bulbs; and widening sidewalks.

The TEP proposes to apply the TPS Toolkit to 17 Rapid Network corridors throughout the City. Using the TPS Toolkit, the SFMTA has developed specific corridor designs for 11 of the 17 proposed TTRP corridors. These corridor designs were thus analyzed at a project-level in the FEIR. Project variants were also included as part of these project-level TTRPs. Three of the TTRPs (TTRP.14, TTRP.22 and TTRP.30_1) include variants with different designs on one or more segments of the route. TTRP routes with no design variants at the project level include TTRP.5, TTRP.8x, TTRP.28_1, TTRP.J, TTRP.N, TTRP.9, TTRP.71 and TTRP.L. The SFMTA developed conceptual planning for the remaining 6 TTRP corridors, for which specific corridor designs will be developed at a later stage of the project. These corridor designs were thus analyzed at a programmatic level in the FEIR.

For each of the project-level TTRPs, the SFMTA developed two specific corridor designs comprised of TPS Toolkit elements: a moderate option, referred to as the "TTRP Moderate Alternative;" and an expanded option, referred to as the "TTRP Expanded Alternative." This was done because, although the TEP program was examined in one environmental document in order to understand the full scope of its potential cumulative environmental impacts, the TEP is actually a collection of projects and proposals, which, while related, may be implemented at various times and, in many cases, independently of each other. Thus, these alternatives bracket a range of feasible options that accomplish the SFMTA's objectives for the TEP and describe and analyze the scope of potential physical environmental impacts that would result from implementing a combination of elements from both alternatives. These two alternatives are described and analyzed at an equal level of detail in the FEIR.

Under either alternative, the Service Policy Framework, the Service Improvements, Service Variants, the Service-related Capital Improvements, and the TPS Toolkit as applied to the program-level TTRP corridors would be implemented. The difference between the two alternative projects is that under the TTRP Moderate Alternative, these elements would be implemented in combination with a "moderate" number of TPS Toolkit elements along certain Rapid Network corridors, and, under the TTRP Expanded Alternative, these elements would be implemented in combination with an "expanded" number of TPS Toolkit elements along the same Rapid Network corridors.

Please note that when the DEIR was published, the SFMTA had developed project-level details for only 8 of the 17 TTRP corridors. Subsequently, SFMTA staff developed project-level details for three more of the TTRPs, using the TPS Toolkit. With this additional detail, the TTRP.L, TTRP.9, and TTRP.71_1 Moderate and Expanded Alternatives were analyzed at a project level of detail in the RTC document. These three TTRPs would have the same significant and less-than-significant impacts as the eight project-level TTRPs analyzed in the DEIR and the same mitigation measures would be applicable. Chapter 2 of the RTC document, Project Description Revisions, provides a detailed description of the three additional project-level TTRPs and a summary of their significant and less-than-significant impacts. Chapter 5 of the RTC document, DEIR Revisions, presents the results of the impact analyses of the new three project-level TTRPs as integrated into EIR Chapter 4, Environmental Setting, Impacts, and Mitigation Measures and Chapter 6, Alternatives. Thus, 11 of the 17 TTRPs are analyzed at the project-level in the FEIR. In addition, the descriptions and analyses of TTRP.N and TTRP.5 Moderate and Expanded Alternatives were updated in the FEIR based on minor design modifications to these two project components that occurred after the DEIR was published.

B. Project Objectives

The FEIR discusses several Project objectives identified by the SFMTA as Project Sponsor. The objectives are:

- To improve, to the greatest extent possible, transit speed, reliability and safety by redesigning routes; to reduce travel time along high-ridership corridors by optimizing transit stop locations, implementing traffic engineering changes, and constructing capital infrastructure projects; and to improve safety for pedestrians, bicyclists, and riders at intersections by introducing infrastructure changes (e.g. pedestrian bulbs, transit bulbs, etc.) that lead to safer transit operation.
- To make Muni a more attractive transportation mode and increase transit ridership through both attracting new riders and increasing use by current riders by: serving major origin-destination patterns, such as between regional transit connections and major employment sites; providing direct and efficient service through reduction or elimination

of circuitous route segments; reducing crowding through shifting resources to improve customer comfort and decreasing pass-ups; and redesigning routes to maximize ridership.

- To improve the cost-effectiveness and productivity of transit operations by improving network efficiency and reducing system redundancy by implementing service modifications that include route restructuring, frequency improvements, vehicle-type changes, and hours of service adjustments.
- To implement more fully the City's Transit First Policy by providing clear direction for managing transportation in San Francisco with the goals of providing service to all residents within a quarter mile of 95 percent of the Muni service area and prioritizing transit operations in high-ridership corridors over automobile delay and on-street parking.

C. Environmental Review

The San Francisco Planning Department, as lead agency, prepared a Notice of Preparation ("NOP") and Notice of Public Scoping Meetings on November 9, 2011, and held two Public Scoping Meetings on December 6 and 7, 2011.

The NOP was distributed to the State Clearinghouse and mailed to local, state, and federal agencies and to other interested parties on November 9, 2011, initiating a 30-day public comment period extending through December 9, 2011. A copy of the NOP is available in Appendix 1 in Volume 2 of the EIR. The Public Scoping Meetings were held at the SFMTA offices, One South Van Ness Avenue, in San Francisco. The purpose of the meetings was to present information about the proposed Project to the public and receive public input regarding the scope of the EIR analyses. Attendees were provided an opportunity to voice comments on concerns regarding the project; translators were available for Chinese- and Spanish-speaking attendees if needed.

Oral comments were provided by 21 individuals at the Public Scoping Meetings. During the public review period, 29 public agencies and/or other interested parties submitted comment letters to the Planning Department. Comments raised the following concerns related to physical environmental effects: aesthetics of various transit facilities, including overhead wires; the potential for impacts on archeological resources; air quality impacts related to potential increases in use of private passenger vehicles; the effects on traffic flow and potential for diversions due to new transit and pedestrian bulbs; locations of and distance between transit stops; the potential for shifts in travel modes; concern about loss of parking and loading; pedestrian safety concerns; the environmental review process; suggested use of different

approaches to the transportation impact analysis such as providing estimates of time saved; and requested variations on some service improvements.

The San Francisco Planning Department published an Initial Study on January 23, 2013. The Initial Study was distributed to the State Clearinghouse and mailed to local, state, and federal agencies and to other interested parties on January 23, 2013, initiating a 30-day public comment period extending from January 24, 2013 through February 22, 2013. A copy of the Initial Study is available in Appendix 2 in Volume 2 of the EIR.

The San Francisco Planning Department then prepared a DEIR, which describes both of the Project Alternatives; presents the environmental setting; identifies potential impacts at a program-level or a project-level of detail for both Alternatives; presents mitigation measures for impacts found to be significant or potentially significant; and summarizes the Project Alternatives and their impacts, and compares their impacts and those of the No Project Alternative. In assessing construction and operational impacts of the Project, the DEIR also considers the contribution of the Project impacts to cumulative impacts associated with the Project in combination with other past, present, and reasonably foreseeable future actions with potential for impacts on the same resources.

Each environmental issue presented in the DEIR is analyzed with respect to significance criteria that are based on the San Francisco Planning Department Environmental Planning Division ("EP") guidance regarding the environmental effects to be considered significant. EP guidance is, in turn, based on CEQA Guidelines Appendix G, with some modifications.

The Department published the DEIR on July 10, 2013. The DEIR was circulated to local, state, and federal agencies and to interested organizations and individuals for review and comment beginning on July 11, 2013 for a 67-day public review period, which ended on September 17, 2013. The San Francisco Planning Commission held a duly noticed public hearing to solicit testimony on the DEIR on August 15, 2013. The Planning Department also received written comments on the DEIR, sent through mail, hand-delivered, or by email.

The San Francisco Planning Department then prepared the Responses to Comments document ("RTC"). This document, which provides written response to each comment received on the DEIR that raises environmental issues, was published on March 12, 2014, and includes copies of all of the comments received on the DEIR and responses to those comments. The RTC provided additional updated information and clarification on issues raised by commenters, as well as Planning Department DEIR text changes. The text changes included more detailed analyses, at a project level, for three transit Travel Time Reduction Proposal (TTRPs) for both the Moderate and Expanded Alternatives that had previously been analyzed in the DEIR at a

program level: the TTRP.L (L Taraval), TTRP.9 (9/9L San Bruno), and TTRP.71_1 (71 Haight-Noriega).

On March 13, 2013, the Planning Department published a Supplemental Service Variants Memorandum, which described and analyzed additional service variants developed as part of the SFMTA's public outreach process. The Planning Department concluded that these additional service variants would have the same environmental impacts and require the same mitigation measures as the service variants already described and analyzed in the DEIR, and thus, no additional environmental review was required nor was recirculation of the DEIR required.

The Planning Commission reviewed and considered the FEIR, which is comprised of the DEIR, the RTC document and the Supplemental Service Variants Memorandum, Errata dated March 27, 2014, and all of the supporting information. In certifying the FEIR, the Planning Commission determined that it does not add significant new information to the DEIR that would require recirculation under CEQA because the FEIR contains no information revealing (1) any new significant environmental impact that would result from the project or from a new mitigation measure proposed to be implemented, (2) any substantial increase in the severity of a previously identified environmental impact, (3) any feasible project alternative or mitigation measure considerably different from others previously analyzed that would clearly lessen the environmental impacts of the project, but that was rejected by the project's proponents, or (4) that the DEIR was so fundamentally and basically inadequate and conclusory in nature that meaningful public review and comment were precluded. This SFMTA Board concurs in this determination.

D. Approval Actions

1. Planning Commission Action

On March 27, 2014 the Planning Commission certified the FEIR.

2. San Francisco Municipal Transportation Agency Board of Directors Actions

- Approval of the Transit Effectiveness Project, including the Service Policy Framework
- Approval of the implementation of certain parking and traffic measures in accordance with Section 201(c) of the Transportation Code

3. San Francisco Board of Supervisors Actions

The Planning Commission's certification of the FEIR may be appealed to the Board of Supervisors. If appealed, the Board of Supervisors will determine whether to uphold the

certification or to grant the appeal and remand the FEIR to the Planning Department for further review.

Additional actions that may be taken by the Board of Supervisors are:

- Review and approval of system changes related to any route abandonments.
- Approval of sidewalk changes, upon referral from the Department of Public Works.

4. Other San Francisco Agency Actions

- Approval by the Department of Public Works of sidewalk legislation and construction period encroachment permits.
- Approval by the San Francisco Recreation and Park Commission of property encroachments, if required.
- Approval by the San Francisco Planning Department of any required General Plan Referrals

5. Other—Local, State, and Federal Agencies

Implementation of the Project will involve consultation with, or required approvals by, other local, state and federal regulatory agencies, including, but not limited to, the following:

- The Transportation Advisory Staff Committee ("TASC"): Coordination of all roadway and transit changes.
- City of Daly City: Approval of installation of a traffic signal and transit bulb in Daly City.
- California Department of Transportation ("Caltrans") District 4: Approval of temporary construction street encroachment permits within Caltrans rights-of-way.

To the extent that the identified mitigation measures require consultation with or approval by these other agencies, the SFMTA Board urges these agencies to assist in implementing, coordinating, or approving the mitigation measures, as appropriate to the particular measure.

6. Location and Custodian of Records

The DEIR and all documents referenced in or relied on by the Draft and FEIR, the DEIR public hearing transcript, a copy of all letters regarding the EIR received during the Notice of Preparation and DEIR public review periods, the administrative record, the Responses to Comments document, and the Supplemental Service Variants Memorandum, and background documentation for the FEIR are located at the Planning Department, 1650 Mission Street, San Francisco. (Planning Department Case File No. 2011.0558E.) The Planning Commission Secretary, Jonas Ionin, is the custodian of records for the Planning Department and the Planning Commission.

All information, including written materials and testimony, concerning approval of the Project and adoption of these findings, presented to the SFMTA Board or incorporated into reports presented to the SFMTA Board, are located at the SFMTA offices at One South Van Ness Avenue, 7th floor, San Francisco.

All files have been available to the SFMTA Board and the public for review in considering these findings and whether to approve the Project.

E. Findings about Significant Environmental Impacts and Mitigation Measures

The following Sections II, III, and IV set out the SFMTA Board of Directors' findings about the FEIR's determinations regarding significant environmental impacts and the mitigation measures proposed to address them. These findings provide the written analysis and conclusions of the SFMTA Board regarding the environmental impacts of the Project and the mitigation measures included as part of the FEIR and adopted by the SFMTA Board as part of the Project. To avoid duplication and redundancy, and because the SFMTA Board agrees with, and hereby adopts, the conclusions in the FEIR, these findings will not repeat the analysis and conclusions in the FEIR, but instead incorporate them by reference and rely upon them as substantial evidence supporting these findings.

In making these findings, the SFMTA Board has considered the opinions of SFMTA staff and other City staff and experts, other agencies, and members of the public. The SFMTA Board finds that the determination of significance thresholds is a judgment decision within the discretion of the SFMTA and the City and County of San Francisco; the significance thresholds used in the EIR are supported by substantial evidence in the record, including the expert opinion of the SFMTA and City staff; and the significance thresholds used in the EIR provide reasonable and appropriate means of assessing the significance of the adverse environmental effects of the Project.

These findings do not attempt to describe the full analysis of each environmental impact contained in the FEIR. Instead, a full explanation of these environmental findings and conclusions can be found in the FEIR, which includes its Initial Study presented in EIR Appendix 2, and these findings hereby incorporate by reference the discussion and analysis in the FEIR supporting the determinations regarding the Project impacts and mitigation measures designed to address those impacts. In making these findings, the SFMTA Board of Directors ratifies, adopts, and incorporates in these findings the determinations and conclusions of the FEIR relating to environmental impacts and mitigation measures, except to the extent any such determinations are specifically and expressly modified by these findings.

As set forth below, the SFMTA Board adopts and incorporates the mitigation measures set forth in the FEIR and the attached MMRP to substantially lessen or avoid the significant impacts of the Project. The SFMTA Board intends to adopt all the mitigation measures proposed in the FEIR. Accordingly, in the event a mitigation measure identified in the FEIR has inadvertently been omitted in these findings or the MMRP, such mitigation measure is hereby adopted and incorporated in the findings below by reference. In addition, in the event the language describing a mitigation measure set forth in these findings or the MMRP fails to accurately reflect the mitigation measures in the FEIR due to a clerical error, the language of the policies and implementation measures as set forth in the FEIR shall control. The impact numbers and mitigation measure numbers used in these findings reflect the information contained in the FEIR.

In the Sections II, III and IV below, the same findings are made for a category of environmental impacts and mitigation measures. Rather than repeat the identical finding dozens of times to address each and every significant effect and mitigation measure, the initial finding obviates the need for such repetition because in no instance is the SFMTA Board rejecting the conclusions of the FEIR or the mitigation measures identified in the FEIR for the Project.

The findings below include findings relevant to the TTRP Moderate Alternative and to the TTRP Expanded Alternative. Under either alternative, the FEIR assumed that the Service Policy Framework, the Service Improvements, Service Variants, the Service-related Capital Improvements, and the TPS Toolkit as applied to the program-level TTRP corridors would be implemented. It is not known at this time which specific alternative, or mixture of proposals from the two alternatives, will be ultimately approved by the SFMTA Board for each TTRP corridor. It is likely that, over time, a mix of the proposals described in the TTRP Moderate Alternative and the TTRP Expanded Alternative will be adopted and implemented along the various corridors. Because of this, in taking this action, the SFMTA Board makes the following findings regarding the potential for environmental impacts and required mitigation measures for both the TTRP Moderate Alternative and the TTRP Expanded Alternative, as each are described in the FEIR.

II. IMPACTS FOUND NOT TO BE SIGNIFICANT AND THUS DO NOT REQUIRE MITIGATION

Under CEQA, no mitigation measures are required for impacts that are less than significant (Pub. Resources Code § 21002; CEQA Guidelines §§ 15126.4(a)(3) and 15091). Based on the evidence in the whole record of this proceeding, the Board finds that implementation of the Proposed Project will not result in any significant impacts in the following areas and that these impact areas therefore do not require mitigation:

Land Use and Land Use Planning

- Impacts LU-1, LU-2, and LU-3: The proposed Project would not physically divide an established community, would not conflict with applicable land use plans, policies, or regulations of an agency with jurisdiction over the project adopted for the purpose of avoiding or mitigating an environmental effect, or have a substantial adverse impact on the existing character of the vicinity.
- Impact C-LU-1: The proposed Project, in combination with other past, present, or reasonably foreseeable future projects in the project vicinity, would not have a cumulatively considerable contribution to a significant cumulative land use or land use planning impact.

Aesthetics

- Impacts AE-1 and AE-2: The proposed Project would not have a substantial adverse effect on a scenic vista or on scenic resources, including, but not limited to, trees, rock outcroppings, and other features of the built or natural environment which contribute to a scenic public setting.
- Impact AE-3: The proposed Project would not degrade existing visual character or quality of the project sites and surroundings.
- Impact AE-4: The proposed Project would not create a new source of substantial light or glare that would have a substantial adverse effect on day or nighttime views.
- Impact C-AE-1: The proposed Project, in combination with other past, present, or reasonably foreseeable future projects would not have a cumulatively considerable contribution to a significant cumulative aesthetics impact.

Population and Housing

- Impact PH-1: The proposed Project would not induce substantial population growth either directly or indirectly.
- Impact PH-2: The proposed Project would not displace any existing housing units or create any demand for additional housing, or displace substantial numbers of people, necessitating the construction of replacement housing.
- Impact C-PH-1: The proposed Project in combination with other past, present, or reasonably foreseeable future projects would not result in a cumulatively considerable contribution to significant cumulative impacts on population or housing.

Cultural and Paleontological Resources

- Impact CP-1: The proposed Project would not cause a substantial adverse change in the significance of an historic architectural resource.
- Impact C-CP-1: The proposed Project, in combination with past, present, and reasonably foreseeable future projects in the vicinity, would not result in a cumulatively considerable contribution to significant cumulative impacts on cultural resources or archaeological resources.

Transportation and Circulation

- The proposed Project would not result in changes to air traffic patterns because the project site is not located within an airport land use plan area or in the vicinity of a private airstrip.
- The proposed Project would not substantially increase transportation hazards due to a design feature or incompatible uses.
- Impact TR-1: Implementation of the Service Policy Framework and the TEP project components would not result in construction-related transportation impacts because of their temporary and limited duration.
- Impact TR-2: Implementation of the Service Policy Framework Objectives A through D would not result in significant impacts to local or regional transit, traffic operations, pedestrians and bicyclists, loading, emergency vehicle access, or parking.
- Impact TR-4: Implementation of the Policy Framework Objective A, Actions A.1, A.2 and A.4, Objective B, Actions B.1 through B.4, Objective C, Actions C.1 and C.2, and Objective D, Actions D.1 through D.4 would not result in significant traffic impacts.
- Impact TR-6: Implementation of the Policy Framework Objective A, Actions A.1, A.2 and A.4, Objective B, Actions B.1 through B.4, Objective C, Actions C.1 and C.2, and Objective D, Actions D.1 through D.4 would not result in significant loading impacts.
- Impact TR-7: Implementation of all of the TPS Toolkit categories: Transit Stop Changes, Lane Modifications, Parking and Turn Restrictions, Traffic Signal and Stop Sign Changes, and Pedestrian Improvements, would not result in significant impacts to local or regional transit, pedestrians and bicycles, emergency vehicle access, or parking.
- Impact TR-9: Implementation of the following TPS Toolkit categories: Transit Stop Changes, Parking and Turn Restrictions, and Traffic Signal and Stop Sign Changes, would not result in significant traffic impacts.
- Impact TR-11: Implementation of TPS Toolkit element category Traffic Signal and Stop Sign Changes would not result in significant loading impacts.
- Impact TR-12: Implementation of program-level Service-related Capital Improvements projects (TTPI.2, TTPI.3, TTPI.4, OWE.6, and SCI.1) would not result in significant impacts to local or regional transit, traffic operations, pedestrians and bicyclists, loading, emergency vehicle access, or parking.
- Impact TR-13: Implementation of any of the TPS Toolkit categories: Transit Stop Changes, Lane Modifications, Parking and Turn Restrictions, Traffic Signal and Stop Sign Changes, and Pedestrian Improvements along the nine program-level TTRP corridors would not result in significant impacts to local or regional transit, pedestrians and bicyclists, emergency vehicle access, or parking.
- Impact TR-15: Implementation of any TPS Toolkit elements within the following categories: Transit Stop Changes, Parking and Turn Restrictions, and Traffic Signal and Stop Sign Changes, along the program-level TTRP corridors would not result in significant impacts on traffic operations.

- Impact TR-17: Implementation of any of the TPS Toolkit elements within the category Traffic Signal and Stop Sign Changes along the program level TTRP corridors would not result in significant loading impacts.
- Impact TR-18: Implementation of the Service Improvements or Service Variants would not result in significant impacts to local or regional transit, traffic operations, pedestrians and bicyclists, loading, emergency vehicle access, or parking.
- Impact TR-19: Implementation of the project-level Service-related Capital Improvement projects (TTPI.2, OWE.1, OWE.1 Variant, OWE.2, OWE.3, OWE.4, OWE.5, and SCI.2) would not result in significant impacts to local or regional transit, traffic operations, pedestrians and bicyclists, loading, emergency vehicle access, or parking.
- Impact TR-20: Implementation of the project-level TTRP Moderate Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14 Variant 1, TTRP.14 Variant 2, TTRP.22_1, TTRP.28_1, TTRP.30_1, or TTRP.71_1 would not result in significant impacts to local or regional transit.
- Impact TR-21: Implementation of the project-level TTRP Expanded Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14, TTRP.22_1, TTRP.22_1 Variant 1, TTRP.22_1 Variant 2, TTRP.28_1, TTRP.30_1, TTRP.30_1 Variant 1, TTRP.30_1 Variant 2, or TTRP.71_1 would not result in significant impacts to local or regional transit.
- Impact TR-22: Implementation of the project-level TTRP Moderate Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14 Variant 1, TTRP.14 Variant 2, TTRP.22_1, TTRP.28_1, TTRP.30_1, or TTRP.71_1 would have less-than-significant traffic impacts at 78 study intersections.
- Impact TR-23: Implementation of the project-level TTRP Expanded Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.28_1, or TTRP.71_1 would have less-than-significant traffic impacts at 40 study intersections.
- Impact TR-25: Implementation of the project-level TTRP.14 Expanded Alternative would have less-than-significant traffic impacts at 19 study intersections under Existing plus Service Improvements and the TTRP.14 Expanded Alternative conditions.
- Impact TR-29: Implementation of the project-level TTRP.22_1 Expanded Alternative would have less-than-significant traffic impacts at six study intersections that would operate at level of service ("LOS") D or better under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative conditions.
- Impact TR-33: Implementation of the project-level TTRP.22_1 Expanded Alternative Variant 1 would have less-than-significant traffic impacts at six study intersections that would operate at LOS D or better under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 1 conditions.
- Impact TR-37: Implementation of the project-level TTRP.22_1 Expanded Alternative Variant 2 would have less-than-significant traffic impacts at six study intersections that would operate at LOS D or better under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 2 conditions.
- Impact TR-39: Implementation of the project-level TTRP.30_1 Expanded Alternative would have less-than-significant traffic impacts at nine study intersections that would

operate at LOS D or better under Existing plus Service Improvements and the TTRP.30_1 Expanded Alternative conditions.

- Impact TR-41: Implementation of the project-level TTRP.30_1 Expanded Alternative Variant 1 would have less-than-significant traffic impacts at nine study intersections that would operate at LOS D or better under Existing plus Service Improvements and the TTRP.30_1 Expanded Alternative Variant 1 conditions.
- Impact TR-43: Implementation of the project-level TTRP.30_1 Expanded Alternative Variant 2 would have less-than-significant traffic impacts at nine study intersections that would operate at LOS D or better under Existing plus Service Improvements and the TTRP.30_1 Expanded Alternative Variant 2 conditions.
- Impact TR-44: Implementation of the project-level TTRP Moderate Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14 Variant 1, TTRP.14 Variant 2, TTRP.22_1, TTRP.28_1, TTRP.30_1, or TTRP.71_1 would not result in significant impacts to pedestrians and bicyclists.
- Impact TR-45: Implementation of the project-level TTRP Expanded Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14, TTRP.22_1, TTRP.22_1 Variant 1, TTRP.22_1 Variant 2, TTRP.28_1 Expanded Alternative, TTRP.30_1, TTRP.30_1 Variant 1, TTRP.30_1 Variant 2, or TTRP.71_1 would not result in significant impacts to pedestrians and bicyclists.
- Impact TR-46: Implementation of the project-level TTRP Moderate Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.22_1, TTRP.28_1, or TTRP.71_1 would not result in significant loading impacts.
- Impact TR-47: Implementation of the project-level TTRP Expanded Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.22_1, TTRP.22_1 Variant 1, TTRP.22_1 Variant 2, TTRP.28_1, or TTRP.71_1 would not result in significant loading impacts.
- Impact TR-55: Implementation of the project-level TTRP Moderate Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14 Variant 1, TTRP.14 Variant 2, TTRP.22_1, TTRP.28_1, TTRP.30_1, or TTRP.71_1 would not result in significant impacts on emergency vehicle access.
- Impact TR-56: Implementation of the project-level TTRP Expanded Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14, TTRP.22_1, TTRP.22_1 Variant 1, TTRP.22_1 Variant 2, TTRP.28_1, TTRP.30_1, TTRP.30_1 Variant 1, TTRP.30_1 Variant 2, or TTRP.71_1 would not result in significant impacts on emergency vehicle access.
- Impact TR-57: Implementation of the project-level TTRP Moderate Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14 Variant 1, TTRP.14 Variant 2, TTRP.22_1, TTRP.28_1, TTRP.30_1, or TTRP.71_1 would not result in a significant parking impact.
- Impact TR-58: Implementation of the project-level TTRP Expanded Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14, TTRP.22_1, TTRP.22_1 Variant 1, TTRP.22_1 Variant 2, TTRP.28_1, TTRP.30_1, TTRP.30_1 Variant 1, TTRP.30_1 Variant 2, or TTRP.71_1 would not result in a significant parking impact.

- **Impact C-TR-4:** Implementation of the Service Improvements or Service Variants, in combination with past, present and reasonably foreseeable development in San Francisco, would not contribute considerably to ridership at the regional transit screenlines on AC Transit, Caltrain, Golden Gate Transit, SamTrans, and other regional ferry service under 2035 Cumulative plus Service Improvements only conditions.
- **Impact C-TR-5:** The TPS Toolkit elements as applied in the program-level TTRP corridors, and Service Improvements with the TTRP Moderate Alternative would not contribute considerably to ridership at the regional transit screenlines on AC Transit, Caltrain, Golden Gate Transit, SamTrans, and other regional ferry service under 2035 Cumulative plus Service Improvements and the TTRP Moderate Alternative conditions.
- **Impact C-TR-6:** The TPS Toolkit elements as applied in program-level TTRP corridors, and Service Improvements with the TTRP Expanded Alternative, in combination with past, present and reasonably foreseeable development in San Francisco, would not contribute considerably to ridership at the regional transit screenlines on AC Transit, Caltrain, Golden Gate Transit, SamTrans, and other regional ferry service under 2035 Cumulative plus Service Improvements and the TTRP Expanded Alternative conditions.
- **Impact C-TR-8:** Implementation of the Service Policy Framework Objective A, Actions A.1, A.2 and A.4, Objective B, Actions B.1 through B.4, Objective C, Actions C.1 and C.2, and Objective D, Actions D.1 through D.4 and any of the TPS Toolkit elements within categories: Transit Stop Changes, Parking and Turn Restrictions, and Traffic Signal and Stop Sign Changes, in combination with past, present and reasonably foreseeable development in San Francisco, would have less-than-significant traffic impacts under 2035 Cumulative plus Service Improvements and the TTRP Moderate Alternative conditions, and therefore would not contribute to any significant cumulative traffic impacts.
- **Impact C-TR-10:** Implementation of the Service Policy Framework Objective A, Actions A.1, A.2 and A.4, Objective B, Actions B.1 through B.4, Objective C, Actions C.1 and C.2, and Objective D, Actions D.1 through D.4 and any of the TPS Toolkit elements within categories: Transit Stop Changes, Parking and Turn Restrictions, and Traffic Signal and Stop Sign Changes, in combination with past, present and reasonably foreseeable development in San Francisco, would have less-than-significant traffic impacts under 2035 Cumulative plus Service Improvements and the TTRP Expanded Alternative conditions, and therefore would not contribute to any significant cumulative traffic impacts.
- **Impact C-TR-11:** Implementation of the Service Improvements or Service Variants, in combination with past, present and reasonably foreseeable development in San Francisco, would have less-than-significant traffic impacts under 2035 Cumulative plus Service Improvements only conditions, and therefore would not contribute to any significant cumulative traffic impacts.
- **Impact C-TR-12:** Implementation of the TTRP Moderate Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14 Variant 1, TTRP.14 Variant 2, TTRP.22_1, TTRP.28_1, TTRP.30_1, or TTRP.71_1 would have less-than-significant traffic impacts under 2035 Cumulative plus Service Improvements and the TTRP Moderate Alternative conditions, and therefore would not contribute to any significant cumulative traffic impacts.

- Impact C-TR-38: Implementation of the TTRP Expanded Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14, TTRP.22_1, TTRP.22_1 Variant 1, TTRP.22_1 Variant 2, TTRP.28_1, TTRP.30_1, TTRP.30_1 Variant 1, TTRP.30_1 Variant 2, or TTRP.71_1, in combination with past, present and reasonably foreseeable development in San Francisco, would not contribute considerably to significant cumulative traffic impacts at 16 study intersections that would operate at LOS E or LOS F under 2035 Cumulative plus Service Improvements and the TTRP Expanded Alternative conditions.
- Impact C-TR-39: Implementation of the TTRP Expanded Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14, TTRP.22_1, TTRP.22_1 Variant 1, TTRP.22_1 Variant 2, TTRP.28_1, TTRP.30_1, TTRP.30_1 Variant 1, TTRP.30_1 Variant 2, or TTRP.71_1 would not result in significant cumulative traffic impacts at 48 study intersections that would operate at LOS D or better under 2035 Cumulative plus Service Improvements and the TTRP Expanded Alternative conditions.
- Impact C-TR-40: Implementation of the Service Policy Framework and any of the TPS Toolkit elements within categories: Transit Stop Changes, Lane Modifications, Parking and Turn Restrictions, and Traffic Signal and Stop Sign Changes, and Pedestrian Improvements as applied in program-level TTRP corridors, Service Improvements or Service Variants, and Service-related Capital Improvements, in combination with past, present and reasonably foreseeable development in San Francisco, would have less-than-significant cumulative pedestrian and bicycle impacts.
- Impact C-TR-41: Implementation of the Service Improvements or Service Variants and the project-level TTRP Moderate Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14 Variant 1 and TTRP Variant 2, TTRP.22_1, TTRP.28_1, TTRP.30_1, or TTRP.71_1, in combination with past, present and reasonably foreseeable development in San Francisco, would have less-than-significant cumulative pedestrian and bicycle impacts.
- Impact C-TR-42: Implementation of the Service Improvements or Service Variants and the project-level TTRP Expanded Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14, TTRP.22_1, TTRP.22_1 Variant 1, TTRP.22_1 Variant 2, TTRP.28_1, TTRP.30_1, TTRP.30_1 Variant 1, TTRP.30_1 Variant 2, or TTRP.71_1, in combination with past, present and reasonably foreseeable development in San Francisco, would have less-than-significant cumulative pedestrian and bicycle impacts.
- Impact C-TR-46: Implementation of the Policy Framework Objective A, Actions A.1, A.2 and A.4, Objective B, Actions B.1 through B.4, Objective C, Actions C.1 and C.2, and Objective D, Actions D.1 through D.4, TPS Toolkit Category Traffic Signal and Stop Sign Changes as applied in program-level TTRP corridors, Service Improvements or Service Variants, and Service-related Capital Improvements, in combination with past, present and reasonably foreseeable development in San Francisco, would have less-than-significant cumulative loading impacts.
- Impact C-TR-47: Implementation of the project-level TTRP Moderate Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.22_1, TTRP.28_1, or TTRP.71_1, in combination with past, present and reasonably foreseeable development in San Francisco, would have less-than-significant cumulative loading impacts.

- Impact C-TR-48: Implementation of the project-level TTRP Expanded Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.22_1, TTRP.22_1 Variant 1, TTRP.22_1 Variant 2, TTRP.28_1, or TTRP.71_1, in combination with past, present and reasonably foreseeable development in San Francisco, would have less-than-significant cumulative loading impacts.
- Impact C-TR-50: Implementation of the Service Policy Framework Objective A, Actions A.1, A.2, and A.4, Objective B all actions, Objective C, Actions C.1 and C.2, and Objective D all actions, and any of the TPS Toolkit elements within categories: Transit Stop Changes and Traffic Signal and Stop Sign Changes, and Pedestrian Improvements as applied in program-level TTRP corridors, Service Improvements, and Service-related Capital Improvements, in combination with past, present and reasonably foreseeable development in San Francisco, would have less-than-significant cumulative parking impacts.
- Impact C-TR-51: Implementation of the project-level TTRP Moderate Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.22_1, TTRP.28_1, TTRP.30_1, or TTRP.71_1, in combination with past, present and reasonably foreseeable development in San Francisco, would have less-than-significant cumulative parking impacts.
- Impact C-TR-53: Implementation of the project-level TTRP Expanded Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14, TTRP.28_1, TTRP.30_1, TTRP.30_1 Variant 1, TTRP.30_1 Variant 2, or TTRP.71_1, in combination with past, present and reasonably foreseeable development in San Francisco, would have less-than-significant cumulative parking impacts.

Noise and Vibration

- The proposed Project is not located within an airport land use plan area, within two miles of a public or public use airport, or in the vicinity of a private airstrip, and therefore would not expose people residing or working in the project area to excessive noise levels.
- Impact NO-1: Construction activities, occurring indirectly as a result of the proposed Service Policy Framework, and as proposed under the TEP for the Service Improvements and Service Variants, Service-related Capital Improvements, and TTRPs and TTRP Variants would not result in a substantial temporary or periodic increase in noise levels above existing ambient conditions.
- Impact NO-2: Construction activities, occurring indirectly as a result of the proposed Service Policy Framework, and as proposed under the TEP for the Service Improvements and Service Variants, Service-related Capital Improvements, and TTRPs and TTRP Variants would not expose persons and structures to excessive temporary ground-borne vibration or ground-borne noise levels.
- Impact NO-3: The proposed Service Policy Framework and operation of the Service Improvements and Service Variants would not result in a substantial increase in permanent noise levels along affected transit routes above existing ambient conditions.
- Impact NO-4: The proposed Service Policy Framework and the Service Improvements and Service Variants proposed by the TEP would not expose people to or generate excessive ground-borne vibration or noise levels along affected transit routes.

- **Impact C-NO-1:** The Service Policy Framework and the construction and operation of the proposed TEP, including Service Improvements and Service Variants, Service-related Capital Improvements, and TTRPs and TTRP Variants, in combination with other past, present, or reasonably foreseeable future projects, would not increase construction noise and vibration or operational noise and vibration levels along affected transit routes substantially above existing ambient conditions.

Air Quality

- The proposed Project would not result in significant odor impacts.
- **Impact AQ-1:** The Service Policy Framework and construction activities proposed under the Service Improvements and Service Variants, Service-related Capital Improvements, and TTRPs and TTRP Variants would not result in a violation of air quality standards or contribute substantially to an existing or projected air quality violation; nor would it result in a cumulatively considerable net increase of criteria air pollutants, for which the project region is in nonattainment under an applicable ambient air quality standard.
- **Impact AQ-2:** The Service Policy Framework and construction activities proposed under the Service Improvements and Service Variants, Service-related Capital Improvements, and TTRPs and TTRP Variants would not generate emissions of PM_{2.5} and toxic air contaminants, including diesel particulate matter, at levels that would expose sensitive receptors to substantial pollutant concentrations.
- **Impact AQ-3:** The Service Policy Framework and the proposed project-level Service Improvements and Service Variants in combination with the TTRPs and TTRP Variants would not result in a violation of air quality standards or contribute substantially to an existing or projected air quality violation nor result in a cumulatively considerable net increase of any criteria air pollutant for which the project region is in nonattainment under an applicable ambient air quality standard.
- **Impact AQ-4:** The Service Policy Framework and proposed project-level Service Improvements and Service Variants would not generate emissions of PM_{2.5} and toxic air contaminants, including diesel particulate matter, at levels that would expose sensitive receptors to substantial pollutant concentrations.
- **Impact AQ-5:** The Service Policy Framework, and construction and operation of the proposed TEP, including the Service Improvements and Service Variants, Service-related Capital Improvements, and TTRPs and TTRP Variants, would not conflict with or obstruct implementation of the 2010 Clean Air Plan, the Bay Area's applicable air quality plan.
- **Impact C-AQ-1:** The Service Policy Framework, and construction and operation of the proposed TEP, including the Service Improvements and Service Variants, Service-related Capital Improvements, and TTRPs and TTRP Variants, in combination with past, present and reasonably foreseeable future projects, would not result in a cumulatively considerable net increase of any criteria air pollutant for which the project region is in nonattainment under applicable ambient air quality standards.
- **Impact C-AQ-2:** The Service Policy Framework, and construction and operation of the proposed TEP, including the Service Improvements and Service Variants, Service-related Capital Improvements, and TTRPs and TTRP Variants, in combination with past,

present and reasonably foreseeable future projects, would not generate emissions of $PM_{2.5}$ and toxic air contaminants, including diesel particulate matter, at levels that would expose sensitive receptors to substantial pollutant concentrations.

Greenhouse Gas Emissions

- Impact C-GG-1: The proposed Project would generate greenhouse gas emissions, but not in levels that would result in a significant impact on the environment or conflict with any policy, plan, or regulation adopted for the purpose of reducing greenhouse gas emissions.

Wind and Shadow

- Impact WS-1: The proposed Project would not alter winds in a manner that would substantially affect public areas.
- Impact WS-2: The proposed Project would not create new shadow that substantially affects outdoor recreation facilities or other public areas.

Recreation

- Impact RE-1, RE-3: The proposed Project would not result in the increased use of existing neighborhood or regional parks or other recreation facilities such that substantial physical deterioration would occur or be accelerated, nor result in the degradation of recreational resources.
- Impact RE-2: The proposed project would not include recreational facilities or require the construction or expansion of recreational facilities that might have an adverse physical effect on the environment.
- Impact C-RE-1: The proposed project in combination with other past, present, or reasonably foreseeable future projects would not result in a cumulatively considerable contribution to significant cumulative impacts on recreation.

Utilities and Services Systems

- Impact UT-1, UT-2: The proposed Project would not exceed the wastewater treatment requirements of the Regional Water Quality Control Board; result in a determination that the wastewater treatment provider has inadequate capacity to serve the project; or require or result in the construction of new or the expansion of existing water, wastewater treatment or stormwater drainage facilities
- Impact UT-3: The proposed Project would have sufficient water supply available from existing entitlements and would not require new or expanded water supply resources or entitlements.
- Impact UT-4: The proposed Project would increase the amount of solid waste generated on the project sites, but would be adequately served by the City's landfill and would comply with federal, state and local statutes and regulations related to solid waste.

- Impact C-UT-1: The proposed Project in combination with other past, present, or reasonably foreseeable future projects would not result in a cumulatively considerable contribution to significant cumulative impacts on utilities and service systems.

Public Services

- Impact PS-1: The proposed Project would not result in substantial adverse physical impacts associated with the provision of police protection, fire protection, schools, and library services in order to maintain acceptable service ratios, response times, or other performance objectives.
- Impact C-PS-1: The proposed Project would not result in a cumulatively considerable contribution to significant impacts on police services, fire protection, emergency services, schools, or libraries such that new or altered facilities are required.

Biological Resources

- Impact BI-1, B-2, BI-3: The proposed Project would not affect any special status species, riparian habitat or other sensitive natural community, or federally protected wetlands; would not interfere with the movement of native resident or wildlife species or with established native resident or migratory wildlife corridors; and would not conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance.
- Impact C-BI-4: The proposed Project would not result in a cumulatively considerable contribution to significant cumulative impacts on biological resources.

Geology and Soils

- Impact GE-1: Implementation of the proposed Project would not result in exposure of people and structures to potential substantial adverse effects, including the risk of loss, injury, or death involving rupture of a known earthquake fault, seismic ground-shaking, liquefaction, lateral spreading, or landslides.
- Impact GE-2: The implementation of the proposed Project would not result in substantial erosion, loss of topsoil, or adverse impacts to topographical features.
- Impact GE-3: The implementation of the proposed Project would not locate sensitive land uses on geologic units or soils that are expansive, unstable, or that would become unstable as a result of future uses, and potentially result in on-or off-site landslide, lateral spreading, subsidence, liquefaction, or collapse.
- Impact C-GE-1: The proposed Project would not result in a cumulatively considerable contribution to significant cumulative impacts on geology and soils.

Hydrology and Water Quality

- Impact HY-1: The implementation of the proposed Project would not violate water quality or waste discharge standards, exceed the capacity of existing drainage systems,

provide additional sources of polluted runoff, or otherwise substantially degrade water quality.

- Impact HY-2, HY-3: The proposed Project would not substantially deplete groundwater supplies or interfere substantially with groundwater recharge, and would not substantially alter existing drainage patterns in a manner that would result in substantial erosion or siltation.
- Impact HY-4, HY-5: The implementation of the proposed Project would not expose people or structures to substantial risk of loss due to flooding, or to a significant risk of loss, injury or death involving inundation by seiche, tsunami, or mudflow, or as a result of the failure of a reservoir.
- Impact C-HY-1: The proposed Project would not result in a cumulatively considerable contribution to significant cumulative impacts on water quality and hydrology.

Hazards and Hazardous Materials

- Impact HZ-3: Implementation of the proposed Project would not create a significant hazard to the public or the environment by location on a hazardous materials site.
- Impact HZ-4: Implementation of the proposed Project would not expose people or structures to a significant risk of loss, injury, or death involving fires, and would not interfere with the implementation of an emergency response plan.
- Impact C-HZ-1: The proposed Project would not result in a cumulatively considerable contribution to significant cumulative impacts with respect to hazards and hazardous materials.

Mineral and Energy Resources

- Impact ME-1: The proposed Project would not result in the loss of availability of a known mineral resource or a locally-important mineral resource recovery site.
- Impact ME-2: The proposed Project would not result in the use of large amounts of fuel, water, or energy, or use these in a wasteful manner.
- Impact C-ME-1: The proposed Project would not result in a cumulatively considerable contribution to significant cumulative impacts on mineral and energy resources.

Agriculture and Forest Resources

- Impact AF-1: The proposed Project would not have a substantial adverse effect on agriculture or forest resources.

Growth-Inducing Impacts

- Impact GR-1: Implementation of the Service Policy Framework and the TEP project components would not result in growth inducing impacts.

III. FINDINGS OF POTENTIALLY SIGNIFICANT IMPACTS THAT CAN BE AVOIDED OR REDUCED TO A LESS-THAN-SIGNIFICANT LEVEL THROUGH MITIGATION AND THE DISPOSITION OF THE MITIGATION MEASURES

CEQA requires agencies to adopt mitigation measures that would avoid or substantially lessen a project's identified significant impacts or potential significant impacts if such measures are feasible (unless mitigation to such levels is achieved through adoption of a project alternative). The findings in this Section III and in Section IV concern mitigation measures set forth in the EIR. These findings discuss mitigation measures as identified in the FEIR and recommended for adoption by the SFMTA Board of Directors. The full text of the mitigation measures is contained in the FEIR and in **Attachment B**, the Mitigation Monitoring and Reporting Program.

The SFMTA Board adopts all of the mitigation measures identified in the FEIR. The SFMTA Board finds that all of the mitigation measures are appropriate and feasible. Based on the analysis contained in the FEIR, other considerations in the record, and the significance thresholds in the EIR, the SFMTA Board finds that the impacts identified in this Section III will be reduced to a less-than-significant level through implementation of the mitigation measures contained in the FEIR, imposed as conditions of approval, and set forth in **Attachment B**.

Cultural and Paleontological Resources

- Impact CP-2: The proposed Project could cause a substantial adverse change in the significance of an archaeological resource pursuant to *CEQA Guidelines* Section 15064.5.

There is a reasonable presumption that construction of the proposed program-level and project-level TEP components will not require an excavation depth and/ or be located in an area where the potential for effect on archaeological resources is likely. However, to avoid potential adverse impacts on archaeological resources where the presence of the resource cannot be known, foreseen, or predicted, the Accidental Discovery Archaeological Mitigation Measure will be implemented for all TEP components. This mitigation measure requires that upon accidental discovery of an archaeological resource during construction (including human remains), the appropriate treatment of the resource will be carried out by a qualified archaeological consultant.

Mitigation Measure M-CR-2a: Accidental Discovery of Archeological Resources.

The construction of the following four TEP components has the potential to adversely affect archaeological resources: TTRP.22_2; TTRP.9; and two Service-related Capital Improvements, OWE.1 New Overhead Wiring – Reroute 33 Stanyan onto Valencia Street, and SC1.2 Sansome Street Contraflow Lane. TTRP.9 includes a segment of Bayshore Boulevard, and TTRP. 22_2 includes a segment of Richardson Avenue. These segments occur along the historic shoreline,

estuary, tidal marsh or lagoon, or watercourse and such sites may include prehistoric archaeological resources. The installation of overhead wire support poles and duct banks along a two-block portion of Valencia Street (OWE.1) will be constructed in the Mission Dolores area in which there is a potential for significant archaeological resources from the Hispanic Period. The installation of traffic mast arms along a three-block portion of Sansome Street (SCI.2) will occur in an area with the potential for impacts to archaeological resources from the Yerba Buena period. Construction in these areas could result in significant impacts on archaeological resources if the Archaeological Monitoring mitigation measure is not implemented. Implementation of the Archaeological Monitoring mitigation measure requires review by the Planning Department archeologist once engineering design details are known. If determined necessary by the Planning Department, the SFMTA would be required to hire an archaeological consultant to be present and monitor construction activities associated with these four TEP components (as necessary), redirect construction activities if an intact archaeological deposit is encountered, evaluate the deposit, and either re-design the project or implement a data recovery program.

Mitigation Measure M-CR-2b: Archaeological Monitoring

- Impact CP-3: The proposed Project could directly or indirectly destroy a unique paleontological resource or site or unique geologic feature.

Given the shallow excavation depths of TEP construction activities and previous ground disturbance that is common within the public right-of-way, there is a low probability of encountering significant paleontological resources in the course of project construction. However, the presence of shallow paleontological resources within areas of excavation under the proposed Project cannot be conclusively ruled out. Disturbance of paleontological resources could impair the ability of paleontological resources to yield important scientific information. The Paleontological Resources Accidental Discovery mitigation measure will apply in the event that any indication of a paleontological resource is encountered in the course of TEP project construction activities, and if the resource may be important, a qualified paleontological consultant will be retained to design and implement a sampling and data recovery program.

Mitigation Measure M-CP-3: Paleontological Resources Accidental Discovery

Hazards and Hazardous Materials

- Impact HZ-1: Implementation of the proposed Project would not create a significant hazard through routine transport, use, disposal, handling, or emission of hazardous materials or through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment.

The use, storage, and disposal of hazardous materials is regulated by numerous local, state, and federal laws and regulations. Excavation in the public-right-of-way is regulated under the Public Works Code, which states that excavation contractors are subject to all applicable hazardous material guidelines for disposal, handling, release, and treatment of hazardous material; site remediation; and worker safety and training. Additionally, Article 20 of the Public Works Code and Article 22A of the San Francisco Health Code require environmental investigation at construction sites where contaminated fill materials may be encountered. The SFMTA and construction contractors will adhere to these regulations. However, to ensure that potential significant impacts from release of hazardous materials during construction are reduced to less-than-significant levels, the SFMTA and construction contractors are required to implement the Hazardous Materials Soil Testing mitigation measure, which requires that soil to be removed from an excavation area and not encapsulated within the same area be tested and, if found to contain hazardous materials, be transported and disposed of in compliance with local, state and federal requirements.

Mitigation Measure M-HZ-1: Hazardous Materials Soil Testing

- Impact HZ-2: Implementation of the proposed project would not substantially emit hazardous emissions or acutely hazardous materials near schools.

To ensure that construction and operation of the program- and project-level TEP components will not result in significant hazardous materials emissions or the handling of acutely hazardous materials near schools, the SFMTA and construction contractors are required to implement the Hazardous Materials Soil Testing mitigation measure listed above.

Mitigation Measure M-HZ-1: Hazardous Materials Soil Testing

IV. SIGNIFICANT IMPACTS THAT CANNOT BE AVOIDED OR REDUCED TO A LESS-THAN-SIGNIFICANT LEVEL

Based on substantial evidence in the whole record of these proceedings, the SFMTA Board of Directors finds that, where feasible, changes or alterations have been required, or incorporated into, the Project to reduce the significant environmental impacts as identified in the FEIR. The SFMTA Board finds that the mitigation measures in the FEIR and described below are appropriate, and that changes have been required in, or incorporated into, the Project that, pursuant to Public Resources Code Section 21002 and CEQA Guidelines Section 15091, may substantially lessen, but do not avoid (i.e., reduce to less-than-significant levels), the potentially significant environmental effects associated with implementation of the Project that are described below. The SFMTA Board adopts all of the mitigation measures and improvement measures set forth in the Mitigation Monitoring and Reporting Plan (MMRP), attached as **Attachment B**. But, the SFMTA Board further finds that for the impacts listed below, despite

the implementation of all feasible mitigation measures, the effects remain significant and unavoidable.

Based on substantial evidence in the whole record, including the expert opinion of SFMTA and Planning Department staff and consultants to those staff, the SFMTA Board also finds that for some impacts identified in the FEIR, as noted below in this Section IV, no feasible mitigation measures were identified in the FEIR and those impacts remain significant and unavoidable. For a detailed explanation of the lack of feasible mitigation measures for some of the following impacts, and of the reasons why certain mitigation measures, although technologically feasible, may be subject to uncertainty, including funding-related uncertainty, please see the relevant discussions in the FEIR.

The SFMTA Board determines that the following significant impacts on the environment, as reflected in the FEIR, are unavoidable, but under Public Resources Code §§ 21081(a)(3) and (b), and CEQA Guidelines §§ 15091(a)(3), 15092(b)(2)(B), and 15093, the SFMTA Board determines that the impacts are acceptable due to the overriding considerations described in Section VI below. This finding is supported by substantial evidence in the record of this proceeding.

Transportation and Circulation

- **Impact TR-3:** Implementation of the Policy Framework Objective A, Action A.3, and Objective C, Actions C.3 through C.5 may result in significant traffic impacts.

- *Mitigation Measure M-TR-8: Optimization of Intersection Operations.*

Because this measure may not be adequate to mitigate impacts to intersection traffic operations to less-than-significant levels, and because the feasibility of providing additional vehicle capacity is unknown and it is not always possible to optimize an intersection such that level of service will improve to level of service ("LOS") D or better, the impact on traffic operations remains significant and unavoidable.

- **Impact TR-5:** Implementation of the Policy Framework Objective A, Action A.3 and Objective C, Actions C.3 through C.5 may result in significant loading impacts.

- *Mitigation Measure M-TR-10: Provision of Replacement Commercial Loading Spaces*

- *Mitigation Measure M-TR-48: Enforcement of Parking Violations.*

These measures could reduce significant loading impacts to a less-than-significant level. However, in some locations on-street parking may not be available to convert to commercial loading spaces on the same block and side of the street or within 250 feet on an adjacent side

street, the feasibility of providing replacement commercial loading spaces pursuant to Mitigation Measure M-TR-10 cannot be assured in every situation. And because the effectiveness of the use of camera video enforcement of parking regulations along new transit-only lanes is not known, the feasibility of Mitigation Measure M-TR-48 is uncertain. Therefore, the impact of loss of on-street commercial loading spaces remains significant and unavoidable.

- **Impact TR-8:** Implementation of the following TPS Toolkit categories: Lane Modifications and Pedestrian Improvements may result in significant traffic impacts.
 - *Mitigation Measure M-TR-8: Optimization of Intersection Operations*

Because this measure may not be adequate to mitigate intersection traffic operations to less-than-significant levels, and because the feasibility of providing additional vehicle capacity is unknown and it is not always possible to optimize an intersection such that level of service will improve to LOS D or better, the impact on traffic operations remains significant and unavoidable.

- **Impact TR-10:** Implementation of the following TPS Toolkit categories: Transit Stop Changes, Lane Modifications, Parking and Turn Restrictions, and Pedestrian Improvements, may result in significant loading impacts.
 - *Mitigation Measure M-TR-10: Provision of Replacement Commercial Loading Spaces*

While this measure could reduce significant loading impacts, in some locations on-street parking may not be available to convert to commercial loading spaces on the same block and side of the street or within 250 feet on an adjacent side street, the feasibility of providing replacement commercial loading spaces pursuant to Mitigation Measure M-TR-10 cannot be assured. Therefore, the impact of loss of on-street commercial loading spaces remains significant and unavoidable.

- **Impact TR-14:** Implementation of TPS Toolkit elements within the following categories: Lane Modifications and Pedestrian Improvements, along the program-level TTRP corridors may result in significant traffic impacts.
 - *Mitigation Measure M-TR-8: Optimization of Intersection Operations*

Because this measure may not be adequate to mitigate intersection traffic operations to less-than-significant levels, and because the feasibility of providing additional vehicle capacity is unknown and it is not always possible to optimize an intersection such that level of service will improve to LOS D or better, the impact on traffic operations remains significant and unavoidable.

- **Impact TR-16:** Implementation of the following TPS Toolkit categories: Transit Stop Changes, Lane Modifications, Parking and Turn Restrictions, and Pedestrian Improvements, along the program-level TTRP corridors may result in significant loading impacts.
 - *Mitigation Measure M-TR-10: Provision of Replacement Commercial Loading Spaces*

While this measure could reduce significant loading impacts, in some locations on-street parking may not be available to convert to commercial loading spaces on the same block and side of the street or within 250 feet on an adjacent side street, the feasibility of providing replacement commercial loading spaces pursuant to Mitigation Measure M-TR-10 cannot be assured. Therefore, the impact of loss of on-street commercial loading spaces remains significant and unavoidable.

- **Impact TR-24:** Implementation of the project-level TTRP.14 Expanded Alternative would result in a significant traffic impact at the intersection of Randall Street/San Jose Avenue that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.14 Expanded Alternative conditions.

No feasible mitigation measures are available and the impact remains significant and unavoidable.

- **Impact TR-26:** Implementation of the project-level TTRP.22_1 Expanded Alternative would result in a significant traffic impact at the intersection of 16th/Bryant streets that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative conditions.
 - *Mitigation Measure M-TR-26: Intersection Restriping at 16th/Bryant streets.*

Implementation of Mitigation Measure M-TR-26 would reconfigure the intersection of 16th and Bryant Streets such that the westbound approach would be a through lane and dedicated right turn-pocket and the eastbound approach would be to a shared through/right lane.

Implementation of Mitigation Measure M-TR-26 would not improve intersection operations to LOS D or better during the p.m. peak hour; therefore, traffic impacts at the intersection of 16th and Bryant streets remain significant and unavoidable.

- **Impact TR-27:** Implementation of the project-level TTRP.22_1 Expanded Alternative would result in a significant traffic impact at the intersection of 16th Street/Potrero Avenue that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative conditions.

No feasible mitigation measures are available and the impact remains significant and unavoidable.

- **Impact TR-28:** Implementation of the project-level TTRP.22_1 Expanded Alternative would result in a significant traffic impact at the intersection of 16th/Seventh streets that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative conditions.

No feasible mitigation measures are available and the impact remains significant and unavoidable.

- **Impact TR-30:** Implementation of the project-level TTRP.22_1 Expanded Alternative Variant 1 would result in a significant traffic impact at the intersection of 16th/Bryant streets that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 1 conditions.

– *Mitigation Measure M-TR-26: Intersection Restriping at 16th/Bryant streets*

Implementation of Mitigation Measure M-TR-26 would not improve intersection operations to LOS D or better during the p.m. peak hour; therefore, traffic impacts at the intersection of 16th and Bryant streets remain significant and unavoidable.

- **Impact TR-31:** Implementation of the project-level TTRP.22_1 Expanded Alternative Variant 1 would result in a significant traffic impact at the intersection of 16th Street/Potrero Avenue that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 1 conditions.

No feasible mitigation measures are available and the impact remains significant and unavoidable.

- **Impact TR-32:** Implementation of the project-level TTRP.22_1 Expanded Alternative Variant 1 would result in a significant traffic impact at the intersection of 16th/Seventh streets that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative conditions.

No feasible mitigation measures are available and the impact remains significant and unavoidable.

- **Impact TR-34:** Implementation of the project-level TTRP.22_1 Expanded Alternative Variant 2 would result in a significant traffic impact at the intersection of 16th/Bryant streets that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 2 conditions.

– *Mitigation Measure M-TR-26: Intersection Restriping at 16th/Bryant streets*

Implementation of Mitigation Measure M-TR-26 would not improve intersection operations to LOS D or better during the p.m. peak hour; therefore, traffic impacts at the intersection of 16th and Bryant streets would remain significant and unavoidable.

- **Impact TR-35:** Implementation of the project-level TTRP.22_1 Expanded Alternative Variant 2 would result in a significant traffic impact at the intersection of 16th Street/Potrero Avenue that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 2 conditions.

No feasible mitigation measures are available and the impact remains significant and unavoidable.

- **Impact TR-36:** Implementation of the project-level TTRP.22_1 Expanded Alternative Variant 2 would result in a significant traffic impact at the intersection of 16th/Seventh streets that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 2 conditions.

No feasible mitigation measures are available and the impact remains significant and unavoidable.

- **Impact TR-38:** Implementation of the project-level TTRP.30_1 Expanded Alternative would result in a significant traffic impact at the intersection of Columbus Avenue/Green Street/Stockton Street that would operate at LOS E conditions under Existing plus Service Improvements and the TTRP.30_1 Expanded Alternative conditions.

No feasible mitigation measures are available and the impact remains significant and unavoidable.

- **Impact TR-40:** Implementation of the project-level TTRP.30_1 Expanded Alternative Variant 1 would result in a significant traffic impact at the intersection of Columbus Avenue/Green Street/Stockton Street that would operate at LOS E conditions under Existing plus Service Improvements and the TTRP.30_1 Expanded Alternative Variant 1 conditions.

No feasible mitigation measures are available and the impact remains significant and unavoidable.

- **Impact TR-42:** Implementation of the project-level TTRP.30_1 Expanded Alternative Variant 2 would result in a significant traffic impact at the intersection of Columbus Avenue/Green Street/Stockton Street that would operate at LOS E conditions under Existing plus Service Improvements and the TTRP.30_1 Expanded Alternative Variant 2 conditions.

No feasible mitigation measures are available and the impact remains significant and unavoidable.

- **Impact TR-48:** Implementation of project-level TTRP.14 Moderate Alternative Variant 1 would result in a reduction in on-street commercial loading supply on Mission Street

such that the existing loading demand during the peak hour of loading activities could not be accommodated within on-street loading supply and may create a potentially hazardous condition or significant delay that may affect traffic, transit, bicycles, or pedestrians.

– *Mitigation Measure M-TR-48: Enforcement of Parking Violations*

With implementation of this Mitigation Measure, the impacts related to loss of commercial loading spaces on transit and traffic operations would be reduced. However, because the effectiveness of the use of camera video enforcement of parking regulations along new transit-only lanes is not known, the feasibility of this measure is uncertain and impacts on this corridor remain significant and unavoidable.

- **Impact TR-49:** Implementation of project-level TTRP.14 Moderate Alternative Variant 2 would result in a reduction in on-street commercial loading supply on Mission Street such that the existing loading demand during the peak hour of loading activities could not be accommodated within on-street loading supply and may create a potentially hazardous condition or significant delay that may affect traffic, transit, bicycles, or pedestrians.

– *Mitigation Measure M-TR-48: Enforcement of Parking Violations*

Because the effectiveness of the use of camera video enforcement of parking regulations along new transit-only lanes is not known, the feasibility of this measure is uncertain and impacts on this corridor remain significant and unavoidable.

- **Impact TR-50:** Implementation of project-level TTRP.14 Expanded Alternative would result in a reduction in on-street commercial loading supply on Mission Street such that the existing loading demand during the peak hour of loading activities could not be accommodated within on-street loading supply and may create a potentially hazardous condition or significant delay that may affect traffic, transit, bicycles, or pedestrians.

– *Mitigation Measure M-TR-48: Enforcement of Parking Violations*

Because the effectiveness of the use of camera video enforcement of parking regulations along new transit-only lanes is not known, the feasibility of this measure is uncertain and impacts on this corridor remain significant and unavoidable.

- **Impact TR-51:** Implementation of project-level TTRP.30_1 Moderate Alternative would result in a reduction in on-street commercial loading supply on Stockton Street such that the existing loading demand during the peak hour of loading activities could not be accommodated within on-street loading supply and may create a potentially hazardous condition or significant delay that may affect traffic, transit, bicycles, or pedestrians.

– *Mitigation Measure M-TR-48: Enforcement of Parking Violations*

Because the effectiveness of the use of camera video enforcement of parking regulations along new transit-only lanes is not known, the feasibility of this measure is uncertain and impacts on this corridor remain significant and unavoidable.

- **Impact TR-52:** Implementation of project-level TTRP.30_1 Expanded Alternative would result in a reduction in on-street commercial loading supply on Stockton Street such that the existing loading demand during the peak hour of loading activities could not be accommodated within on-street loading supply and may create a potentially hazardous condition or significant delay that may affect traffic, transit, bicycles, or pedestrians.
 - *Mitigation Measure M-TR-48: Enforcement of Parking Violations*

Because the effectiveness of the use of camera video enforcement of parking regulations along new transit-only lanes is not known, the feasibility of this measure is uncertain and impacts on this corridor remain significant and unavoidable.

- **Impact TR-53:** Implementation of project-level TTRP.30_1 Expanded Alternative Variant 1 would result in a reduction in on-street commercial loading supply on Stockton Street such that the existing loading demand during the peak hour of loading activities could not be accommodated within on-street loading supply and may create a potentially hazardous condition or significant delay that may affect traffic, transit, bicycles, or pedestrians.
 - *Mitigation Measure M-TR-48: Enforcement of Parking Violations*

Because the effectiveness of the use of camera video enforcement of parking regulations along new transit-only lanes is not known, the feasibility of this measure is uncertain and impacts on this corridor remain significant and unavoidable.

- **Impact TR-54:** Implementation of project-level TTRP.30_1 Expanded Alternative Variant 2 would result in a reduction in on-street commercial loading supply on Stockton Street such that the existing loading demand during the peak hour of loading activities could not be accommodated within on-street loading supply and may create a potentially hazardous condition or significant delay that may affect traffic, transit, bicycles, or pedestrians.
 - *Mitigation Measure M-TR-48: Enforcement of Parking Violations*

Because the effectiveness of the use of camera video enforcement of parking regulations along new transit-only lanes is not known, the feasibility of this measure is uncertain and impacts on this corridor remain significant and unavoidable.

- **Impact C-TR-1:** The Service Policy Framework and Service Improvements or Service Variants, in combination with past, present and reasonably foreseeable development in San Francisco, would contribute considerably to a significant cumulative impact on

transit, resulting in an exceedance of Muni's capacity utilization standard on the Mission corridor within the Southeast screenline of the Downtown screenlines under 2035 Cumulative plus Service Improvements only conditions.

– *Mitigation Measure M-C-TR-1: SFMTA Monitoring of Muni Service*

Implementation of this Mitigation Measure would reduce the cumulative impact on the affected corridor to a less-than-significant level. However, because the SFMTA cannot commit to future funding appropriations nor be certain of its ability to provide additional service citywide to maintain the capacity utilization standard, among other service goals, the feasibility of this mitigation measure is uncertain, and the cumulative impact on transit remains significant and unavoidable.

- **Impact C-TR-2:** The Service Policy Framework, TPS Toolkit elements as applied in the program-level TTRP corridors, and the Service Improvements with the TTRP Moderate Alternative, in combination with past, present and reasonably foreseeable development in San Francisco, would contribute considerably to significant cumulative impacts on transit, resulting in exceedances of Muni's capacity utilization standard on the Fulton/Hayes corridor within the Northwest screenline and on the Mission corridor within the Southeast screenline of the Downtown screenlines under 2035 Cumulative plus Service Improvements and the TTRP Moderate Alternative conditions.

– *Mitigation Measure M-C-TR-1: SFMTA Monitoring of Muni Service*

Implementation of this Mitigation Measure would reduce the cumulative impact on the affected corridor to a less-than-significant level. However, because the SFMTA cannot commit to future funding appropriations nor be certain of its ability to provide additional service citywide to maintain the capacity utilization standard, among other service goals, the feasibility of this mitigation measure is uncertain, and the cumulative impact on transit remains significant and unavoidable.

- **Impact C-TR-3:** The Service Policy Framework, the TPS Toolkit elements as applied in the program-level TTRP corridors, and the Service Improvements with the TTRP Expanded Alternative, in combination with past, present and reasonably foreseeable development in San Francisco, would contribute considerably to significant cumulative impacts on transit, resulting in exceedances of Muni's capacity utilization standard on the Fulton/Hayes corridor within the Northwest screenline and on the Mission corridor within the Southeast screenline of the Downtown screenlines under 2035 Cumulative conditions plus Service Improvements and the TTRP Expanded Alternative conditions.

– *Mitigation Measure M-C-TR-1: SFMTA Monitoring of Muni Service*

Implementation of this Mitigation Measure would reduce the cumulative impact on the affected corridor to a less-than-significant level. However, because the SFMTA cannot commit to future funding appropriations nor be certain of its ability to provide additional service citywide to

maintain the capacity utilization standard, among other service goals, the feasibility of this mitigation measure is uncertain, and the cumulative impact on transit remains significant and unavoidable.

- **Impact C-TR-7:** Implementation of the Service Policy Framework Objective A, Action A.3 and Objective C, Actions C.3 through C.5 and TPS Toolkit categories: Lane Modifications and Pedestrian Improvements as applied in program-level TTRP corridors, in combination with past, present and reasonably foreseeable development in San Francisco, would result in cumulative traffic impacts at intersections along the corridors under 2035 Cumulative plus Service Improvements and the TTRP Moderate Alternative conditions.

– *Mitigation Measure M-TR-8: Optimization of Intersection Operations*

Because this measure may not be adequate to mitigate intersection traffic operations to less-than-significant levels, and because the feasibility of providing additional vehicle capacity is unknown and it is not always possible to optimize an intersection such that level of service will improve to LOS D or better, the feasibility of mitigation is not assured. Therefore, the cumulative impact on traffic operations remains significant and unavoidable

- **Impact C-TR-9:** Implementation of the Service Policy Framework Objective A, Action A.3 and Objective C, Actions C.3 through C.5 and TPS Toolkit categories: Lane Modifications and Pedestrian Improvements as applied in program-level TTRP corridors would result in cumulative traffic impacts at intersections along the corridors under 2035 Cumulative plus Service Improvements and the TTRP Expanded Alternative conditions.

– *Mitigation Measure M-TR-8: Optimization of Intersection Operations*

Because this measure may not be adequate to mitigate intersection traffic operations to less-than-significant levels, and because the feasibility of providing additional vehicle capacity is unknown and it is not always possible to optimize an intersection such that level of service will improve to LOS D or better, the effectiveness of this mitigation measure is not assured, and mitigation is infeasible. Therefore, the cumulative impact on traffic operations remains significant and unavoidable.

- **Impact C-TR-13:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.J Expanded Alternative would contribute considerably to cumulative traffic impacts at the intersection of Market/Church/14th streets during the p.m. peak hour.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-14:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.5 Expanded Alternative would result in cumulative traffic impacts at the intersection of Fulton Street/Masonic Avenue during the p.m. peak hour.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-15:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.8X Expanded Alternative would result in cumulative traffic impacts at the intersection of Geneva Avenue/Carter Street during the p.m. peak hour.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-16:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.8X Expanded Alternative would result in cumulative traffic impacts at the intersection of Geneva Avenue/Moscow Street during the p.m. peak hour.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-17:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.14 Expanded Alternative would result in project and cumulative traffic impacts at the intersection of Randall Street/San Jose Avenue during the a.m. peak hour.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-18:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.14 Expanded Alternative would result in cumulative traffic impacts at the intersection of Mission/Fifth streets during the a.m. peak hour.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-19:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.14 Expanded Alternative would result in cumulative impacts at the intersection of Mission/16th streets during the p.m. peak hour.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-20:** Implementation of the 2035 Cumulative plus Service Improvements and TTRP.22_1 Expanded Alternative would result in project and cumulative traffic impacts at the intersection of 16th/Bryant streets during the p.m. peak hour.

– *Mitigation Measure M-TR-26: Intersection Restriping at 16th/Bryant streets*

Implementation of Mitigation Measure M-TR-26 would not improve intersection operations to LOS D or better during the p.m. peak hour; therefore, cumulative traffic impacts at the intersection of 16th and Bryant streets remain significant and unavoidable.

- **Impact C-TR-21:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 1 would result in project and traffic cumulative impacts at the intersection of 16th/Bryant streets during the p.m. peak hour.

– *Mitigation Measure M-TR-26: Intersection Restriping at 16th/Bryant streets*

Implementation of Mitigation Measure M-TR-26 would not improve intersection operations to LOS D or better during the p.m. peak hour; therefore, cumulative traffic impacts at the intersection of 16th and Bryant streets remain significant and unavoidable.

- **Impact C-TR-22:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 2 would result in project and cumulative traffic impacts at the intersection of 16th/Bryant streets during the p.m. peak hour.

– *Mitigation Measure M-TR-26: Intersection Restriping at 16th/Bryant streets*

Implementation of Mitigation Measure M-TR-26 would not improve intersection operations to LOS D or better during the p.m. peak hour; therefore, cumulative traffic impacts at the intersection of 16th and Bryant streets remain significant and unavoidable.

- **Impact C-TR-23:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative would result in project and cumulative traffic impacts at the intersection of 16th/Potrero streets during the p.m. peak hour.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-24:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 1 would result in project and cumulative traffic impacts at the intersection of 16th/Potrero streets during the p.m. peak hour.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-25:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 2 would result in project and cumulative traffic impacts at the intersection of 16th/Potrero streets during the p.m. peak hour.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-26:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative would result in cumulative traffic impacts at the intersection of 16th/Owens streets during the p.m. peak hour.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-27:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 1 would result in cumulative traffic impacts at the intersection of 16th/Owens streets during the p.m. peak hour.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-28:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 2 would result in cumulative traffic impacts at the intersection of 16th/Owens streets during the p.m. peak hour.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-29:** Implementation of the 2035 Cumulative plus Service Improvements plus the TTRP.22_1 Expanded Alternative would result in cumulative traffic impacts at the intersection of 16th/Fourth streets during the a.m. and p.m. peak hours.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-30:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 1 would result in cumulative traffic impacts at the intersection of 16th/Fourth streets during the a.m. and p.m. peak hours.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-31:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 2 would result in cumulative traffic impacts at the intersection of 16th/Fourth streets during the a.m. and p.m. peak hours.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-32:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative would result in project and cumulative traffic impacts at the intersection of 16th/Seventh streets during the a.m. and p.m. peak hours.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-33:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 1 would result in project and cumulative traffic impacts at the intersection of 16th/Seventh streets during the a.m. and p.m. peak hours.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-34:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 2 would result in project and cumulative traffic impacts at the intersection of 16th/Seventh streets during the a.m. and p.m. peak hours.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-35:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.30_1 Expanded Alternative would result in project and cumulative traffic impacts at the intersection of Columbus Avenue/Green Street/Stockton Street.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-36:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.30_1 Expanded Alternative Variant 1 would result in project and cumulative traffic impacts at the intersection of Columbus Avenue/Green Street/Stockton Street.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-37:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.30_1 Expanded Alternative Variant 2 would result in project and cumulative traffic impacts at the intersection of Columbus Avenue/Green Street/Stockton Street.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-43:** Implementation of the Policy Framework Objective A, Action A.3 and Objective C, Actions C.3 through C.5, and TPS Toolkit Categories: Transit Stop Changes, Lane Modifications, Parking and Turn Restrictions, and Pedestrian Improvements as applied to the program-level TTRP corridors in combination with past, present and reasonably foreseeable development in San Francisco, would result in cumulative loading impacts.

- *Mitigation Measure M-TR-10: Provision of Replacement Commercial Loading Spaces.*

While this measure could reduce significant loading impacts, in some locations on-street parking may not be available to convert to commercial loading spaces on the same block and side of the street or within 250 feet on an adjacent side street, the feasibility of providing replacement commercial loading spaces pursuant to Mitigation Measure M-TR-10 cannot be assured. Therefore, the cumulative impact of loss of on-street commercial loading spaces remains significant and unavoidable.

- **Impact C-TR-44:** Implementation of the project-level TTRP Moderate Alternative including the TTRP.14 Variant 1, TTRP.14 Variant 2, and TTRP.30_1 in combination with past, present and other reasonably foreseeable development in San Francisco, would result in cumulative loading impacts.

- *Mitigation Measure M-TR-48: Enforcement of Parking Violations*

Because the effectiveness of the use of camera video enforcement of parking regulations along new transit-only lanes is not known, the feasibility of this mitigation measure is uncertain and cumulative impacts on this corridor remain significant and unavoidable.

- **Impact C-TR-45:** Implementation of the project-level TTRP Expanded Alternative including the TTRP.14, TTRP.30_1, TTRP.30_1 Variant 1, and TTRP.30_1 Variant 2, in combination with past, present and reasonably foreseeable development in San Francisco, would result in project and cumulative loading impacts.

- *Mitigation Measure M-TR-48: Enforcement of Parking Violations*

Because the effectiveness of the use of camera video enforcement of parking regulations along new transit-only lanes is not known, the feasibility of this mitigation measure is uncertain and cumulative impacts on these corridors remain significant and unavoidable.

- **Impact C-TR-49:** Implementation of the Service Policy Framework Objective A, Action A.3 and Objective C, Actions C.3, C.4 and C.5, and the TPS Toolkit categories: Lane Modifications, Parking and Turn Restrictions, and Pedestrian Improvements as applied in program-level TTRP corridors, in combination with past, present and reasonably foreseeable development in San Francisco, may result in significant cumulative parking impacts.

- *Mitigation Measure M-C-TR-49: Explore the Implementation of Parking Management Strategies.*

It is uncertain whether parking management strategies would mitigate this significant cumulative parking impact to a less-than-significant level. Therefore, feasibility of this mitigation measure cannot be assured, and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-52:** Implementation of the project-level TTRP Moderate Alternative for the TTRP.14 Variant 1 or the TTRP.14 Variant 2, in combination with past, present and reasonably foreseeable development in San Francisco, would result in significant cumulative parking impacts.

- *Mitigation Measure M-C-TR-49: Explore the Implementation of Parking Management Strategies*

It is uncertain whether parking management strategies would mitigate this significant cumulative parking impact to a less-than-significant level. Therefore, feasibility of this mitigation measure cannot be assured, and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-54:** Implementation of the project-level TTRP Expanded Alternative for the TTRP.22_1, TTRP.22_1 Variant 1, or TTRP.22_1 Variant 2, in combination with past, present and reasonably foreseeable development in San Francisco, would result in significant cumulative parking impacts.

- *Mitigation Measure M-C-TR-49: Explore the Implementation of Parking Management Strategies*

It is uncertain whether parking management strategies would mitigate this significant cumulative parking impact to a less-than-significant level. Therefore, feasibility of this mitigation measure cannot be assured, and the cumulative impact remains significant and unavoidable.

V. EVALUATION OF PROJECT ALTERNATIVES

This Section describes the alternatives to the project analyzed in the FEIR and the reasons for finding the alternatives infeasible and rejecting them as required by Public Resources Code section 21081(a)(3) and CEQA Guidelines Section 15091(a)(3). This section also outlines the reasons for approving the TEP as proposed.

CEQA mandates that an EIR evaluate a reasonable range of alternatives to the project that would "feasibly attain most of the basic objectives of the project, but would avoid or substantially lessen effects of the project, and evaluate the comparative merits of the project." (CEQA Guidelines Section 14126.6(a).) CEQA requires that every EIR also evaluate a "No Project" alternative. Alternatives provide the decisionmakers with a basis of comparison to the Project in terms of their significant impacts and their ability to meet project objectives. This comparative

analysis is used to consider reasonably, potentially feasible options for minimizing environmental consequences of the Proposed Project.

The Alternatives listed below and rejected are rejected as infeasible based upon substantial evidence in the record, including evidence of economic, legal, social, technological, and other considerations described in this Section, and for the reasons described in Section VI below, which is incorporated herein by reference.

A. Reasons for Approving Proposed Project

As discussed above in Section I and in Chapter 2 of the FEIR, the TEP consists of a Service Policy Framework, Service Improvements, 12 Service-Related Capital Improvements, and Travel Time Reduction Proposals (TTRPs) (which apply various items from the Transit Preferential Streets "Toolkit") along 17 transit corridors. For the purposes of environmental review, the FEIR described and analyzed two possible TEP projects—referred to as the TTRP Moderate Alternative and the TTRP Expanded Alternative—at an equal level of detail and analysis. This was done because, although the "TEP" was examined in one environmental document in order to understand the full scope of its potential environmental impacts, the TEP is actually a collection of projects and proposals, which, while related, may be implemented at various times and, in many cases, independently of each other.

Thus, the FEIR defined and analyzed the proposed project as two alternatives in order to capture the reasonable range of TEP proposals the SFMTA may choose to implement over time and to evaluate the potential environmental impacts resulting from that range. Both alternatives would implement the Service Policy Framework, the Service Improvements, Service Variants, the Service-related Capital Improvements, and the TPS Toolkit as applied to the program-level TTRP corridors. The difference between the two alternative projects is that under the TTRP Moderate Alternative, these elements would be implemented in combination with a "moderate" number of TPS Toolkit elements along certain Rapid Network corridors and, under the TTRP Expanded Alternative, these elements would be implemented in combination with an "expanded" number of TPS Toolkit elements along the same Rapid Network corridors. The rationale behind this is that the TTRP Moderate Alternative would capture a project with fewer and less substantial physical environmental effects and the TTRP Expanded Alternative would capture a project with more substantial physical environmental effects.

It is not known at this time when or if the full scope of all the TTRP proposals included in the TEP will be implemented. Implementation of various TTRP proposals will depend on community and stakeholder input, as well as a myriad of policy and budgetary considerations. It is likely that, over time, the SFMTA will implement at a project-level a collection of TTRP proposals that fall somewhere in between the TTRP Moderate and Expanded Alternatives analyzed in the FEIR. However, at this time, it is not known whether a given project along a TTRP corridor will include components of the Moderate Alternative or the Expanded Alternative, or a mixture of the

two. Because of this, the SFMTA Board is not now rejecting either the TTRP Moderate Alternative or the TTRP Expanded Alternative. Rather, the SFMTA Board is taking action to approve both alternatives at a conceptual and programmatic level and to direct staff to continue to develop specific project proposals for each TTRP corridor. Once any such projects are proposed for approval, the SFMTA Board would adopt as necessary findings to reject alternatives to those proposed TTRP projects.

The SFMTA Board finds that the Project will provide the following benefits:

- Support and implement the City's Transit First Policy by providing clear direction for managing modal allocation of space on the transportation system for the City of San Francisco.
- Improve the cost-effectiveness and productivity of transit operations.
- Improve the customer experience on the transit system.
- Improve transit system reliability.
- Improve transit travel times.
- Improve safety for pedestrians, bicyclists, and transit riders.
- Realign transit routes to eliminate underused routes and increase headways on heavily-used routes.
- Reduce crowding on heavily-used routes.
- Improve accessibility to the transit system.
- Attract more passengers to the transit system and increase the use of transit by existing riders.
- Reduce the use of automobiles on City streets.

B. Alternatives Rejected and Reasons for Rejection

The SFMTA Board of Directors rejects the No Project Alternative described and analyzed in the FEIR because the SFMTA Board finds that there is substantial evidence, including evidence of economic, legal, social, technological, and other considerations described in this Section in addition to those described in Section VI below under CEQA Guidelines Section 15091(a)(3), that make this alternative infeasible. In making these determinations, the SFMTA Board is aware that CEQA defines "feasibility" to mean "capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, legal, and technological factors." The SFMTA Board is also aware that under CEQA case law the concept of "feasibility" encompasses (i) the question of whether a particular alternative promotes the underlying goals and objectives of a project; and (ii) the question of whether an

alternative is "desirable" from a policy standpoint to the extent that desirability is based on a reasonable balancing of the relevant economic, environmental, social, legal, and technological factors.

Because both of the other alternatives analyzed in the FEIR—the TTRP Moderate Alternative and the TTRP Expanded Alternative—included implementation of the Service Policy Framework, the Service Improvements, Service Variants, the Service-related Capital Improvements, and the TPS Toolkit as applied to the program-level TTRP corridors, rejecting the No Project Alternative rejects every alternative that would fail to implement these TEP proposals as infeasible.

1. Alternative A: No Project

Under the No Project Alternative, the Service Policy Framework would not be adopted. The SFMTA would not implement the transit service changes included in the Service Improvements and Service Variants, and would not construct the Service-related Capital Improvements or the Travel Time Reduction Proposals. The SFMTA regularly monitors performance of the transit system and routinely makes adjustments to improve service when funding and resources are available. Therefore, under the No Project Alternative, some of the features of the TEP, such as elements in the TPS Toolkit, would be implemented; for example, transit bulbs and pedestrian bulbs would continue to be installed and accessible boarding platforms would continue to be added on a location-by-location basis when feasible. However, no scheduled program of improvements would be implemented without adoption of the TEP. With the No Project Alternative, the significant physical impacts related to traffic, loading, and cumulative parking conditions identified in the FEIR for the Project and set forth above would not occur, and the mitigation measures identified in the EIR and the Initial Study would not be necessary.

The No Project Alternative would not provide for an organized, comprehensive, coordinated program of transit system improvements. Transit system reliability and efficiency would not improve, and crowding on some routes would not be expected to change substantially from existing conditions. Under cumulative conditions with the No Project Alternative, the transit system would become more crowded as growth and development continue to occur in the City. Transit travel times would not improve on a coordinated basis. A mode shift from automobiles to transit use would not occur, resulting in additional automobile congestion. The No Project Alternative would not help the City support the Transit First Policy. Additionally, traffic congestion will continue to degrade the performance of the surface transit system leading to increasing operating costs born by the City of San Francisco tax payers. As costs continue to increase, and on time performance continues to degrade, resources that had originally been identified to provide additional service will be used to supplement existing operations. This spiral of increased operational subsidies with no increase in service may result in lower

ridership, which leads to decreasing revenue and a downward spiral in the sustainability of the transit system and mobility for residents and visitors to the City of San Francisco.

For these reasons, the SFMTA Board finds that, on balance, the Project is preferable to the No Project Alternative and the No Project Alternative is rejected as infeasible.

2. Alternatives Considered and Rejected in the EIR

Alternative locations for the TEP would not be feasible because the Project is a systemwide program to improve the existing transit infrastructure and service in San Francisco; therefore, alternative locations outside of San Francisco are rejected. Alternative locations for transit improvements on streets other than those proposed are rejected as infeasible because of the need to maintain connectivity and geographic coverage within the existing transit and overall transportation network.

The SFMTA considered several potential alternatives to aspects of the TEP's TTRP Moderate and Expanded Alternatives. These alternatives include the following:

- Transit-only streets along high transit ridership corridors.
- Transit-only lanes along the entirety of all existing four-lane (or more) transit corridors.
- Stop sign removal and replacement with traffic signals at all stop sign locations on transit corridors.
- Stop consolidation and optimization standards as recommended in best practices literature.
- Route terminal relocation and optimization for some routes with terminal locations at unproductive route segments or in low transit demand locations.
- Fleet mode change by route, such as servicing some routes that currently operate with existing trolley vehicles with the diesel fleet or vice versa.
- Additional extensions to existing routes.
- Modification of route tails (swapping one route segment with a different route segment to serve the same transit corridor).
- Route discontinuations and other route segment eliminations.
- Use of higher capacity vehicles on certain routes (note that the TEP includes service on some routes, such as the 5 Fulton, with higher capacity vehicles, but not on others).
- Streamlining all routes for improved directness by, for example, reducing the number of turns (streamlining is included in the TEP for some routes).
- Modifying frequency for all routes (frequency modifications, both increased and decreased frequency, is included in the TEP for some routes).
- Reducing the span of service for some routes.

- Farside boarding at all signalized intersections (farside boarding at signalized intersections is included in the TEP for many routes, but not all).

These alternatives were removed from consideration during development of the TEP for a variety of reasons as set forth in Section 6.5 of the FEIR. The SFMTA Board concurs with the findings in the EIR, and rejects these alternatives as infeasible for the reasons set forth therein.

VII. STATEMENT OF OVERRIDING CONSIDERATIONS

Pursuant to CEQA § 21081 and CEQA Guidelines § 15093, the SFMTA Board of Directors hereby finds, after consideration of the FEIR and the evidence in the record, that each of the specific overriding economic, legal, social, technological and other benefits of the Project as set forth below independently and collectively outweighs the significant and unavoidable impacts and is an overriding consideration warranting approval of the Project. Any one of the reasons for approval cited below is sufficient to justify approval of the Project. Thus, even if a court were to conclude that not every reason is supported by substantial evidence, the SFMTA Board will stand by its determination that each individual reason is sufficient. The substantial evidence supporting the various benefits can be found in the preceding findings, which are incorporated by reference into this Section, and in the documents found in the Record of Proceedings, as defined in Section I.

On the basis of the above findings and the substantial evidence in the whole record of this proceeding, the SFMTA Board specially finds that there are significant benefits of the Project in spite of the unavoidable significant impacts, and therefore makes this Statement of Overriding Considerations. The SFMTA Board further finds that, as part of the process of obtaining Project approval, all significant effects on the environment from implementation of the Project have been eliminated or substantially lessened where feasible. All mitigation measures identified in the EIR for the Project are adopted as part of this approval action. The SFMTA Board has determined that any remaining significant effects on the environment found to be unavoidable are acceptable due to the following specific overriding economic, technical, legal, social and other considerations.

The Project will have the following benefits:

- The Service Policy Framework and the TEP will support and implement the City's Transit First Policy.
- Improved transit service with the TEP, including improved (reduced) transit travel times, increased efficiency and improved reliability, will make Muni a more attractive transportation mode, resulting in more use of transit and less automobile travel throughout the City.

- Implementing the TEP will improve safety for pedestrians, bicyclists, and transit riders.
- Improved network efficiency and reduced system redundancy with implementation of the TEP will improve the cost-effectiveness of transit operations.
- Implementation of the TEP capital projects will support increased access for seniors and people with disabilities by expanding accessible rail stops and making platform upgrades.
- Enhanced transit service on the busiest lines will drastically improve the customer experience by reducing crowding.
- Service level expansion will improve system-wide neighborhood connectivity and access to regional transit by providing more frequent service between neighborhoods.
- Finite public resources will be redirected to better match travel demand and trip patterns based on existing community needs.

Having considered these benefits, the SFMTA Board of Directors finds that the benefits of the TEP outweigh the unavoidable adverse environmental effects, and that the adverse environmental effects are therefore acceptable.

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM FOR THE TRANSIT EFFECTIVENESS PROJECT

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
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MITIGATION MEASURES AGREED TO BY SFMTA

Cultural and Paleontological Resources

Mitigation Measure M-CP-2a: Accidental Discovery of Archeological Resources

The following mitigation measure is required to avoid any potential adverse effect from the proposed project on accidentally discovered buried or submerged historical resources as defined in CEQA Guidelines Section 15064.5(a)(c). The project sponsor shall distribute the Planning Department archaeological and paleontological resource "ALERT" sheet to the project prime contractor, to any project subcontractor (including demolition, excavation, grading, foundation, pile driving, etc. firms); and to any utilities firm involved in soils disturbing activities within the project site. Prior to any soils disturbing activities being undertaken, each contractor is responsible for ensuring that the "ALERT" sheet is circulated to all field personnel, including machine operators, field crew, pile drivers, supervisory personnel, etc. The project sponsor shall provide the Environmental Review Officer (ERO) with a signed affidavit from the responsible parties (prime contractor, subcontractor(s), and utilities firm) to the ERO confirming that all field personnel have received copies of the Alert Sheet.

SFMTA and project contractors

Prior to soils disturbance activities

SFMTA to distribute Planning Department "ALERT" sheet and provide signed affidavit from project contractor, subcontractor(s) and utilities firm(s) stating that all field personnel have received copies of the "ALERT" sheet.

ERO to receive signed affidavit.

Prior to any soil disturbing activities.

Following distribution of "ALERT" sheet but prior to any soils disturbing activities.

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p>Should any indication of an archaeological resource be encountered during any soils disturbing activity of the project, the project Head Foreman and/or project sponsor shall immediately notify the ERO and shall immediately suspend any soils disturbing activities in the vicinity of the discovery until the ERO has determined what additional measures should be undertaken.</p>	<p>SFMTA and project contractor's Head Foreman</p>	<p>During soils disturbance activities</p>	<p>SFMTA and project contractor's Head Foreman to inform ERO and suspend soils disturbing activities.</p>	<p>ERO to determine if additional measures are necessary</p>	<p>During soils disturbance activities</p>
<p>If the ERO determines that an archaeological resource may be present within the project site, the project sponsor shall retain the services of an archaeological consultant from the pool of qualified archaeological consultants maintained by the Planning Department archaeologist. The archaeological consultant shall advise the ERO as to whether the discovery is an archaeological resource, retains sufficient integrity, and is of potential scientific/historical/cultural significance. If an archaeological resource is present, the archaeological consultant shall identify and evaluate the archaeological resource. The archaeological consultant shall make a recommendation as to what action, if any, is warranted. Based on this information, the ERO may require, if warranted, specific additional measures to be implemented by the project sponsor.</p> <p>Measures might include: preservation in-situ of the archaeological resource, an archaeological monitoring program, or an archaeological testing program. If an archaeological monitoring program or archaeological testing program is required, it shall be consistent with the Environmental Planning division guidelines for such programs. The ERO may also require that the project sponsor immediately implement a site security program if the archaeological resource is at risk from vandalism, looting, or other damaging actions.</p>	<p>SFMTA and project archaeological consultant</p>	<p>When determined necessary by the ERO</p>	<p>If required, SFMTA to retain an archaeological consultant from the pool of qualified archaeological consultants.</p> <p>Project archaeological consultant to advise ERO regarding the status of the archeological resource.</p> <p>ERO to determine whether the need for an archaeological monitoring program, an archaeological testing program, or site security program is needed.</p>	<p>ERO to determine if additional measures are necessary to implement</p>	

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p>The project archaeological consultant shall submit a Final Archeological Resources Report (FARR) to the ERO that evaluates the historical significance of any discovered archaeological resource and describing the archaeological and historical research methods employed in the archaeological monitoring/data recovery program(s) undertaken. Information that may put at risk any archaeological resource shall be provided in a separate removable insert within the final report.</p> <p>Copies of the Draft FARR shall be sent to the ERO for review and approval. Once approved by the ERO, copies of the FARR shall be distributed as follows: California Archaeological Site Survey Northwest Information Center (NWIC) shall receive one (1) copy and the ERO shall receive a copy of the transmittal of the FARR to the NWIC. The Environmental Planning division of the Planning Department shall receive one bound copy, one unbound copy, and one unlocked searchable Portable Document Format (PDF) copy on CD of the FARR along with copies of any formal site recordation forms (CA DPR 523 series) and/or documentation for nomination to the NRHP/CRHR. In instances of high public interest or interpretive value, the ERO may require a different final report content, format, and distribution than that presented above.</p>	SFMTA and project archaeological consultant	When determined necessary by the ERO	SFMTA and project archaeological consultant to prepare draft and final FARR	ERO to review and approve final FARR	

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p>Mitigation Measure M-CP-2b: Archaeological Monitoring</p> <p>Based on the reasonable potential that archaeological resources may be present within the project site, the following measures shall be undertaken to avoid any potentially significant adverse effect from the proposed project on buried or submerged historical resources. Once engineering design details for the identified projects (OWE.1, OWE.1 Variant, SCI.2, TTRP.9 and TTRP.22_2) and other projects in archaeologically sensitive areas, as identified by the Environmental Review Officer, are known, the project sponsor shall consult with the Planning Department archeologist regarding the specific aspects of these proposals that would require monitoring. If required by the Planning Department archeologist, the project sponsor shall retain the services of an archaeological consultant from the pool of qualified archaeological consultants maintained by the Planning Department archeologist. The archaeological consultant shall undertake an archaeological monitoring program. All plans and reports prepared by the consultant as specified herein shall be submitted first and directly to the Environmental Review Officer (ERO) for review and comment, and shall be considered draft reports subject to revision until final approval by the ERO. Archaeological monitoring and/or data recovery programs required by this measure could suspend construction of the project for up to a maximum of four weeks. At the direction of the ERO, the suspension of <i>construction</i> can be extended beyond four weeks only if such a suspension is the only feasible means to reduce to a less than significant level potential effects on a significant archaeological resource as defined in <i>CEQA Guidelines</i> Sect. 15064.5 (a)(c).</p>	SFMTA and Planning Department	Prior to soils disturbance	<p>SFMTA to consult with Planning Department archeologist.</p> <p>If required, SFMTA to choose archaeological consultant from the pool of qualified archaeological consultants</p>	Project archeological consultant, Planning Department	<p>Consultation with Planning Department Archeologist to occur once engineering design details for the identified projects are known; timeline for subsequent actions determined following meeting.</p>

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p><i>Archaeological monitoring program (AMP).</i> The archaeological monitoring program shall minimally include the following provisions:</p> <ul style="list-style-type: none"> ▪ The archaeological consultant, project sponsor, and ERO shall meet and consult on the scope of the AMP reasonably prior to any project-related soils disturbing activities commencing. The ERO, in consultation with the project archaeologist, shall determine what project activities shall be archaeologically monitored. In most cases, any soils disturbing activities, such as demolition, foundation removal, excavation, grading, utilities installation, foundation work, driving of piles (foundation, shoring, etc.), site remediation, etc., shall require archaeological monitoring because of the potential risk these activities pose to archaeological resources and to their depositional context. ▪ The archaeological consultant shall advise all project contractors to be on the alert for evidence of the presence of the expected resource(s), of how to identify the evidence of the expected resource(s), and of the appropriate protocol in the event of apparent discovery of an archaeological resource. ▪ The archaeological monitor(s) shall be present on the project site according to a schedule agreed upon by the archaeological consultant and the ERO until the ERO has, in consultation with the archaeological consultant, determined that project construction activities could have no effects on significant archaeological deposits. ▪ The archaeological monitor shall record and be authorized to collect soil samples and artifactual/ecofactual material as warranted for analysis. 	<p>SFMTA and project archaeological consultant, in consultation with ERO</p> <p>Archaeological monitor and SFMTA and SFMTA's construction contractors</p>	<p>If archaeological monitoring is implemented, prior to any soils-disturbing activities, and during soils disturbing construction at any location.</p> <p>If monitoring is implemented, as construction contractors are retained, prior to any soils-disturbing activities</p> <p>If monitoring is implemented, schedules for monitoring to be established in the AMP, in consultation with ERO</p>	<p>Project archaeological consultant to prepare Archaeological Monitoring Program (AMP) in consultation with the ERO</p> <p>Archaeological consultant to advise all construction contractors</p> <p>Archaeological monitor shall temporarily redirect construction activities as necessary and consult with ERO</p>	<p>SFMTA and project archaeological consultant, in consultation with ERO</p> <p>Archaeological monitor to observe construction according to the schedules established in the AMP for each site.</p>	<p>Considered complete on finding by ERO that AMP is implemented.</p>

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<ul style="list-style-type: none"> If an intact archaeological deposit is encountered, all soils disturbing activities in the vicinity of the deposit shall cease. The archaeological monitor shall be empowered to temporarily redirect demolition/excavation/ pile driving/construction crews and heavy equipment until the deposit is evaluated. If in the case of pile driving activity (foundation, shoring, etc.), the archaeological monitor has cause to believe that the pile driving activity may affect an archaeological resource, the pile driving activity shall be terminated until an appropriate evaluation of the resource has been made in consultation with the ERO. The archaeological consultant shall immediately notify the ERO of the encountered archaeological deposit. The archaeological consultant shall, after making a reasonable effort to assess the identity, integrity, and significance of the encountered archaeological deposit, present the findings of this assessment to the ERO. 					

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p><i>Consultation with Descendant Communities:</i> On discovery of an archaeological site¹ associated with descendant Native Americans or the Overseas Chinese, an appropriate representative² of the descendant group and the ERO shall be contacted. The representative of the descendant group shall be given the opportunity to monitor archaeological field investigations of the site and to consult with ERO regarding appropriate archaeological treatment of the site, of recovered data from the site, and, if applicable, any interpretative treatment of the associated archaeological site. A copy of the Final Archaeological Resources Report shall be provided to the representative of the descendant group.</p> <p>If the ERO, in consultation with the archaeological consultant, determines that a significant archaeological resource is present and that the resource could be adversely affected by the proposed project, at the discretion of the project sponsor, either:</p> <p>A) The proposed project shall be re-designed so as to avoid any adverse effect on the significant archaeological resource; or</p> <p>B) An archaeological data recovery program shall be implemented, unless the ERO determines that the archaeological resource is of greater interpretive than research significance and that interpretive use of the resource is feasible.</p>	Archaeological monitor and SFMTA and SFMTA's construction contractors	For the duration of soil-disturbing activities, the representative of the descendant group shall be given the opportunity to monitor archaeological field investigations on the site and consult with the ERO regarding appropriate archaeological treatment of the site, of recovered data from the site, and, if applicable, any interpretative treatment of the associated archaeological site.	SFMTA shall contact ERO and descendant group representative upon discovery of an archaeological site.	Project archaeological consultant shall prepare a FARR in consultation with the ERO. A copy of the FARR shall be provided to the representative of the descendant group.	Considered complete on notification of the appropriate descendant group, provision of an opportunity to monitor construction site work, and completion and approval of the FARR by ERO, if necessary.

¹ The term "archaeological site" is intended here to minimally include any archaeological deposit, feature, burial, or evidence of burial.

² An "appropriate representative" of the descendant group is here defined to mean, in the case of Native Americans, any individual listed in the current Native American Contact List for the City and County of San Francisco maintained by the California Native American Heritage Commission, and in the case of the Overseas Chinese, the Chinese Historical Society of America.

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p>If an archaeological data recovery program is required by the ERO, the archaeological data recovery program shall be conducted in accord with an archaeological data recovery plan (ADRP). The project archaeological consultant, project sponsor, and ERO shall meet and consult on the scope of the ADRP. The archaeological consultant shall prepare a draft ADRP that shall be submitted to the ERO for review and approval. The ADRP shall identify how the proposed data recovery program will preserve the significant information the archaeological resource is expected to contain. That is, the ADRP will identify what scientific/historical research questions are applicable to the expected resource, what data classes the resource is expected to possess, and how the expected data classes would address the applicable research questions. Data recovery, in general, should be limited to the portions of the historical property that could be adversely affected by the proposed project. Destructive data recovery methods shall not be applied to portions of the archaeological resources if nondestructive methods are practical.</p> <p>The scope of the ADRP shall include the following elements:</p> <ul style="list-style-type: none"> ▪ <i>Field Methods and Procedures.</i> Descriptions of proposed field strategies, procedures, and operations. ▪ <i>Cataloguing and Laboratory Analysis.</i> Description of selected cataloguing system and artifact analysis procedures. ▪ <i>Discard and Deaccession Policy.</i> Description of and rationale for field and post-field discard and deaccession policies. 	<p>SFMTA and project archaeological consultant, in consultation with ERO.</p>	<p>Considered complete once verification of curation occurs.</p>	<p>Consultant to prepare Archaeological Data Recovery Program in consultation with ERO.</p>	<p>Final ADRP to be submitted to ERO</p>	<p>Considered complete on finding by ERO that ADRP is implemented.</p>

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<ul style="list-style-type: none"> ▪ <i>Interpretive Program.</i> Consideration of an on-site/off-site public interpretive program during the course of the archaeological data recovery program. ▪ <i>Security Measures.</i> Recommended security measures to protect the archaeological resource from vandalism, looting, and non-intentionally damaging activities. ▪ <i>Final Report.</i> Description of proposed report format and distribution of results. ▪ <i>Curation.</i> Description of the procedures and recommendations for the curation of any recovered data having potential research value, identification of appropriate curation facilities, and a summary of the accession policies of the curation facilities. 					

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p><i>Human Remains, Associated or Unassociated Funerary Objects.</i> The treatment of human remains and of associated or unassociated funerary objects discovered during any soils disturbing activity shall comply with applicable State and federal Laws, including immediate notification of the Coroner of the City and County of San Francisco and, in the event of the Coroner's determination that the human remains are Native American remains, notification of the California State Native American Heritage Commission who shall appoint a Most Likely Descendant (MLD) (Pub. Res. Code Sec. 5097.98). The archaeological consultant, project sponsor, and MLD shall make all reasonable efforts to develop an agreement for the treatment of, with appropriate dignity, human remains and associated or unassociated funerary objects (<i>CEQA Guidelines</i> Sec. 15064.5(d)). The agreement should take into consideration the appropriate excavation, removal, recordation, analysis, curation, possession, and final disposition of the human remains and associated or unassociated funerary objects.</p>	<p>SFMTA and project archaeological consultant, in consultation with ERO</p>	<p>Ongoing throughout soils-disturbing activities</p>	<p>If applicable, upon discovery of human remains and/or associated or unassociated funerary objects, the consultant shall notify the Coroner of the City and County of San Francisco, and in the event of the Coroner's determination that the human remains are Native American remains, notification of the California State Native American Heritage Commission who shall appoint a Most Likely Descendant (MLD) who, along with the archaeological consultant and the SFMTA, shall make reasonable efforts to develop an agreement for the treatment of human remains and/or associated or unassociated funerary objects</p>	<p>Project archaeological consultant and/or archaeological monitor</p>	<p>Considered complete on notification of the San Francisco County Coroner and NAHC, if necessary.</p>

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p><i>Final Archaeological Resources Report.</i> The archaeological consultant shall submit a Draft Final Archaeological Resources Report (FARR) to the ERO that evaluates the historical significance of any discovered archaeological resource and describes the archaeological and historical research methods employed in the archaeological testing/monitoring/data recovery program(s) undertaken. Information that may put at risk any archaeological resource shall be provided in a separate removable insert within the draft final report.</p> <p>Copies of the Draft FARR shall be sent to the ERO for review and approval. Once approved by the ERO copies of the FARR shall be distributed as follows: California Archaeological Site Survey Northwest Information Center (NWIC) shall receive one (1) copy and the ERO shall receive a copy of the transmittal of the FARR to the NWIC. The Environmental Planning division of the Planning Department shall receive one bound, one unbound, and one unlocked searchable PDF copy on CD of the FARR along with copies of any formal site recordation forms (CA DPR 523 series) and/or documentation for nomination to the NRHP/CRHR. In instances of high public interest or interpretive value, the ERO may require a different final report content, format, and distribution than that presented above.</p>	<p>SFMTA and project archaeological consultant, in consultation with ERO</p>	<p>If applicable, upon completion of cataloguing and analysis of recovered data and findings</p> <p>If applicable, upon approval of Final Archaeological Resources Report by ERO</p>	<p>If applicable, consultant to prepare draft and final Archeological Resources Report reports.</p>	<p>If applicable, the ERO to review and approve the Final Archeological Resources Report</p> <p>If applicable, consultant to transmit final, approved documentation to NWIC and San Francisco Planning Department</p> <p>If applicable, consultant shall prepare all plans and recommendations for interpretation by the consultant shall be submitted first and directly to the ERO for review and comment, and shall be considered draft reports subject to revision until final approval by the ERO.</p>	<p>Considered complete on approval of final FARR.</p>

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p>Mitigation Measure M-CP-3: Paleontological Resources Accidental Discovery</p> <p>In order to avoid any potential adverse effect in the event of accidental discovery of a paleontological resource during construction of the project, the project sponsor shall be responsible for ensuring that all project contractors and subcontractors involved in soil-disturbing activities associated with the project comply with the following procedures in the event of discovery of a paleontological resource. Paleontological remains, or resource, can take the form of whole or portions of marine shell, bones, tusk, horn and teeth from fish, reptiles, mammals, and lower order animals. In the case of Megafauna, the remains, although partial, may be large in scale. Also paleontological resources include petrified wood and rock impressions of plant or animal parts.</p> <p>Should any indication of a paleontological resource be encountered during any soil-disturbing activity of the project, the project foreman and/or project sponsor shall immediately notify the City Planning Department's Environmental Review Officer (ERO) and one of its designated paleontologists (currently, Dr. Jean De Mouthe/Dr. Peter Roopnarine in the Geology Department of the California Academy of Sciences) and immediately suspend any soil-disturbing activities in the vicinity of the discovery until the ERO has determined what additional measures are needed.</p>	<p>SFMTA and project contractor's Head Foreman</p>	<p>During construction</p>	<p>Project contractor/SFMTA to notify the ERO and one of its designated paleontologists and suspend soils-disturbing activities.</p>	<p>SFMTA and ERO</p>	<p>During construction, upon indication that a paleontological resource has been encountered</p>

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p>If the ERO determines that a potentially-significant paleontological resource may be present within the project site, the project sponsor shall retain the services of a qualified paleontological consultant with expertise in California paleontology to design and implement a Paleontological Resources Mitigation Plan (PRMMP). The PRMMP shall include a description of discovery procedures; sampling and data recovery procedures; procedures for the preparation, identification, analysis, and curation of fossil specimens and data recovered; and procedures for the preparation and distribution of a final paleontological discovery report (PDR) documenting the paleontological find.</p> <p>The PRMMP shall be consistent with the Society for Vertebrate Paleontology Standard Guidelines for the mitigation of construction-related adverse impacts to paleontological resources and the requirements of the designated repository for any fossils collected. In the event of a verified paleontological discovery, the remaining construction and soil-disturbing activities within those geological units specified as paleontologically sensitive in the PRMMP shall be monitored by the project paleontological consultant.</p> <p>The consultant's work shall be conducted in accordance with this mitigation measure and at the direction of the City's ERO. Plans and reports prepared by the consultant shall be submitted for review and approval by the ERO.</p>	<p>SFMTA and project paleontological consultant in consultation with the ERO.</p>	<p>The project paleontological consultant to consult with the ERO as indicated; completed when ERO accepts final report</p>	<p>SFMTA to retain appropriately qualified consultant to prepare PRMMP, carry out monitoring, and reporting</p>	<p>ERO to approve final PRMMP</p> <p>Project paleontological consultant shall provide brief monthly reports to ERO during monitoring or as identified in the PRMMP, and notify the ERO immediately if work should stop for data recovery during monitoring.</p> <p>The ERO to review and approve the final documentation as established in the PRMMP</p>	<p>Considered complete on approval of final PRMMP.</p> <p>Considered complete on approval of final documentation by ERO.</p>

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
Hazards and Hazardous Materials					
<p>Mitigation Measure M-HZ-1: Hazardous Materials Soil Testing</p> <p>In order to protect both construction workers and the public from exposure to hazardous materials in soils encountered during construction of the proposed project, the project sponsor agrees to adhere to the following requirements.</p> <ol style="list-style-type: none"> 1) Any soil excavated and then encapsulated under concrete and/or asphalt covering within the same area as its excavation shall not require testing for the presence of hazardous materials in levels exceeding those acceptable to government agencies unless the TEP project or construction manager determines any extenuating circumstances exist, such as odors, unusual color or presence of foreign material. The reuse, remediation, or disposal of any soil tested and found to contain hazardous materials under these circumstances shall be in compliance with the requirements of the San Francisco Department of Public Health (DPH) and other agencies. The project sponsor shall be responsible for reporting the test results of any soil with hazardous material content to DPH within 21 days of the completion of testing, accompanied with a map showing the excavation location. 2) Any excavated soil not reused and encapsulated under concrete and/or asphalt covering within the same area as its excavation, shall be tested for the presence of hazardous materials in levels exceeding those acceptable to government agencies, before it is moved from the area of excavation. The transportation and disposal of the soil shall be in 	SFMTA	Soil and groundwater test results containing any hazardous materials shall be submitted to the Department of Public Health (DPH) within 21 days of the completion of testing.	SFMTA project construction contractor shall be responsible for the implementation of Steps 1 – 3.	Department of Public Health	Considered complete on review and approval by DPH of the soil and groundwater testing results, along with maps showing the location of the excavated soil and/or groundwater containing the hazardous materials.

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p>compliance with DPH, state, and federal requirements. The project sponsor shall be responsible for reporting the test results of any soil with hazardous material content to DPH within 21 days of the completion of testing; accompanied with a map showing the excavation location.</p>					
<p>3) If the proposed excavation activities encounter groundwater, the groundwater shall be tested for hazardous materials. Copies of the test results shall be submitted to DPH within 21 days of the completion of testing. Any dewatering shall adhere to DPH, SFPUC, and state requirements.</p>					
<p>In the event that a subsequent ordinance or regulations are adopted by DPH governing the handling and testing of hazardous materials encountered during construction within the public right-of-way, DPH shall be given the option to require the project sponsor to adhere to the implementation of the new ordinance or regulations in lieu of the above requirements if they provide similar safety protection for both construction workers and the public.</p>					

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
MITIGATION MEASURES IN DEIR					
<i>Transportation and Circulation</i>					
<p>Mitigation Measure M-TR-8: Optimization of Intersection Operations</p> <p>The final design of program-level TTRPs that include TPS Toolkit elements from the Lane Modifications and Pedestrian Improvements categories shall integrate design elements from the following intersection geometries and traffic control measures to the greatest extent feasible without compromising the purpose of the project. Potential intersection geometry optimization measures include left or right turn pockets, turn prohibitions, restriping to add additional mixed-flow capacity, lane widening to provide for transit-only or mixed-flow lanes, and parking prohibitions. Potential traffic control measures include signalization, exclusive signal phases, and changes to the signal cycle. The final design shall ensure that transit, pedestrian, and bicycle travel are accommodated, is within the confines of feasible traffic engineering solutions, and does not conflict with overall City policies related to transportation.</p>	SFMTA	During development of detailed designs for the program-level TTRP proposals.	Optimize intersection geometries and traffic control measures	SFMTA, Planning Department	Prior to completion of detailed designs for the program-level TTRP proposals.
<p>Mitigation Measure M-TR-10: Provision of Replacement Commercial Loading Spaces</p> <p>Where feasible, the SFMTA shall install new commercial loading spaces of similar length on the same block and side of the street, or within 250 feet on adjacent side streets, of where commercial loading spaces would be permanently removed, in order to provide equally convenient loading space(s). These loading spaces shall only be replaced on streets with commercial uses.</p>	SFMTA	During development of detailed designs for the program-level TTRP proposals.	Where feasible, install new commercial loading spaces.	SFMTA with review by Planning Department,	Prior to or concurrent with the removal of on-street commercial loading spaces.

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p>Mitigation Measure M-TR-26: Intersection Restriping at 16th/Bryant streets</p> <p>The SFMTA shall reconfigure the proposed changes at the intersection of 16th/Bryant streets converting the westbound approach of 16th Street at Bryant Street from what is proposed to be a shared through-right turn lane to a through lane and a dedicated right-turn pocket adjacent to the through lane, and reconfigure the eastbound approach from what is proposed to be a separate through lane and a dedicated right-turn pocket adjacent to the through lane to a shared through/right lane</p>	SFMTA	During project implementation	Reconfigure westbound and eastbound approaches of 16th Street at Bryant Street	Planning Department, SFMTA	Prior to completion of detailed design for project-level improvements at 16th/Bryant streets.
<p>Mitigation Measure M-TR-48: Enforcement of Parking Violations</p> <p>On streets where implementation of project-level TTRPs would result in a net reduction of on-street commercial loading spaces, the SFMTA shall enforce parking regulations in transit-only lanes through the use of video cameras on transit vehicles and/ or other parking enforcement activities.</p>	SFMTA	Ongoing after implementation of TTRP improvements.	Enforce parking regulations and/or install video cameras on transit vehicles.	SFMTA	Ongoing
<p>Mitigation Measure M-C-TR-1: SFMTA Monitoring of Muni Service</p> <p>The SFMTA, shall, to the extent feasible and consistent with annual budget appropriations, continue to monitor Muni service citywide, reporting as required on service goals, including the capacity utilization standard, and where needed, and as approved by decision makers and under budgetary appropriations, strive to improve upon Muni operations, including peak hour transit capacity on screenlines and corridors.</p>	SFMTA	Ongoing, after implementation of TEP improvements.	SFMTA to monitor transit service goals and proposed improvements to Muni operations.	SFMTA	Ongoing.

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM					
Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p>Mitigation Measure M-C-TR-49: Explore the Implementation of Parking Management Strategies. SFMTA shall explore whether implementation of parking management strategies would be appropriate and effective in this and other parts of the City to more efficiently manage the supply of on-street parking over time.</p>	SFMTA	Ongoing during implementation of TEP.	Identify and explore new parking management strategies, particularly along the TTRP corridors	SFMTA report to SF Planning	Ongoing during project implementation.

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

IMPROVEMENT MEASURES FOR THE TRANSIT EFFECTIVENESS PROJECT

Improvement Measure I-TR-1: Construction Measures

During the construction of all TEP projects, the SFMTA shall require the following:

- 1) Construction contractors shall be prohibited from scheduling any truck trips, such as concrete mixers, heavy construction equipment and materials delivery, etc., to the construction sites during the a.m. (7 to 9 a.m.) and p.m. (4 to 6 p.m.) peak commute periods.
- 2) All construction activities shall adhere to the provisions in the City of San Francisco's Regulations for Working in San Francisco Streets (Blue Book), including those addressing sidewalk and lane closures. To minimize construction impacts on nearby businesses and residents, the SFMTA shall alert motorists, bicyclists, and nearby property owners of upcoming construction through its existing website and other available means, such as distribution of flyers, emails, and portable message or informational signs. Information provided shall include contact name(s) for the SFMTA project manager, public information officer, and/or the SFMTA General Enforcement Division contact number (311).
- 3) Construction contractors shall encourage construction workers to use carpooling and transit to the construction site in order to minimize parking demand.

SFMTA and project construction contractor(s)

Throughout the construction duration for any TEP component requiring construction.

SFMTA and project construction contractor(s) to coordinate construction related activities with DPW, the Fire Department, the Planning Department, and any other City agencies.

SFMTA

Considered complete after completion of construction activities.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 15-081

WHEREAS, The San Francisco Municipal Transportation Agency has proposed the installation of various traffic and parking modifications along the 6 Haight-Parnassus/7 Haight-Noriega Muni transit corridor included in the Muni Forward Service-Related Capital Improvements and Travel Time Reduction Proposals as follows:

- A. RESCIND – TOW AWAY NO STOPPING ANYTIME - Haight Street, south side, from 126 feet east of Stanyan Street to 144 feet easterly (midblock 7-foot bus bulb replaces farside 100 foot bus zone).
- B. ESTABLISH – TOW AWAY NO STOPPING ANYTIME - Haight Street, south side, from Stanyan Street to 144 feet easterly (7-foot bus bulb replaces farside 100 foot bus zone).
- C. ESTABLISH – TOW AWAY NO STOPPING ANYTIME - Scott Street, east side, from Haight Street to 20 feet northerly (6-foot curb bulb replaces one parking space).
- D. ESTABLISH – TOW AWAY NO STOPPING ANYTIME - Laguna Street, west side, from Haight Street to 20 feet southerly (6-foot curb bulb replaces one parking space).
- E. ESTABLISH – TOW AWAY NO STOPPING ANYTIME - Haight Street, south side, from 178 feet east of Ashbury Street to 54 feet easterly (7-foot midblock curb bulb replaces metered motorcycle parking spaces #1425, #1423, and #1421 and yellow metered parking spaces #1419 and #1417)
- F. ESTABLISH – MOTORCYCLE METERED PARKING - Haight Street, south side, from 158 feet east of Ashbury Street to 20 feet easterly (4 motorcycle spaces replace meter #1427)
- G. ESTABLISH - YELLOW METERED LOADING ZONE (7AM to 1PM, MON-FRI) - Haight Street, south side, from 232 feet east of Ashbury Street to 40 feet east of Masonic Avenue (at meters #1415, and #1413)
- H. ESTABLISH – NO LEFT TURN EXCEPT MUNI - Haight Street, eastbound, at Laguna Street.

WHEREAS, This project was analyzed in the Transit Effectiveness Project Final Environmental Impact Report (FEIR) certified by the San Francisco Planning Commission by Motion No. 19105 on March 27, 2014; and,

WHEREAS, Approval for the installation of various parking and traffic modifications along 6 Haight-Parnassus/7-Haight-Noriega Muni transit corridor included in the Service-Related Capital Improvements of the Muni Forward program, which was previously referred to as the Transit Effectiveness Project (TEP), relies on said FEIR, and findings and information pertaining to the FEIR is set forth in a SFMTA Resolution No. 14-041, which is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by reference; and,

WHEREAS, As part of the Resolution No. 14-041, the SFMTA Board of Directors adopted findings under the California Environmental Quality Act (CEQA), the CEQA Guidelines, and Chapter 31 of the Administrative Code (CEQA Findings) and a Mitigation Monitoring and Reporting Program (MMRP), which Resolution, CEQA Findings, and MMRP are on file with the Secretary to the SFMTA Board of Directors and are incorporated herein by reference as though fully set forth; and,

WHEREAS, The SFMTA Board has reviewed the FEIR and hereby finds that since certification of the FEIR, no changes have occurred in the proposed project or in the circumstances under which the project would be implemented that would cause new significant impacts or a substantial increase in the severity of impacts identified and analyzed in the FEIR, and that no new information has emerged that would materially change the analyses or conclusions set forth in the FEIR. The actions approved herein would not necessitate implementation or additional or considerably different mitigation measures than those identified in the FEIR; and,

WHEREAS, The SFMTA Board previously approved the installation of new traffic signals and various parking and traffic modifications along the 6 Haight-Parnassus/7 Haight-Noriega Muni transit corridor on November 18, 2014 as part of Resolution No. 14-166; and

WHEREAS, The public has been notified about the proposed parking and traffic modifications and has been given the opportunity to comment on these modifications through the public hearing process; now, therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors approves the installation of various traffic and parking modifications set forth in items A through H above along the 6 Haight-Parnassus/7 Haight-Noriega Muni transit corridor included in the Muni Forward Service-Related Capital Improvements and Travel Time Reduction Proposals.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of June 2, 2015.



Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 16-113

WHEREAS, The San Francisco Municipal Transportation Agency has proposed parking and traffic modifications along the Mission Street Rapid Muni transit corridor based on community feedback and a project update with early safety and transit reliability results (Proposed Project Modifications):

- A. RESCIND – RIGHT TURN ONLY, EXCEPT TRANSIT AND COMMERCIAL VEHICLES - Mission Street, northbound, at 26th Street; Mission Street, northbound, at 22nd Street.
- B. ESTABLISH – NO LEFT TURN AT ANY TIME EXCEPT BUSES AND TAXIS - Mission Street, northbound and southbound, at 21st Street (modifies existing turn restriction to allow taxis to turn left).
- C. ESTABLISH – BUS STOP - Mission Street, west side, from Cortland Avenue to 122 feet northerly.
- D. ESTABLISH – YELLOW METERED LOADING ZONE (8AM TO 6 PM, MON-FRI) - Mission Street, west side, from 5 to 35 feet south of Cortland Avenue

WHEREAS, This project was analyzed in the Transit Effectiveness Project Final Environmental Impact Report (FEIR) certified by the San Francisco Planning Commission in Motion No. 19105 on March 27, 2014; and,

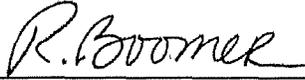
WHEREAS, Approval for parking and traffic modifications along the Mission Street Rapid Muni transit corridor of the Muni Forward program, which was previously referred to as the Transit Effectiveness Project (TEP), relies on said FEIR, and information pertaining to the FEIR is set forth in a SFMTA Resolution No 14-041, which is on file with the Secretary to the SFMTA Board of Directors and are incorporated herein by reference; and,

WHEREAS, As part of the Resolution No. 14-041, the SFMTA Board of Directors adopted approval findings under the California Environmental Quality Act (CEQA), the CEQA Guidelines, and Chapter 31 of the Administrative Code (CEQA Findings) and a Mitigation Monitoring and Reporting Program (MMRP), which Resolution, CEQA Findings, and MMRP are on file with the Secretary to the SFMTA Board of Directors and are incorporated herein by reference as though fully set forth; and,

WHEREAS, The SFMTA Board has reviewed the FEIR and hereby finds that since certification of the FEIR, no changes have occurred in the proposed project or in the circumstances under which the project would be implemented that would cause new significant impacts or a substantial increase in the severity of impacts identified and analyzed in the FEIR, and that no new information has emerged that would materially change the analysis or conclusions set forth in the FEIR. The actions approved herein would not necessitate implementation of additional or considerably different mitigation measures that those identified in the FEIR; now, therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors approves parking and traffic modifications, as set forth in items A through D above, along the Mission Street Rapid Muni transit corridor.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of August 16, 2016.



Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 16-132

WHEREAS, The San Francisco Municipal Transportation Agency has proposed the installation of parking and traffic modifications along the L Taraval rapid Muni transit corridor included in the Muni Forward Service-Related Capital Improvements and Travel Time Reduction Proposals as follows:

- A. ESTABLISH – TRANSIT ONLY LANE - Taraval Street, westbound, from 15th Avenue to 46th Avenue; Taraval Street, eastbound, from 17th Avenue to 46th Avenue.
- B. ESTABLISH – TRAFFIC SIGNALS - Taraval Street at 17th Avenue (replaces four-way STOP control); Taraval Street at 18th Avenue (replaces four-way STOP control); Taraval Street at 22nd Avenue (replaces four-way STOP control); Taraval Street at 24th Avenue (replaces four-way STOP control); Taraval Street at 28th Avenue (replaces four-way STOP control).
- C. ESTABLISH – NO LEFT TURN - Taraval Street, westbound, at Sunset Boulevard; Taraval Street, eastbound, at Sunset Boulevard; Taraval Street, eastbound, at 36th Avenue; Taraval Street, westbound at 37th Avenue.
- D. ESTABLISH – RIGHT TURN ONLY - 23rd Avenue, northbound, at Taraval Street; 36th Avenue, northbound, at Taraval Street; 36th Avenue, southbound, at Taraval Street; 37th Avenue, northbound, at Taraval Street; 37th Avenue, southbound, at Taraval Street.
- E. ESTABLISH – TRANSIT STOP - Taraval Street, south side, west of 15th Avenue (rescinds farside transit stop and relocates to nearside of intersection).
- F. RESCIND – TRANSIT STOP - 15th Avenue, east side, north of Ulloa Street; 15th Avenue, west side, north of Ulloa Street; Taraval Street, north side, east of 17th Avenue; Taraval Street, south side, west of 17th Avenue; Taraval Street, north side, east of 22nd Avenue; Taraval Street, south side, west of 24th Avenue; Taraval Street, north side, east of 28th Avenue; Taraval Street, south side, west of 28th Avenue; Taraval Street, north side, east of 35th Avenue.
- G. ESTABLISH – TRANSIT BOARDING ISLANDS AND TOW-AWAY NO STOPPING ANYTIME - Taraval Street, north side, from 18th Avenue to 19th Avenue (removes 6 metered parking spaces #808, 810, 812, 814, 816, 818 and 1 passenger loading zone for transit boarding island with high-level accessible platform with ramp); Taraval Street, south side, from 19th Avenue to 20th Avenue (removes 9 metered parking spaces #905, 907, 909, 911, 913, 917, 919, 923, 925 for transit boarding island with high-level accessible platform with ramp); Taraval Street, north side, from 25th Avenue to 26th Avenue (removes 9 metered parking spaces #1502, 1504-G, 1508, 1512, 1514, 1520, 1522, 1524, 1526 for transit boarding island); Taraval Street, south side, from 26th Avenue to 27th Avenue (removes 9 metered parking spaces #1601, 1603, 1605, 1611, 1617, 1619, 1621, 1623, 1625 for transit boarding island); Taraval Street, north side, from 28th Avenue to 140 feet westerly (removes 2 white zone parking spaces, 1 blue zone parking space, and metered parking space #1812 for transit high-level accessible boarding platform with ramp); Taraval Street, north side, from 30th Avenue to 220 feet easterly (removes 7 parking spaces for transit boarding island); Taraval Street, south side, from 30th Avenue to 31st Avenue (removes 9 parking spaces for transit boarding island with high-level accessible platform with ramp); Taraval Street, north

side, from 32nd Avenue to 220 feet easterly (removes 8 parking spaces for transit boarding island); Taraval Street, south side, from 32nd Avenue to 220 feet westerly (removes 8 parking spaces for transit boarding island); Taraval Street, north side, from 40th Avenue to 220 feet easterly (removes 4 parking spaces for transit boarding island); Taraval Street, south side, from 40th Avenue to 220 feet westerly (removes 10 parking spaces for transit boarding island); Taraval Street, north side, from 42nd Avenue to 220 feet easterly (removes 7 parking spaces for transit boarding island); Taraval Street, north side, from 42nd Avenue to 140 feet westerly (removes 3 parking spaces for transit high-level accessible boarding island with ramp); Taraval Street, south side, from 42nd Avenue to 140 feet easterly (removes 4 parking spaces for transit high-level accessible boarding island with ramp); Taraval Street, south side, from 42nd Avenue to 220 feet westerly (removes 10 parking spaces for transit boarding island); Taraval Street, north side, from 44th Avenue to 220 feet easterly (removes 5 parking spaces for transit boarding island); Taraval Street, south side, from 44th Avenue to 220 feet westerly (removes 7 parking spaces for transit boarding island); Taraval Street, north side, from 45th Avenue to 46th Avenue (removes 8 parking spaces for transit boarding island).

- H. ESTABLISH – TRANSIT BOARDING ISLAND EXTENSION AND TOW-AWAY NO STOPPING ANYTIME - Taraval Street, south side, from 21st Avenue to 120 feet westerly (removes 2 metered parking spaces #1103, 1105 for extension of boarding island); Taraval Street, north side, at 23rd Avenue (removes 3 metered parking spaces #1216, 1220, 1222 for extension of boarding island); Taraval Street, north side, from 36th Ave to 140 feet easterly (removes 5 parking spaces for boarding island extension through intersection); Taraval Street, south side, at 37th Avenue to 38th Avenue (removes 3 parking spaces for boarding island extension through intersection).
- I. ESTABLISH – SIDEWALK WIDENING AND – NO PARKING ANYTIME - Taraval Street, south side, from 15th Avenue to 24 feet easterly (for a 6-foot wide pedestrian bulb); 15th Avenue, east side, from Taraval Street to 123 feet southerly (removes 4 parking spaces for a 9-foot wide transit bulb); Taraval Street, south side, from 15th Avenue to 116 feet westerly (for a 20-foot wide transit bulb); 15th Avenue, west side, from Taraval Street to 23 feet southerly (for a 4-foot wide pedestrian bulb); Taraval Street, south side, from 20th Avenue to 23 feet westerly (for a 6-foot wide pedestrian bulb); 20th Avenue, west side, from Taraval Street to 23 feet southerly (removes metered green parking space #2403-G for a 6-foot wide pedestrian bulb); Taraval Street, north side, from 20th Avenue to 23 feet easterly (for a 6-foot wide pedestrian bulb); 20th Avenue, east side, from Taraval Street to 23 feet northerly (removes metered parking space #2368 for pedestrian bulb); Taraval Street, north side, from 21st Avenue to 23 feet easterly (for a 6-foot wide pedestrian bulb); 21st Avenue, east side, from Taraval Street to 23 feet northerly (removes parking meter space #2370 for 6-foot wide pedestrian bulb); Taraval Street, north side, from 22nd Avenue to 23 feet easterly (removes metered parking space #1128 for pedestrian bulb); 22nd Avenue, east side, from Taraval Street to 23 feet northerly (removes metered parking space #2368 for pedestrian bulb); Taraval Street, south side, from 22nd Avenue to 23 feet westerly (removes metered yellow parking space #1201 for pedestrian bulb); 22nd Avenue, west side, from Taraval Street to 19 feet southerly (for a 6-foot wide pedestrian bulb); Taraval Street, south side, from 24th Avenue to 23 feet westerly (removes metered parking space #1401 for pedestrian bulb); 24th Avenue, west side, from Taraval Street to 23 feet southerly (removes 2 parking spaces for pedestrian bulb); Taraval Street, north side, from 24th Avenue to 23 feet easterly (removes metered parking space #1326 for pedestrian bulb); 24th Avenue, east side, from Taraval Street to 23 feet northerly (removes 2 parking spaces for a 6-foot wide pedestrian bulb); Taraval Street, south side, from 33rd Avenue to 23 feet westerly (removes 1 parking

space for a 6-foot wide pedestrian bulb); 33rd Avenue, west side, from Taraval Street to 23 feet southerly (for a 6-foot wide pedestrian bulb); Taraval Street, north side, from 33rd Avenue to 23 feet easterly (removes 1 parking space for a 6-foot wide pedestrian bulb); 33rd Avenue, east side, from Taraval Street to 23 feet northerly (removes 1 parking space for a 6-foot wide pedestrian bulb); Taraval Street, south side, from 38th Avenue to 23 feet westerly (for a 6-foot wide pedestrian bulb); 38th Avenue, west side, from Taraval Street to 23 feet southerly (removes 1 parking space for a 6-foot wide pedestrian bulb); Taraval Street, north side, from 38th Avenue to 23 feet easterly (for a 6-foot wide pedestrian bulb); 38th Avenue, east side, from Taraval Street to 23 feet northerly (for a 6-foot wide pedestrian bulb).

- J. ESTABLISH – PASSENGER LOADING ZONE DURING POSTED SERVICE HOURS - 36th Avenue, east side, from Taraval Street to 40 feet northerly (relocates passenger loading zone from 2540 Taraval Street).
- K. ESTABLISH - GREEN METERED PARKING, 30-MINUTE LIMIT, 9 AM TO NOON AND 2 PM TO 5 PM MONDAY THROUGH FRIDAY AND 9 AM TO 5 PM SATURDAY AND PART TIME PASSENGER LOADING ZONE, NOON TO 2 PM MONDAY THROUGH FRIDAY AND 5 PM TO 10 PM EVERYDAY - 18th Avenue, west side, from Taraval Street to 27 feet northerly (relocates passenger zone at 800 Taraval Street to metered space #2399).
- L. ESTABLISH – GREEN ZONE, 9 AM TO 6 PM MONDAY THROUGH SATURDAY - 28th Avenue, west side, from 60 feet to 110 feet northerly (extends existing green zone by 50 feet); 36th Avenue, east side, from 40 feet to 100 feet north of Taraval Street (shifts existing 60' green zone north to accommodate passenger loading zone relocation).
- M. ESTABLISH – YELLOW METER LOADING ZONE, 30-MINUTE TIME LIMIT, 9 AM TO 6 PM MONDAY THROUGH FRIDAY - 26th Avenue, west side, from Taraval Street to 25 feet southerly (relocates yellow metered loading space #1605 from 1617 Taraval Street).
- N. ESTABLISH – YELLOW METER LOADING ZONE, 30-MINUTE TIME LIMIT, 9 AM TO 6 PM MONDAY THROUGH SATURDAY - 20th Avenue, east side, from 73 feet to 95 feet south of Taraval Street (converts general meter parking space #2410).
- O. ESTABLISH – YELLOW METERED LOADING ZONE, 30-MINUTE TIME LIMIT, 7 AM TO 1 PM MONDAY THROUGH SATURDAY - 18th Avenue, west side, from 49 feet to 77 feet north of Taraval Street (relocates yellow metered loading space #818 from 870 Taraval Street to metered space # 2395).
- P. ESTABLISH – GENERAL METERED PARKING, 2-HOUR TIME LIMIT, 9 AM TO 6 PM SATURDAY - 17th Avenue, west side, from Taraval Street to 100 feet northerly; 17th Avenue, east side, from 22 feet to 86 feet north of Taraval Street; 17th Avenue, west side, from Taraval Street to 80 feet southerly; 19th Avenue, west side, from 32 feet to 136 feet north of Taraval Street (SFMTA 7/7/2015 Board of Directors meeting approved the relocation of the 28-19th Avenue bus stop from nearside to farside of intersection); 19th Avenue, east side, 171 feet to 380 feet north of Taraval Street; 19th Avenue, east side, 35 feet to 53 feet south of Taraval Street; 21st Avenue, west side, from 73 feet to 105 feet north of Taraval Street; 22nd Avenue, west side, from 95 feet to 118 feet north of Taraval Street; 25th Avenue, west side, from Taraval Street to 85 feet southerly; 25th Avenue, east side, from Taraval Street to 100 feet southerly; 25th Avenue, west side, from Taraval Street to 25 feet northerly; 25th Avenue, east side, from Taraval Street to 80 feet northerly; 26th Avenue, west side, from Taraval Street to 40 feet northerly; 26th Avenue, east side, from Taraval Street to 95 feet southerly; 26th Avenue, east side, from Taraval Street to 85 feet northerly; 27th Avenue, west side, from Taraval Street to 40 feet northerly; 27th Avenue, east side, from Taraval Street to 40 feet southerly; 29th Avenue, east side, from 40 feet to 60 feet south

of Taraval Street.

- Q. ESTABLISH – PERPENDICULAR PARKING - Santiago Street, south side, from 21st Avenue to 22nd Avenue; Santiago Street, south side, from 27th Avenue to 28th Avenue; Santiago Street, south side, from 30th Avenue to 31st Avenue; Santiago Street, south side, from 32nd Avenue to 33rd Avenue; Santiago Street, south side, from 40th Avenue to 41st Avenue; Santiago Street, south side, from 41st Avenue to 42nd Avenue; Santiago Street, south side, from 42nd Avenue to 43rd Avenue; Santiago Street, south side, from 45th Avenue to 46th Avenue; Ulloa Street, north side, from 16th Avenue to 17th Avenue; Ulloa Street, south side, from 25th Avenue to 26th Avenue; Ulloa Street, north side, from 28th Avenue to 29th Avenue; Ulloa Street, north side, from 32nd Avenue to 33rd Avenue; Ulloa Street, north side, from 41st Avenue to 42nd Avenue; Ulloa Street, north side, from 43rd Avenue to 44th Avenue.
- R. ESTABLISH – PERPENDICULAR PARKING AND GENERAL METER 2 HOUR PARKING, 9 AM TO 6 PM MONDAY THROUGH SATURDAY - Taraval Street, south side, from 14th Avenue to 93 feet westerly (converts 4 parallel metered spaces # 401, 403, 405, 409 to 10 perpendicular metered spaces).
- S. ESTABLISH – 45 DEGREE ANGLED PARKING - 30th Avenue, west side, from Ulloa Street to 70 feet northerly; 31st Avenue, east side, from Ulloa Street to 107 feet northerly; 34th Avenue, west side, from Taraval Street to 47 feet southerly; 35th Avenue, west side, from Taraval Street to 75 feet southerly; 38th Avenue, west side, from Ulloa Street to 60 feet northerly; 39th Avenue, west side, from Ulloa Street to 72 feet northerly; 42nd Avenue, west side, from Taraval Street to 60 feet southerly; 45th Avenue, east side, from Ulloa Street to 72 feet southerly; 45th Avenue, east side, from Vicente Street to 72 feet northerly; 47th Avenue, east side, from Taraval Street to 60 feet southerly; Funston Avenue, west side, from Taraval Street to 130 feet southerly.
- T. ESTABLISH – 45 DEGREE ANGLED PARKING AND UNMETERED GENERAL PARKING, 1-HOUR TIME LIMIT, 7 AM TO 6 PM MONDAY THROUGH SATURDAY - 31st Avenue, west side, from Taraval Street to 60 feet southerly; 32nd Avenue, west side, from Taraval Street to 83 feet southerly; 46th Avenue, east side, from Taraval Street to 70 feet northerly.
- U. ESTABLISH – UNMETERED GENERAL PARKING, 1 HOUR TIME LIMIT, 7 AM TO 6 PM MONDAY THROUGH SATURDAY - 29th Avenue, west side, from Taraval Street to 60 feet northerly; 30th Avenue, west side, from Taraval Street to 23 feet southerly; 31st Avenue, east side, from Taraval Street to 60 feet northerly; 31st Avenue, east side, from 53 feet to 88 feet south of Taraval Street; 31st Avenue, west side, from Taraval Street to 100 feet northerly; 32nd Avenue, east side, from 20 feet to 75 feet north of Taraval Street; 32nd Avenue, east side, from 25 feet to 70 feet south of Taraval Street; 32nd Avenue, west side, from Taraval Street to 75 feet northerly; 33rd Avenue, west side, from Taraval Street to 80 feet northerly; 33rd Avenue, west side, from 35 feet to 70 feet south of Taraval Street; 33rd Avenue, east side, from 23 feet to 72 feet north of Taraval Street; 33rd Avenue, east side, from 22 feet to 85 feet south of Taraval Street; 38th Avenue, west side, from 40 feet to 100 feet north of Taraval Street; 40th Avenue, west side, from Taraval Street to 21 feet northerly; 41st Avenue, east side, from Taraval Street to 60 feet northerly; 46th Avenue, west side, from Taraval Street to 100 feet northerly; Taraval Street, north side, from 29th Avenue to 20 feet westerly; Taraval Street, south side, from 29th Avenue to 30th Avenue; Taraval Street, north side, from 41st Avenue to 20 feet westerly; Taraval Street, south side, from 41st Avenue to 55 feet westerly; Taraval Street, south side, from 46th Avenue to 90 feet easterly.

WHEREAS, This project was analyzed in the Transit Effectiveness Project Final Environmental Impact Report (FEIR) certified by the San Francisco Planning Commission in Motion No. 19105 on March 27, 2014; and,

WHEREAS, Approval for traffic and parking modifications to implement various projects along the L Taraval Muni transit corridor included in the Service-Related Capital Improvements of the Muni Forward program, which was previously referred to as the Transit Effectiveness Project (TEP), relies on said FEIR, and information pertaining to the FEIR is set forth in a SFMTA Resolution No. 14-041, which is on file with the Secretary to the SFMTA Board of Directors and are incorporated herein by reference; and,

WHEREAS, As part of the Resolution No. 14-041, the SFMTA Board of Directors adopted approval findings under the California Environmental Quality Act (CEQA), the CEQA Guidelines, and Chapter 31 of the Administrative Code (CEQA Findings) and a Mitigation Monitoring and Reporting Program (MMRP), which Resolution, CEQA Findings, and MMRP are on file with the Secretary to the SFMTA Board of Directors and are incorporated herein by reference as though fully set forth; and,

WHEREAS, SFMTA staff proposes to adopt the proposed project's Modified Expanded Alternative, which includes parking and traffic improvements from both the Modified and Expanded Alternatives; and,

WHEREAS, With more reliable light rail transit service on one of the busiest lines, SFMTA will have fewer needs for last-minute service adjustments, a more stable service environment for resource-need assessment, and will be able to more reliably and effectively allocate transit resources and deliver service overall; and,

WHEREAS, The SFMTA Board has reviewed the FEIR and hereby finds that since certification of the FEIR, no changes have occurred in the proposed project or in the circumstances under which the project would be implemented that would cause new significant impacts or a substantial increase in the severity of impacts identified and analyzed in the FEIR, and that no new information has emerged that would materially change the analysis or conclusions set forth in the FEIR. The actions approved herein would not necessitate implementation of additional or considerably different mitigation measures than those identified in the FEIR; and,

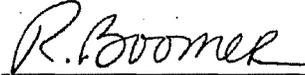
WHEREAS, The public has been notified about the proposed modifications and has been given the opportunity to comment on those modifications through the public hearing process; now, therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors amends Transportation Code, Division II, Section 601 to designate transit-only lanes on Taraval Street between 15th Avenue and 46th Avenue westbound (outbound) direction, and Taraval Street between 17th Avenue and 46th Avenue eastbound (inbound) direction; and be it further

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors adopts the Mitigation Monitoring and Reporting Program as a condition of approval; and be it further

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors approves these parking and traffic modifications set forth in items A through U above along the L Taraval Muni transit corridor included in the Muni Forward Service-Related Capital Improvements and Travel Time Reduction Proposals and support the SFMTA's Vision Zero program.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of September 20, 2016.



Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

RESOLUTION 16-132

[Transportation Code – Taraval Street Transit Only Lanes]

Resolution amending the Transportation Code to designate transit-only lanes on Taraval Street westbound (outbound) direction between 15th Avenue and 46th Avenue, and Taraval Street eastbound (inbound) direction between 46th Avenue and 17th Avenue.

NOTE: Additions are single-underline Times New Roman;
deletions are ~~strike-through Times New Roman~~.

The Municipal Transportation Agency Board of Directors of the City and County of San Francisco enacts the following regulations:

Section 1. Article 600 of Division II of the Transportation Code is hereby amended by revising Section 601, to read as follows:

SEC. 601. DESIGNATED TRANSIT-ONLY AREAS.

(a) The locations listed in this Section 601 are designated as Transit-only Areas. Any vehicle operating within a Transit-only Area during times that the Transit-only Area is enforced is in violation of Transportation Code, Division I, Section 7.2.72 (Driving in Transit-only Area).

(1) **Cable Car Lanes On Powell Street Between California Street and Sutter Street.** Except as to cable cars, Municipal Railway vehicles, and authorized emergency vehicles, no vehicle may operate within, over, upon or across the cable car lanes, or make any left or U-turn on the exclusive cable car lanes on Powell Street between California and Sutter Streets except to pass a disabled vehicle.

(2) **West Portal Avenue Between 15th Avenue and Sloat Boulevard.** Except as to streetcars and Municipal Railway vehicles, no vehicle may operate within Transit-only Areas on West Portal Avenue between 15th Avenue and Sloat Boulevard.

(3) **Exclusive Commercial Vehicle/Transit Area on Sansome Street.**

Except as to buses, taxis, authorized emergency vehicles, and commercial vehicles, no vehicle may operate within the Transit-only Area running southbound on Sansome Street between Washington Street and Bush Street.

(4) **Exclusive Transit/Taxi/Commercial Vehicle Area on Powell Street from Ellis Street to O'Farrell Street in the Northbound (Outbound) Direction, and from O'Farrell Street to Ellis Street in the Southbound (Inbound) Direction.** Except as to buses, taxis, authorized emergency vehicles, and commercial vehicles, no vehicle may operate within the Transit/Taxi/Commercial Vehicle-only Area on Powell Street from Ellis Street to O'Farrell Street in the northbound (outbound) direction, and from O'Farrell Street to Ellis Street in the southbound (inbound) direction.

(5) **Judah Street, from 9th Avenue to 20th Avenue.** Except as to streetcars and Municipal Railway vehicles, no vehicle may operate within Transit-only Areas on Judah Street from 9th Avenue to 20th Avenue.

(6) **Van Ness Avenue, from Filbert Street to Market Street.** Except as to Municipal Railway and Golden Gate Transit vehicles and authorized emergency vehicles, no vehicle may operate within the Transit-only Areas on Van Ness Avenue from Filbert Street to Market Street.

(7) **Van Ness Avenue, from Filbert Street to Lombard Street.** Except as to Municipal Railway and Golden Gate Transit vehicles and authorized emergency vehicles, no vehicle may operate within the Transit-only Areas on Van Ness Avenue from Filbert Street to Lombard Street southbound.

(8) **Van Ness Avenue, from Chestnut Street to 150 Feet North of Bay Street.** Except as to Municipal Railway and Golden Gate Transit vehicles and authorized emergency vehicles, no vehicle may operate within the Transit-only Areas on Van Ness Avenue from Chestnut Street to 150 feet north of Bay Street northbound.

(9) **Van Ness Avenue, from North Point Street to Chestnut Street.** Except as to Municipal Railway and Golden Gate Transit vehicles and authorized

emergency vehicles, no vehicle may operate within the Transit-only Areas on Van Ness Avenue from North Point Street to Chestnut Street southbound.

(10) **South Van Ness Avenue, from Market Street to Mission Street.**

Except as to Municipal Railway and Golden Gate Transit vehicles and authorized emergency vehicles, no vehicle may operate within the Transit-only Areas on South Van Ness Avenue from Market Street to Mission Street.

(11) **Other Transit-Only Areas.** Except for buses, taxicabs, vehicles preparing to make a turn, vehicles entering into or existing from a stopped position at the curb, and vehicles entering into or exiting from a driveway, no vehicle may operate in the following Transit-only Areas during the times indicated:

Hours of Operation	Street	From	To
All times	1st St.	Market St.	Howard St.
	3rd St.	Townsend St.	Market St.
	4th St.	Harrison St.	Townsend St.
	4th St.	Market St.	Howard St.
	16th St. (Inbound)	Third St.	Church St.
	16th St. (Outbound)	Bryant St.	Potrero Ave.
	16th Street Outbound	Vermont	Third
	Church St.	16th St.	Duboce Ave.
	Clay St.	Sansome St.	Davis St.
	Fremont St.	Mission St.	Market St.
	Geary St.	Market St.	Powell St.
	Geary St.	Mason St.	Gough St.
	Geneva Ave. (Outbound)	Delano Ave.	280 Freeway Overpass
	Judah St.	20th Ave.	La Playa St.
	Market St. (Inbound)	12th St.	3rd St.
	Market St. (Outbound)	So. Van Ness Ave.	3rd St.
	Mission St. (Inbound)	Randall St.	Cesar Chavez St.
	Mission St. (Outbound)	11th St.	South Van Ness Ave.
	Mission St. (Outbound)	Duboce Ave.	Randall St.
O'Farrell St.	Gough St.	Hyde St.	

	O'Farrell St.	Jones St.	Powell St.
	Otis St. (Outbound)	South Van Ness Ave.	Duboce Ave.
	Post St.	Gough St.	Grant St.
	Potrero Ave. (SB)	25th St.	18th St.
	Stockton St.	Bush St.	Geary St.
	Sutter St.	Gough St.	Kearny St.
	<u>Taraval St. (Inbound)</u>	<u>46th Ave.</u>	<u>17th Ave.</u>
	<u>Taraval St. (Outbound)</u>	<u>15th Ave.</u>	<u>46th Ave.</u>
7:00 AM-7:00 PM, Monday-Friday	Sacramento St.	Drumm St.	Kearny St.
7:00 AM-7:00 PM, Monday-Saturday	Stockton St.	Geary St.	O'Farrell St.
7:00 AM-6:00 PM, Monday-Friday	Mission St. (Inbound)	5th St.	Beale St.
	Mission St. (Outbound)	Main St.	4th St.
7:00 AM-9:00 PM, Monday-Friday	Mission St. (Inbound)	11th St.	5th St.
	O'Farrell St.	Hyde St.	Jones St.
	Clay St.	Powell St.	Battery St.
4:00 PM-6:00 PM, Monday-Friday	Mission St. (Inbound)	11th St.	5th St.
	Mission St. (Outbound)	4th St.	11th St.
	Geary St.	Mason St.	Powell St.
	Sacramento St.	Kearny St.	Larkin St.
3:00 PM-6:00 PM, Monday-Friday	Sutter St.	Sansome St.	Kearny St.
3:00 PM-7:00 PM, Monday-Friday	Bush St.	Montgomery St.	Battery St.
	4th St.	Howard St.	Clementina

Section 2. Effective Date. This ordinance shall become effective 31 days after enactment. Enactment occurs when the San Francisco Municipal Transportation Agency Board of Directors approves this ordinance.

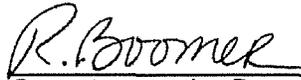
Section 3. Scope of Ordinance. In enacting this ordinance, the San Francisco Municipal Transportation Agency Board of Directors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, letters, punctuation marks, charts, diagrams, or any other constituent parts of the Transportation Code that are

explicitly shown in this ordinance as additions or deletions in accordance with the "Note" that appears under the official title of the ordinance.

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

By: _____
JOHN I. KENNEDY
Deputy City Attorney

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of September 20, 2016.



Secretary to the Board of Directors
San Francisco Municipal Transportation Agency
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SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 14-042

WHEREAS, The Strategic Plan requires that the SFMTA, in the context of the Transit First policy, make transit and other non-personal vehicle-oriented transportation modes the preferred means of travel; and

WHEREAS, The Transit Effectiveness Project (TEP) is a major SFMTA initiative to improve Muni and help meet the Strategic Plan's mode shift goals; and

WHEREAS, The TEP used extensive data analysis and community feedback for the purpose of identifying ways to deliver better service to existing customers and attract new customers, and improve system efficiency. Proposals of the TEP focus on improving reliability, enhancing safety, reducing delays, reducing crowding and making San Francisco travel more convenient; and

WHEREAS, The SFMTA is proposing up to a 10% service increase over the next two year budget cycle, as well as route additions, realignments, and modifications/eliminations; and

WHEREAS, Pursuant to Charter Section 16.112, advertisements were placed in the City's official newspaper starting March 25, 2014, for four days to provide notice that the SFMTA Board of Directors would hold a public hearing on March 28, 2014, to consider the proposed TEP service changes; and

WHEREAS, To reach customers with Limited English Proficiency, information about the hearing was posted on the SFMTA Website in nine languages and multilingual (English, Spanish and Chinese) announcements were posted on the bus stops that would be most affected by the changes; and

WHEREAS, Title VI of the Civil Rights Act of 1964 applies to programs and services receiving federal funding and prohibits discrimination based on race, color, or national origin from federally funded programs such as transit and in order to remain compliant with Title VI requirements and ensure continued federal funding, the SFMTA must analyze the impacts of TEP service and route change proposals on minority and low income populations in accordance with SFMTA's Board of Director's approved Title VI policies including the Major Service Change, Disparate Impact, and Disproportionate Burden Policies in response to the FTA's updated Circular 4702.1B; and

WHEREAS, The SFMTA prepared a comprehensive Title VI analysis of the impacts of the proposed TEP service and route changes on low-income and minority communities in San Francisco and has determined that there is no disparate impact to minority populations or disproportionate burden to low-income populations; and,

WHEREAS, These projects, along with other proposed improvements, were analyzed in the Transit Effectiveness Project Final Environmental Impact Report (FEIR) certified by the San Francisco Planning Commission in Motion No. 19105 on March 27, 2014; and,

WHEREAS, The actions contemplated herein rely on said FEIR, and information pertaining to the FEIR and its certification are set forth in a SFMTA companion Resolution No 14-041, which is on file with the Secretary to the SFMTA Board of Directors and are incorporated herein by reference; and,

WHEREAS, As part of companion Resolution No 14-041, the SFMTA Board of Directors adopted approval findings under the California Environmental Quality Act (CEQA), the CEQA Guidelines, and Chapter 31 of the Administrative Code (CEQA Findings), which Resolution is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by reference as though fully set forth; and,

WHEREAS, The SFMTA Board relies on the CEQA Findings to support the actions set forth within this Resolutions and incorporates them by reference as though fully set forth herein; and,

WHEREAS, Between January and March 2014, SFMTA conducted numerous community meetings, community workshops, and public hearings to discuss the proposed service changes and ensure that customers and residents are aware of the service change proposals, to gather input on proposed changes to inform SFMTA Board approval, to convey how the proposed changes will provide better service for the entire City while minimizing customer disruption for specific lines, and to provide information on complimentary services; and

WHEREAS, The meetings, workshops, and public hearings were announced on multilingual flyers distributed in affected neighborhoods, notices posted at transit stops, TEP web pages, blast emails to TEP email update subscribers, and notices in both English and foreign language media publications; and

WHEREAS, In response to this feedback, SFMTA revised and/or withdrew a portion of proposed service changes; and

WHEREAS, The public has been notified about the proposed modifications and has been given the opportunity to comment on those modifications through the public hearing process; therefore be it

RESOLVED, That the SFMTA Board approves the comprehensive Title VI analysis of the impacts of the proposed TEP service and route changes on low-income and minority communities in San Francisco which determined that there is no disparate impact to minority populations or disproportionate burden to low-income populations which is attached as Appendix E; and be it further

RESOLVED, That the SFMTA Board of Directors authorizes the Director of Transportation to implement the service changes summarized in Appendices A and B; and be it further

RESOLVED, That the SFMTA Board of Directors adopts the Mitigation Monitoring and Reporting Program (MMRP), attached to this Resolution as Appendix G and incorporated herein by reference.

RESOLVED, That the Director of Transportation is authorized to make such further adjustments to transit services indicated above as may be necessary or desirable except to the extent that such adjustments require review by the Board of Supervisors pursuant to Section 8A.108 of the San Francisco Charter, constitute a Major Service Change as defined by the SFMTA's Major Service Change policy, or constitute a significant change in the operating schedule or route of a MUNI line.

I certify that the foregoing resolution was adopted by the Municipal Transportation Agency Board of Directors at their meeting of March 28, 2014.

R. Pomeroy

Secretary, Municipal Transportation Agency
Board of Directors

Appendix E

2014 Transit Effectiveness Project (TEP) Service Changes Title VI Report

San Francisco Municipal Transportation Agency (SFMTA)

March 2014

Table of Contents

I.	Background	1
II.	SFMTA's Title VI-related Policies and Definitions	2
	Major Service Change Policy	2
	Disparate Impact Policy	2
	Disproportionate Burden Policy	3
	Stakeholder Outreach and Engagement	3
	Adverse Effect	3
	Definition of Minority	4
	Definition of Low Income	4
III.	Transit Effectiveness Project Summary	4
	Major TEP Goals	5
IV.	Proposed Service and Route Changes	5
	Frequency Change Summary	6
	Route Change Summary	9
	Route Additions	9
	Route Elimination	9
	Route Segment Changes - A change in route-miles of 25 percent or more, where the route moves more than a quarter mile	9
V.	Service Change Analysis	11
	Frequency Change Analysis	11
	Methodology	11
	Survey Summary	11
	Increased Frequency Change Results – Disparate Impact Analysis for Minority Populations	12
	Increased Frequency Change Results – Disproportionate Burden Analysis on Low Income Populations	16
	Decreased Frequency Change Results – Disparate Impact Analysis on Minority Populations	19
	Decreased Frequency Change Results – Disproportionate Burden Analysis on Low-Income Populations	21
	Frequency Change Summary	23
	Route Change Analysis	23
	Methodology	23
	Analyzed Transit Lines	24
	Proposed Route Addition and Extension Results – Disparate Impact Analysis for Minority Populations	25
	Proposed Route Addition and Extension Results – Disproportionate Burden Analysis on Low-Income Populations	27
	Proposed Route and Segment Elimination Results – Disparate Impact Analysis on Minority Populations	29
	Proposed Route and Segment Elimination Results – Disproportionate Burden Analysis on Low-Income Populations	31
	Route Change Summary	33

VI. Outreach Summary.....	33
Results of Outreach.....	36
VII. Summary.....	37

I. Background

Title VI of the Civil Rights Act of 1964 prohibits discrimination on the basis of race, color or national origin in programs and activities receiving Federal financial assistance. Specifically, Title VI provides that "no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance." (42 U.S.C. Section 2000d)

The analysis within this document responds to the reporting requirements contained in the Federal Transit Administration's (FTA) Circular 4702.1B, "Title VI and Title VI-Dependent Guidelines," which provides guidance to transit agencies serving large urbanized areas and requires that these agencies "shall evaluate significant system-wide service and fare changes and proposed improvements at the planning and programming stages to determine whether these changes have a discriminatory impact." (Circular 4702.1B, Chapter IV-10) The FTA requires that transit providers evaluate the effects of service and fare changes on low-income populations in addition to Title VI-protected populations.

The San Francisco Municipal Transportation Agency (SFMTA), a department of the City and County of San Francisco, was established by voter proposition in 1999. One of the SFMTA's primary responsibilities is running the San Francisco Municipal Railway, known universally as "Muni." Muni is the largest transit system in the Bay Area and the eighth largest in the nation, with over 700,000 passenger boardings per day and serving approximately 215 million customers a year. The Muni fleet includes: historic streetcars, biodiesel and electric hybrid buses and electric trolley coaches, light rail vehicles, paratransit cabs and vans and the world-famous cable cars. Muni provides one of the highest levels of service per capita with 63 bus routes, seven light rail lines, the historic streetcar line, and three cable car lines and provides regional connections to other Bay Area public transit systems such as BART, AC Transit, Golden Gate Transit and Ferries, SamTrans, and Caltrain.

This Title VI document includes:

- SFMTA's Board approved disparate impact and disproportionate burden policies, as well as a summary of the public outreach and engagement process employed in the development of these policies;
- A description of the proposed service changes and background on why the changes are being proposed;
- A data analysis based on ridership survey data and U.S. Census data to determine the number and percent of users impacted by service change proposals: minority, low-income and overall ridership;
- An analysis of potential impacts on minority and/or low-income customers;
- A summary of public outreach and engagement efforts and how these efforts influenced service change proposals.

II. SFMTA's Title VI-related Policies and Definitions

On October 1, 2012, FTA issued updated Circular 4702.1B, which requires a transit agency's governing board to adopt the following policies related to fare and service changes:

- Major Service Change Definition – establishes a definition for a major service change, which provides the basis for determining when a service equity analysis needs to be conducted.
- Disparate Impact and Disproportionate Burden Policies – establishes thresholds to determine when proposed major service changes or fare changes would adversely affect minority and/or low-income populations and when alternatives need to be considered or impacts mitigated.

In response to Circular 4702.1B, SFMTA developed the following Major Service Change, Disparate Impact and Disproportionate Burden Policies, which were approved by the SFMTA Board of Directors on August 20, 2013, after an extensive multilingual public outreach process. Outreach included two public workshops, five presentations to the SFMTA Board and committees, and outreach to approximately 30 community based organizations and transportation advocates with broad perspective among low income and minority communities. The following are SFMTA's Major Service Change Policy, Disparate Impact Policy, and Disproportionate Burden Policy:

Major Service Change Policy

SFMTA has developed a policy that defines a Major Service Change as a change in transit service that would be in effect for more than a 12-month period, and that would consist of any of the following criteria:

- A schedule change (or series of changes) resulting in a system-wide change in annual revenue hours of five percent or more proposed at one time or over a rolling 24 month period;
- A schedule change on a route with 25 or more one-way trips per day resulting in:
 - Adding or eliminating a route;
 - A change in annual revenue hours on the route of 25 percent or more;
 - A change in the daily span of service on the route of three hours or more; or
 - A change in route-miles of 25 percent or more, where the route moves more than a quarter mile.Corridors served by multiple routes will be evaluated based on combined revenue hours, daily span of service, and/or route-miles.
- The implementation of a New Start, Small Start, or other new fixed guideway capital project, regardless of whether the proposed changes to existing service meet any of the criteria for a service change described above.

Disparate Impact Policy

Disparate Impact Policy determines the point ("threshold") when adverse effects of fare or service changes are borne disparately by minority populations. Under this policy, a fare change, or package of changes, or major service change, or package of changes, will be deemed to have a disparate impact on minority populations if the difference between the

percentage of the minority population impacted by the changes and the percentage of the minority population system-wide is eight percentage points or more. Packages of major service changes across multiple routes will be evaluated cumulatively and packages of fare increases across multiple fare instruments will be evaluated cumulatively.

Disproportionate Burden Policy

Disproportionate Burden Policy determines the point when adverse effects of fare or service changes are borne disproportionately by low-income populations. Under this policy, a fare change, or package of changes, or major service change, or package of changes, will be deemed to have a disproportionate burden on low-income populations if the difference between the percentage of the low-income population impacted by the changes and the percentage of the low-income population system-wide is eight percentage points or more. Packages of major service changes across multiple routes will be evaluated cumulatively and packages of fare increases across multiple fare instruments will be evaluated cumulatively.

Title VI also requires that positive changes, such as fare reductions and major service improvements, be evaluated for their effect on minority and low-income communities. SFMTA will evaluate positive impact proposals together and negative impact proposals together.

Stakeholder Outreach and Engagement

As part of the SFMTA's process to develop the proposed policies, SFMTA conducted a multilingual stakeholder outreach campaign to receive input on the proposed policies and engage the public in the decision making process for adoption of these policies by the SFMTA Board. This effort included presentations to the SFMTA Citizens Advisory Council (CAC) and Muni Accessible Advisory Committee (MAAC), as well as two public workshops. The workshops were promoted through email, telephone calls to community groups and in nine languages on the SFMTA website. Outreach was also targeted to approximately 30 Community Based Organizations and transportation advocates with broad representation among low-income and minority communities. Staff also offered to meet with some community groups if they were unable to attend the public workshops. In addition staff presented the Title VI recommendations at the SFMTA Board of Directors meeting on Tuesday, July 16, 2013. The policies were approved at the Board of Directors meeting on August 20, 2013. A copy of the SFMTA Board of Directors resolution approving the Title VI policy is provided in Appendix A.

Adverse Effect

In addition to defining policies relating to Major Service Changes, Disparate Impact, and Disproportionate Burden, SFMTA also must define when an adverse effect may be found. According to the Title VI Circular, "an adverse effect is measured by the change between the existing and proposed service levels that would be deemed significant." For this Title VI analysis, an adverse effect may be deemed significant in accordance with SFMTA's Major Service Change definition and must negatively impact minority and low-income populations. An adverse effect may be found if:

- A system-wide change (or series of changes) in annual revenue hours of five percent or more proposed at one time or over a rolling 24 month period;
- A route is added or eliminated;

- Annual revenue hours on a route are changed by 25 percent or more;
 - The daily span of service on the route is changed three hours or more; or
 - Route-miles are changed 25 percent or more, where the route moves more than a quarter mile.
- Corridors served by multiple routes will be evaluated based on combined revenue hours, daily span of service, and/or route-miles.

And the proposed changes negatively impact minority and low-income populations.

Definition of Minority

For the purpose of the Title VI analysis, minority is defined as a person who self-identifies as any race/ethnicity other than white. Minority includes those self-identifying as multi-racial including white.

Definition of Low Income

SFMTA defines low income as a person self-reporting their household income at 200% below the 2013 Federal poverty level. The table below shows the 2013 household income levels meeting the 200% Federal poverty level threshold. This definition of low income matches SFMTA's criteria for Lifeline Muni passes for low-income households in San Francisco.

Household Size	Household Income 200% of the 2013 Federal Poverty Level
1	\$22,980
2	\$31,020
3	\$39,060
4	\$47,100
5	\$55,140
6	\$63,180
7	\$71,220
8	\$79,260
For each additional person, add:	\$8,040

III. Transit Effectiveness Project Summary

The Transit Effectiveness Project (TEP) is a major SFMTA initiative to improve Muni and meet our City's Transit First goals - originally adopted by the Board of Supervisors in 1973, and reaffirmed by voters in 1999, 2007, and 2010. The Transit First Policy and the SFMTA Strategic Plan are geared towards making more attractive and encouraging the use of more sustainable modes like transit, walking, bicycling, and taxis, which will allow San Francisco to continue to grow and flourish into the future.

The TEP's focus is Muni: the transit backbone of a transportation-rich system that connects all modes and all people, but also—unfortunately—a system that has failed to keep pace with a changing San Francisco. By way of an extensive planning process supported by data,

technical expertise, deep engagement with the community at various levels, and critical lessons learned through the implementation of pilot projects, the TEP represents the first major evaluation of San Francisco's mass transit system in thirty years. While the project is focused on resolving existing issues with Muni service that highly impact the customer's experience, the policies and data analysis methodologies will help Muni identify and respond to the needs of all San Franciscans into the future.

As a result of the extensive data collection, analysis, and public feedback, the TEP identified two key issues that need attention:

- (1) The frequency and layout of existing routes need to be updated to match current travel patterns and address crowding.
- (2) The service that Muni provides is slow and unreliable.

To address these problems, staff developed numerous strategies, including proposals for specific service changes that would improve neighborhood connectivity, reduce transit travel times, increase capacity on crowded routes, and increase reliability. Specifically, the service change proposals seek to **increase overall transit service by 12%** above today's levels between July 2014 and July 2016, redesign routes to streamline travel and improve efficiency, enhance neighborhood connections, increase frequency on popular routes, reduce crowding, modify or discontinue low-ridership routes and segments, and expand limited-stop service. The TEP proposals were initially developed in 2008 during the planning phase of the TEP; however, staff re-evaluated and refined them as part of the development of the TEP EIR Project Description and again over the last few months in order to capture more recent land use and ridership trends. Overall, service change proposals were developed for a large percentage of Muni routes and would distribute benefits citywide, with a focus on communities with the greatest needs.

In addition to service changes, the TEP includes specific capital project recommendations to improve service reliability and travel times by up to 20%. These capital projects include projects such as expanding transit only lanes across San Francisco, expanding bus stop zones through bus stop bulb outs and larger stops, and consolidating bus stops along select corridors.

Major TEP Goals

The major goals of the TEP are to:

- Improve Muni travel speed, reliability and safety
- Make Muni a more attractive transportation mode
- Improve cost-effectiveness of Muni operations
- Implement the City's Transit First Policy

IV. Proposed Service and Route Changes

The Transit Effectiveness Project (TEP) proposes increasing service levels by 12% systemwide, making route changes, starting new routes, and eliminating current routes across the Muni system. The proposed changes trigger several criteria in SFMTA's Major Service Change definition:

- A schedule change (or series of changes) resulting in a system-wide change in annual revenue hours of five percent or more proposed at one time or over a rolling 24 month period
- Adding or eliminating a route
- A change in route-miles of 25 percent or more, where the route moves more than a quarter mile

Frequency Change Summary

The TEP proposes a 12% increase in service over today's service levels. Under the proposals, 41 Muni lines are proposed for a service increase out of 75 total Muni lines (55% of all Muni lines). Only four lines are proposed for frequency decreases.

The following page summarizes the frequency changes by route.

TEP Frequency Change Table

Line	AM			Midday			PM		
	7:00am to 9:00am			9:00am to 4:00pm			4:00pm to 6:00pm		
	Change	Proposed (Min)	Current (Min)	Change	Proposed (Min)	Current (Min)	Change	Proposed (Min)	Current (Min)
1 California	No Change	7	7	No Change	5	5	Increase	6	7
2 Clement	Increase	7.5	12	Increase	10	20	Increase	7.5	12
3 Jackson	Decrease	15	12	Decrease	20-30	20	Decrease	15	12
5 Fulton	Increase	3	4	Increase	0	8	Increase	3.5	4.5
8AX Bayshore 'A' Express	Increase	6	7.5	No Change	--	--	Increase	7	7.5
8BX Bayshore 'B' Express	Increase	6	8	No Change	--	--	Increase	7	7.5
8X Bayshore Express	No Change	--	--	Increase	7.5	9	No Change	--	--
9 San Bruno	Increase	10	12	No Change	12	12	Increase	10	12
9L San Bruno Limited	Increase	10	12	No Change	12	12	Increase	10	12
10 Townsend	Increase	6	20	Increase	10	20	Increase	6	20
14L Mission Limited	Increase	7.5	9	No Change	9	9	Increase	7.5	9
14X Mission Express	Increase	7.5	8	No Change	0	0	Increase	7.5	10
17 Parkmerced	Increase	20	30	Increase	20	30	Increase	15	30
21 Hayes	Increase	8	9	No Change	12	12	Increase	9	10
22 Fillmore	Increase	6	9	Increase	7.5	10	No Change	8	8
24 Divisadero	Increase	9	10	No Change	10	10	Increase	9	10
28 19th Avenue	Increase	9	10	Increase	9	12	Increase	9	10
28L 19th Avenue Limited	Increase	9	10	Increase	9	12	Increase	9	0
29 Sunset	Increase	8	9	No Change	15	15	No Change	10	10
30 Stockton	No Change	4	4	No Change	4	4	No Change	4	4
30X Marina Express	Increase	4	4.5	No Change	--	--	Increase	7	7.5
31 Balboa	No Change	12	12	No Change	15	15	Increase	12	14
33 Stanyan	Increase	12	15	No Change	12	15	Increase	12	15

Line	AM			Midday			PM		
	7:00am to 9:00am			9:00am to 4:00pm			4:00pm to 6:00pm		
	Change	Proposed (Min)	Current (Min)	Change	Proposed (Min)	Current (Min)	Change	Proposed (Min)	Current (Min)
35 Eureka	Increase	20	30	Increase	20	30	No Change	20	20
37 Corbett	No Change	15	15	No Change	20	20	Increase	15	20
38 Geary	Increase	6	6.5	Increase	7.5	8	Increase	6	6.5
38L Geary Limited	Increase	5	5.5	Increase	5	5.5	Increase	5	5.5
41 Union	Increase	7	8	No Change	--	--	Increase	7	8
43 Masonic	Increase	8	10	No Change	12	12	Increase	10	12
44 O'Shaughnessy	Increase	7.5	10	No Change	12	12	Increase	8	9
47 Van Ness	Increase	7.5	10	No Change	9	9	Increase	7.5	10
48 Quintara/24th Street	Decrease	15	12	No Change	15	15	Decrease	15	12
52 Excelsior	No Change	20	20	Increase	20	30	No Change	20	20
54 Felton	Increase	15	20	No Change	20	20	Increase	15	20
71L Haight/Noriega Limited	Increase	7	10	Increase	8	12	Increase	7	10
F Market & Wharves	Decrease	7.5	6.5	Decrease	6	5	Increase	5	6
J Church	Increase	8	9.5	No Change	10	10	No Change	9	9
K Ingleside	Increase	8	9	No Change	10	10	Increase	8	9
L Taraval	Increase	7.5	8	No Change	10	10	No Change	7.5	7.5
M Oceanview	Increase	8.5	9	No Change	10	10	Increase	8.5	9
N Judah	Increase	5.5	7	No Change	10	10	Increase	6	7
T Third Street	Increase	8	9	No Change	10	10	Increase	8	9

Route Change Summary

In addition to frequency changes, several routes are proposed to have route changes including one route elimination (with all segments of this route served by other routes) and two additional new routes. Only routes that qualify as a Major Service Change under the SFMTA's Title VI policy are described below. To qualify as a Major Service Change, the route change must result in:

- A new additional route or a route elimination
- A change in route-miles of 25 percent or more, where the route moves more than a quarter mile

Route Additions

E Embarcadero: The E Embarcadero is a proposed historic streetcar line operating from Fisherman's Wharf along the Embarcadero waterfront to the Caltrain Station located on King Street at 4th Street.

11 Downtown Connector: The new 11 Downtown Connector will provide service from the northern waterfront to the Mission District via North Beach, the Financial District, and SoMa. The route will operate primarily on North Point Street, Powell Street, Columbus Avenue, Sansome Street, Second Street, Harrison Street, and Folsom Street. The route will take over service on streets where the former 12 Folsom/Pacific operated in the Financial District, SOMA and the Mission District as well as the 47 Van Ness on North Point Street.

Route Elimination

12 Folsom/Pacific: The 12 Folsom/Pacific is proposed for elimination. *All* segments of the 12 Folsom/Pacific route will be covered by the new 11 Downtown Connector or increased frequencies on other lines. Service on Pacific Street will be covered by the 10 Sansome (Townsend) and service from Sansome Street to the southern terminus will be covered by the 11 Downtown Connector. Both routes are proposed to operate at a higher frequency than the current service on the 12 Folsom/Pacific.

Route Segment Changes - A change in route-miles of 25 percent or more, where the route moves more than a quarter mile

10 Sansome: Under the TEP proposal, the renamed 10 Townsend line will be rerouted from Townsend Street, Rhode Island Street, and 17th Street to serve the growing Mission Bay area via 4th Street, 7th Street, Irwin Street, and Mission Bay Boulevard. The 47 Van Ness line will be rerouted to maintain service coverage on Townsend Street.

17 Parkmerced: The 17 Parkmerced will be realigned and expanded to serve not only Parkmerced and West Portal but also Daly City BART and the perimeter of Lake Merced. The route will be extended to serve discontinued segments of the 18 46th Avenue along Sloat Boulevard, Skyline Boulevard, John Muir Drive, and Lake Merced Drive. The proposed route will no longer operate on Arballo Drive, 19th Avenue, Garcés Drive, and Gonzalez Drive.

18 46th Avenue: In order to streamline the 18 Line and facilitate faster connections between 46th Avenue and Stonestown Mall and the M Oceanview light rail line, the route will discontinue service around Lake Merced on Skyline Boulevard, John Muir Drive, and Lake Merced Boulevard. These segments will be covered by expanded 17 Parkmerced service.

22 Fillmore: In order to provide a direct connection from the 16th Street BART Station and the Mission District to Mission Bay, the 22 Fillmore is proposed to operate on 16th Street to 3rd Street and serve the Mission Bay area. The line would no longer serve 17th Street, 18th Street, 20th Street, Connecticut Street, or Wisconsin Street. The 33 Stanyan line will be rerouted to provide coverage on these segments.

28L 19th Avenue Limited: Service on the 28L will be concentrated in the Richmond and Sunset and extended to Balboa Park BART Station and the Mission/Geneva corridor via Brotherhood Way, Interstate 280, and Geneva Avenue in the proposal. The portion of the route in the Marina and in the Presidio along Lombard Street, Laguna Street, Presidio Avenue, and Letterman Drive would be eliminated. The route extension to the Mission/Geneva corridor will provide a key link between the Outer Mission and the western portion of San Francisco.

33 Stanyan: With the 22 Fillmore reroute into Mission Bay along 16th Street and 3rd Street, the 33 Stanyan is proposed to provide service on Connecticut Street, Wisconsin Street, 3rd Street, 18th Street, and 20th Street that will be left without service by the rerouted 22 Fillmore line. This reroute to serve portions of the former 22 Fillmore line will result in a discontinuation of 33 Stanyan service on Potrero Avenue between 16th Street and Cesar Chavez Street. Service on the 9/9L San Bruno lines will be increased to improve service on Potrero Avenue.

35 Eureka: Service on the 35 Eureka will be extended from Farnum, Addison, and Moffitt Streets to Glen Park BART Station via Miguel, Chenery, Diamond, Bosworth, and Wilder Streets. The extension will connect the Castro, Noe Valley, and Glen Park to the Glen Park BART Station and Glen Park neighborhood.

47 Van Ness: Under the TEP proposal, service on North Point Street would be discontinued and covered by the new 11 Downtown Connector. Service on 4th Street, 5th Street, Harrison Street, and Bryant Street would be discontinued and covered by the 9 San Bruno, new 11 Downtown Connector, and 27 Bryant lines. 47 Van Ness service would be rerouted to provide a faster connection between Caltrain and Van Ness Avenue via Division Street, 11th Street, and Townsend Street.

52 Excelsior: The 52 Excelsior is proposed for extension on the southern end of the route to the Balboa Park BART Station and Phelan Loop (San Francisco City College) via Naples and Geneva Streets. Service will be discontinued on Brazil, Prague, and Grande Streets.

V. Service Change Analysis

For the Title VI review, this document analyzes the impacts of the proposed service and route changes to Muni routes on minority and low-income customers.

Frequency Change Analysis

Methodology

To analyze the impacts of the proposed frequency changes on minority and low-income Muni customers, customer on-board survey data was used. For past Title VI analyses, SFMTA has used the most recent United States Census data available on the most detailed level – block groups for ethnicity/race and tracts for household income. Route level customer survey data however provides a more accurate portrait of who uses Muni service and who would be impacted by the proposed changes. U.S. Census data provides information on the general demographics of an area surrounding a transit line but may not accurately reflect the ridership of a specific Muni line. A summary of the on-board survey is provided below.

The survey data showed that 58% of Muni customers self-identify as a minority and 42% identify as a non-minority. These results match the 2010 U.S. Census data for San Francisco resident demographics.

According to survey data, 51% of customers reported that they live in a low-income household (making less than 200% of the 2013 Federal poverty level) and 49% reported living in non-low income households. These results are in contrast to the U.S. Census data which reports that only 31% of San Francisco residents reported living in households making less than 200% of the 2013 Federal poverty level demonstrating that Muni serves an important transportation need for low income San Francisco residents.

Survey Demographic Results:

- Percent Minority Customers: 58%
- Percent Low Income Customers: 51%

On-board customer survey data was used to determine the number of low income and minority customers relative to the total ridership by line. For lines with proposed service frequency increases, the number of low-income (for purposes of determining disproportionate burden) and the number of minority customers (for purposes of determining disparate impact) were totaled for all lines with proposed frequency increases. The proportion of low-income and minority customers impacted by the proposed changes was compared to the systemwide low-income and minority customer proportions to determine a disproportionate burden or disparate impact. The same process was followed for proposed service frequency decreases.

Survey Summary

An on-board customer survey was distributed to Muni customers including Light Rail and Cable Car customers from March 24, 2013 through May 25, 2013. The survey was administered by Corey, Canapary, & Galanis Research. Hired surveyors boarded Muni routes and offered questionnaires to all customers on the buses, light rail trains, and cable cars. Completed customer surveys were then collected by the surveyors (who stayed onboard during the ride).

Specific steps were taken to ensure the highest possible response rate. This included: using professional/experienced onboard multi-lingual surveyors, printing the questionnaire in English, Spanish and Chinese, offering an online completion option, and providing a business reply mail-back option for persons who did not have time to complete the survey onboard.

Over 22,000 surveys were completed and achieved statistically reliable data on the systemwide level, route level, and time of day level. Overall, the margin of error is +/- 0.66% at the 95% confidence level. The data is not statistically significant at the route segment level.

The survey asked demographics questions for race/ethnicity, household income, household size, gender, age, vehicle ownership, and other information including fare type used on the trip and origin/destination information. A copy of the survey is provided in Appendix B.

Increased Frequency Change Results – Disparate Impact Analysis for Minority Populations

Transit service increases are proposed on 41 lines. Based on customer survey data, over 311,000 minority riders from a total of 537,000 minority and non-minority MUNI customers will benefit from the proposed transit service increases. In other words, the survey data indicates that 58% of the total numbers of riders who will benefit from the proposed transit service increases are minority customers. This matches the Muni average systemwide average for minority customers of 58% and is within the 8% disparate impact threshold. As a result, no disparate impact on minority customers is found as a result of the proposed service increases.

Line	Average Weekday Riders	% Minority	% Non-Minority	Minority Riders	Non-Minority Riders
1 California	26,025	44%	57%	11,321	14,704
2 Clement	5,677	44%	56%	2,521	3,156
5 Fulton	19,702	50%	50%	9,801	9,901
8AX Bayshore 'A' Express	4,507	84%	16%	3,781	726
8BX Bayshore 'B' Express	5,535	84%	16%	4,643	892
8X Bayshore Express	21,850	84%	16%	18,328	3,522
9 San Bruno	11,474	77%	23%	8,815	2,659
9L San Bruno Limited	6,674	77%	23%	5,128	1,546

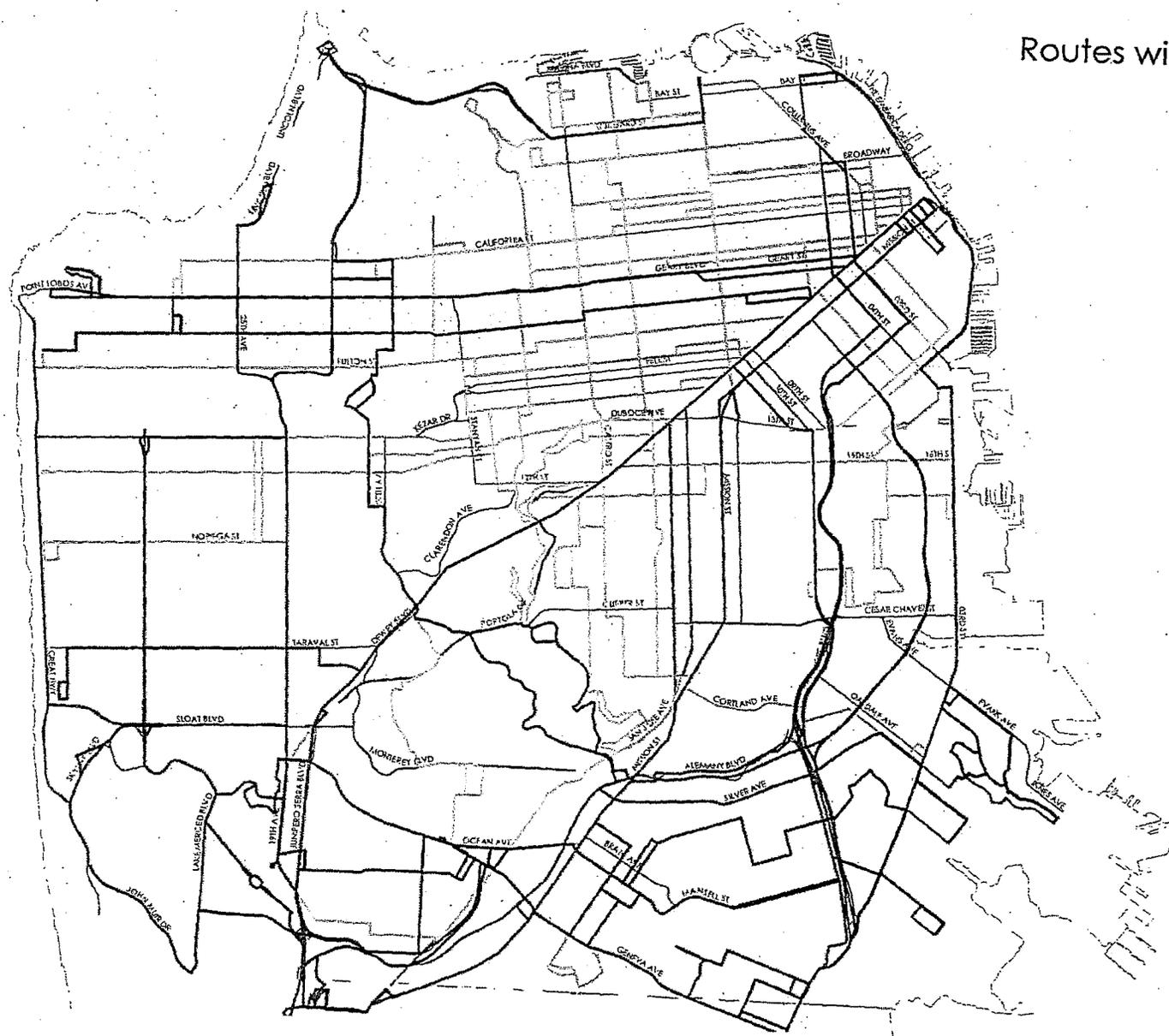
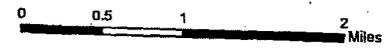
Line	Average Weekday Riders	% Minority	% Non-Minority	Minority Riders	Non-Minority Riders
10 Townsend	5,854	43%	57%	2,534	3,320
14L Mission Limited	16,243	76%	24%	12,279	3,964
14X Mission Express	2,622	76%	24%	1,982	640
17 Parkmerced	1,269	68%	32%	863	406
21 Hayes	7,935	45%	55%	3,603	4,332
22 Fillmore	17,269	52%	48%	8,975	8,294
24 Divisadero	11,958	51%	49%	6,078	5,880
28 19th Avenue	12,974	62%	38%	8,002	4,972
28L 19th Avenue Limited	2,246	62%	38%	1,385	861
29 Sunset	19,473	74%	26%	14,495	4,978
30 Stockton	26,617	51%	49%	13,670	12,947
30X Marina Express	2,675	19%	81%	498	2,177
31 Balboa	10,090	65%	35%	6,581	3,509
33 Stanyan	7,105	54%	46%	3,826	3,279
35 Eureka	821	44%	56%	361	460
37 Corbett	2,565	37%	63%	956	1,609
38 Geary	26,691	58%	42%	15,476	11,215
38L Geary Limited	26,691	56%	44%	14,911	11,780
41 Union	3,244	31%	69%	989	2,255
43 Masonic	13,222	54%	46%	7,195	6,027
44 O'Shaughnessy	15,467	75%	25%	11,622	3,845
47 Van Ness	12,577	50%	50%	6,302	6,275
52 Excelsior	2,350	63%	37%	1,476	874
54 Felton	6,452	92%	8%	5,957	495
71 Haight/Noriega	10,048	48%	52%	4,773	5,275
71L Haight/Noriega Limited	2,049	48%	52%	973	1,076
F Market & Wharves	23,208	48%	52%	11,051	12,157
J Church	14,767	49%	51%	7,255	7,512
K Ingleside	17,581	59%	41%	10,381	7,200
L Taraval	28,816	58%	42%	16,834	11,982
M Oceanview	26,920	56%	44%	15,046	11,874
N Judah	41,439	48%	52%	19,782	21,657
T Third Street	16,171	68%	32%	11,031	5,140
Total	536,853			311,481	225,372
Percent Impacted				58%	42%

Line	Average Weekday Riders	% Minority	% Non- Minority	Minority Riders	Non-Minority Riders
Systemwide Average				58%	42%
Disparate Impact?	No				

Routes with Proposed Increased Frequency

Route Considered:
 — Minority
 - - - Non-Minority

Minority Designated Route – A minority designated route is a route where the proportion of customers self-identifying as a minority exceeds the Muni systemwide average of minority customers.



Increased Frequency Change Results – Disproportionate Burden Analysis on Low Income Populations

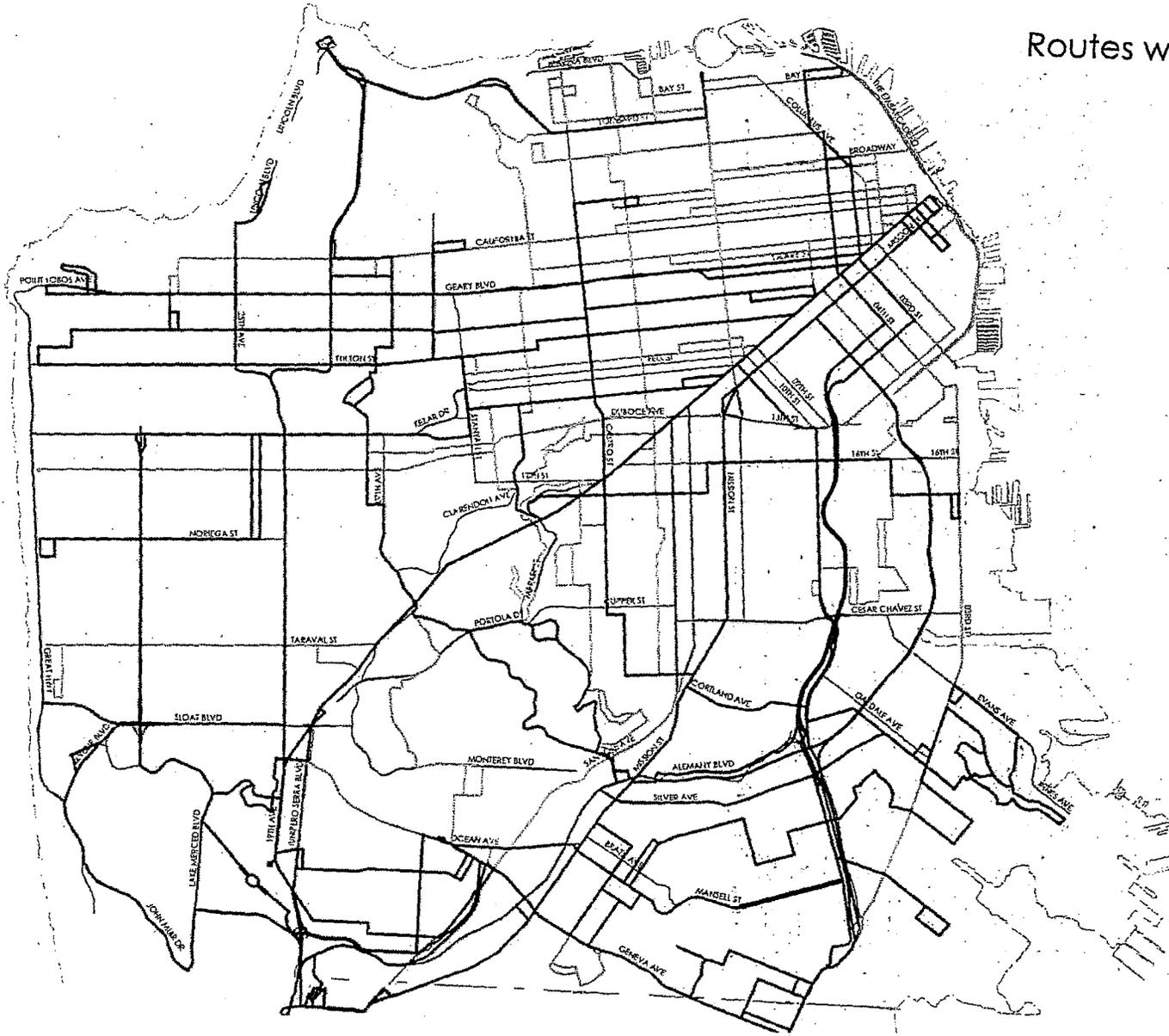
Based on customer survey data, approximately 275,000 low-income customers from a total 537,000 low-income and non-low income MUNI customers will benefit from the proposed transit service increases. In other words, the survey data indicates that 51% of total numbers of MUNI customers who will benefit from the proposed transit service increases are low income. This matches the Muni average systemwide average for low-income household customers of 51% and is within the 8% disproportionate burden threshold. As a result, no disproportionate burden on low-income customers is found as a result of the proposed service increases.

Line	Average Weekday Riders	% Low Income	% Non-Low Income	Low Income Riders	Non-Low Income Riders
1 California	26,025	36%	64%	9,413	16,612
2 Clement	5,677	29%	71%	1,628	4,049
5 Fulton	19,702	51%	49%	10,122	9,580
8AX Bayshore 'A' Express	4,507	71%	29%	3,201	1,306
8BX Bayshore 'B' Express	5,535	71%	29%	3,931	1,604
8X Bayshore Express	21,850	71%	29%	15,519	6,331
9 San Bruno	11,474	75%	25%	8,645	2,829
9L San Bruno Limited	6,674	75%	25%	5,028	1,646
10 Townsend	5,854	25%	75%	1,490	4,364
14L Mission Limited	16,243	78%	22%	12,667	3,576
14X Mission Express	2,622	78%	22%	2,045	577
17 Parkmerced	1,269	63%	37%	795	474
21 Hayes	7,935	42%	58%	3,352	4,583
22 Fillmore	17,269	47%	53%	8,173	9,096
24 Divisadero	11,958	51%	49%	6,112	5,846
28 19th Avenue	12,974	63%	37%	8,113	4,861
28L 19th Avenue Limited	2,246	63%	37%	1,405	841
29 Sunset	19,473	71%	29%	13,784	5,689
30 Stockton	26,617	47%	53%	12,392	14,225
30X Marina Express	2,675	3%	97%	91	2,584
31 Balboa	10,090	64%	36%	6,408	3,682
33 Stanyan	7,105	51%	49%	3,635	3,470
35 Eureka	821	36%	64%	298	523
37 Corbett	2,565	26%	74%	670	1,895
38 Geary	26,691	57%	43%	15,320	11,371

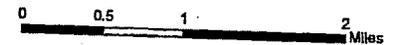
Line	Average Weekday Riders	% Low Income	% Non-Low Income	Low Income Riders	Non-Low Income Riders
38L Geary Limited	26,691	43%	57%	11,566	15,125
41 Union	3,244	12%	88%	375	2,869
43 Masonic	13,222	51%	49%	6,696	6,526
44 O'Shaughnessy	15,467	64%	36%	9,887	5,580
47 Van Ness	12,577	43%	57%	5,432	7,145
52 Excelsior	2,350	54%	46%	1,276	1,074
54 Felton	6,452	79%	21%	5,109	1,343
71 Haight/Noriega	10,048	54%	46%	5,396	4,652
71L Haight/Noriega Limited	2,049	54%	46%	1,100	949
F Market & Wharves	23,208	38%	62%	8,860	14,348
J Church	14,767	39%	61%	5,687	9,080
K Ingleside	17,581	48%	52%	8,392	9,189
L Taraval	28,816	45%	55%	13,034	15,782
M Oceanview	26,920	56%	44%	15,008	11,912
N Judah	41,439	36%	64%	15,035	26,404
T Third Street	16,171	49%	51%	7,877	8,294
Total	536,853			274,967	261,886
Percent Impacted				51%	49%
Systemwide Average				51%	49%
Disproportionate Burden?	No				

Routes with Proposed Increased Frequency

Route Considered:
 — Low Income
 — Non Low Income



Low Income Designated Route – A low income designated route is a route where the proportion of customers self-reporting household income 200% below the federal poverty level exceeds the Muni systemwide average of customers with household income 200% below the federal poverty level.



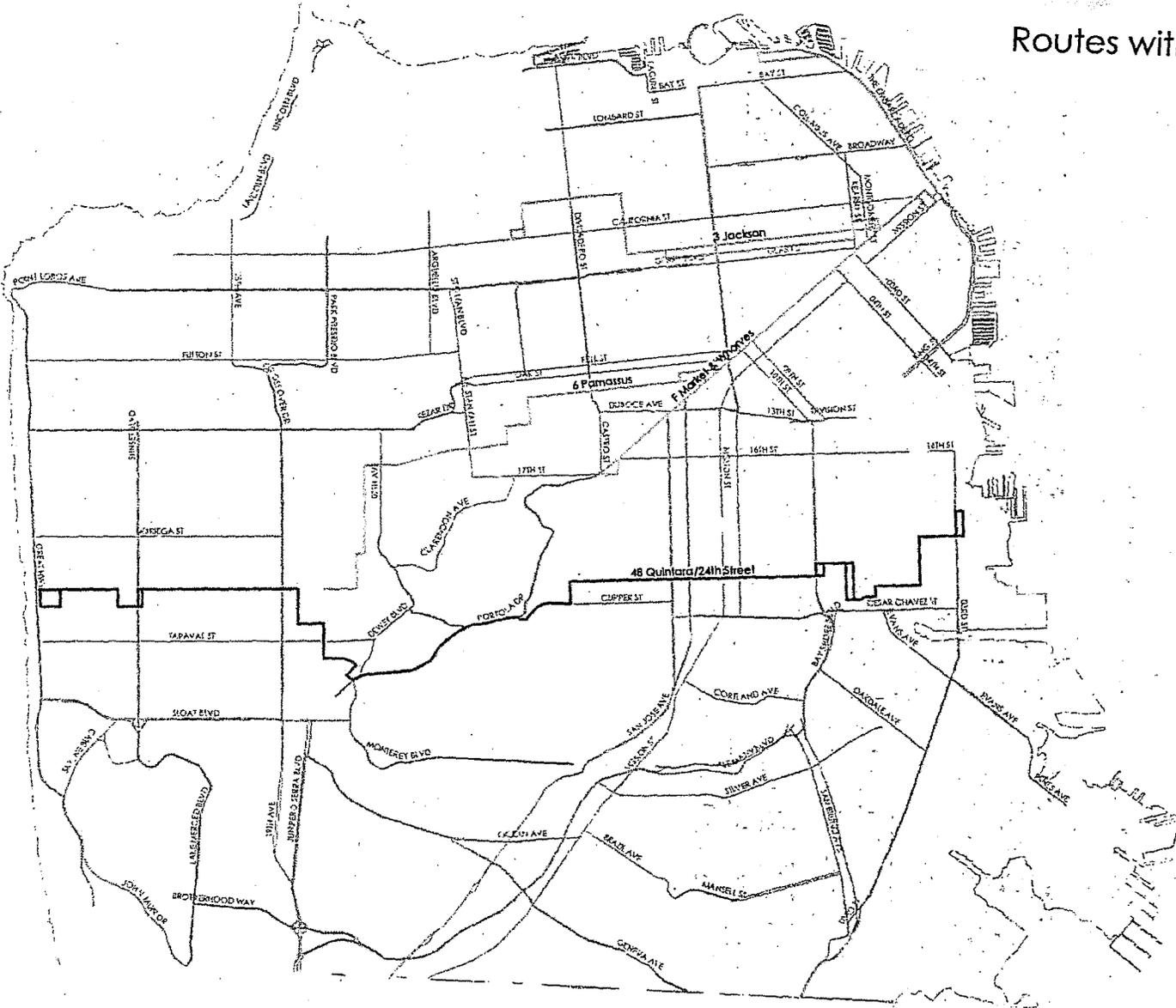
Decreased Frequency Change Results – Disparate Impact Analysis on Minority Populations

Service frequency decreases are proposed on only four lines. Approximately 44,000 total Muni customers will be impacted by the proposed changes. Based on customer survey data, approximately 21,500 of the total 44,000 customers on these four transit lines identify as a minority or only 49% of the total. These lines are significantly less minority than the system as a whole (58%) and as a result, no disparate impact on minority customers is found as a result of the proposed service decreases.

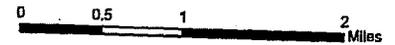
Line	Average Weekday Riders	% Minority	% Non-Minority	Minority Riders	Non-Minority Riders
3 Jackson	4,048	48%	52%	1,947	2,101
6 Parnassus	7,697	38%	62%	2,904	4,793
48 Quintara/24th Street	8,723	63%	37%	5,519	3,204
F Market & Wharves	23,208	48%	52%	11,051	12,157
Total	43,676			21,421	22,255
Percentage				49%	51%
System Average				58%	42%
Disparate Impact?	No				

Routes with Proposed Decreased Frequency

Route Considered:
 — Minority
 — Non-Minority



Minority Designated Route – A minority designated route is a route where the proportion of customers self-identifying as a minority exceeds the Muni systemwide average of minority customers.



Decreased Frequency Change Results – Disproportionate Burden Analysis on Low-Income Populations

Based on customer survey data, approximately 18,000 of the total 44,000 customers impacted by the service decrease proposals live in low-income households or 42% of the total. The impacted lines are higher income than the system as a whole (51% low income customers systemwide compared to only 42% low income on the proposed lines) and as a result, no disproportionate burden on low-income customers is found as a result of the proposed service decreases.

Line	Average Weekday Riders	% Low Income	% Non Low Income	Low Income Riders	Non-Low Income Riders
3 Jackson	4,048	35%	65%	1,402	2,646
6 Parnassus	7,697	38%	62%	2,896	4,801
48 Quintara/24th Street	8,723	58%	42%	5,047	3,676
F Market & Wharves	23,208	38%	62%	8,860	14,348
Total	43,676			18,206	25,470
Percent Impacted				42%	58%
Systemwide Average				51%	49%
Disproportionate Burden?	No				

Frequency Change Summary

For proposed frequency increases, increased service is distributed equitably across customers and no disparate impact or disproportionate burden has been found. The proposed frequency decreases have a higher impact on non-minority and non-low income customers and as a result, no disparate impact or disproportionate burden has been found.

Proposed service increases are equitably distributed among minority, non-minority, low-income, and non-low income customers and proposed frequency decreases more heavily impact non-minority and higher income households. As a result, no adverse impacts have been found.

	Total Population Impacted	% Minority	% Low Income	Disparate Impact?	Disproportionate Burden?
Proposed Frequency Increases	536,853	58%	51%	No	No
Proposed Frequency Decreases	43,676	49%	42%	No	No

Route Change Analysis

Methodology

Although the SFMTA relied on customer survey data for the above frequency change analysis, the SFMTA used the U.S. Census data to evaluate route segment extensions or route segment eliminations because the ridership data from the on-board customer survey was not designed to be statistically significant on the route segment level (it is statistically significant at the route level) and additional ridership survey data was not collected. For example, when a route is proposed for extension on to a street or into an area without existing transit service, the agency did not collect ridership survey data to determine who would be impacted by the service extension. 2010 U.S. Census data was used as a proxy for assessing impacts to minority and low income customers realizing that not all members of these populations would be impacted by the proposed route changes. U.S. Census data is used on the most detailed level available – block groups for ethnicity/race and Census tracts for household income.

To assess the impacts of route change proposals, all route segment expansions and eliminations including the addition of two new lines and the elimination of one line meeting the SFMTA Major Service Change Policy were mapped. U.S. Census demographic information was analyzed on the Census tract or block group level for all tract or block groups within a quarter of a mile of the impacted route segments. Using the Census data, the number of low income and minority residents within an impacted Census tract or block group was determined. For proposed route expansions, the number of low income and minority residents was totaled for all Census tracts or block groups surrounding all route

segment expansions. The proportion of low income and minority residents impacted by the proposed changes was compared to the San Francisco city low income and minority resident proportions based on 2010 U.S. Census data to determine a disparate impact or disproportionate burden. The same process was followed for proposed route segment eliminations. The populations for all route expansions were analyzed together and the populations of all route segment eliminations were analyzed together.

Route change proposals under the TEP included proposals for extending and removing portions of individual lines. For lines with a route extension and elimination, the absolute value of the route mile change was added together (length of extension + length of elimination) to determine if the total change in miles exceeded 25% of the current route length. In these cases, the extended route segments will be analyzed with all other route extensions and route elimination segments will be analyzed with all other route elimination segments.

According to the 2010 U.S. Census data for San Francisco, 58% of San Francisco residents self-identified as a minority and 31% of residents reported that they live in a low income household (making less than 200% of the Federal poverty level).

2010 U.S. Census Demographics:

- Percent Minority Residents: 58%
- Percent Low Income Residents: 31%

Analyzed Transit Lines

According to the SFMTA Major Service Change definition, new routes, eliminated routes, and a change in route-miles of 25 percent or more, where the route moves more than a quarter mile, qualify as a Major Service Change and must be analyzed under Title VI. Based on the TEP proposals, 12 lines meet the criteria. All route additions (new segments and new lines) are analyzed together and all route and segment eliminations are analyzed together. As a result, segments of each line may appear in both the route addition analysis and route elimination analysis.

Route	Reason for Analysis
E Embarcadero	New Route
10 Sansome	Total Change in Route Miles of 25% or more
11 Downtown Connector	New Route
12 Folsom/Pacific	Discontinued Route
17 Parkmerced	Total Change in Route Miles of 25% or more
18 46 th Avenue	Total Change in Route Miles of 25% or more
22 Fillmore	Total Change in Route Miles of 25% or more
28L 19 th Avenue Limited	Total Change in Route Miles of 25% or more

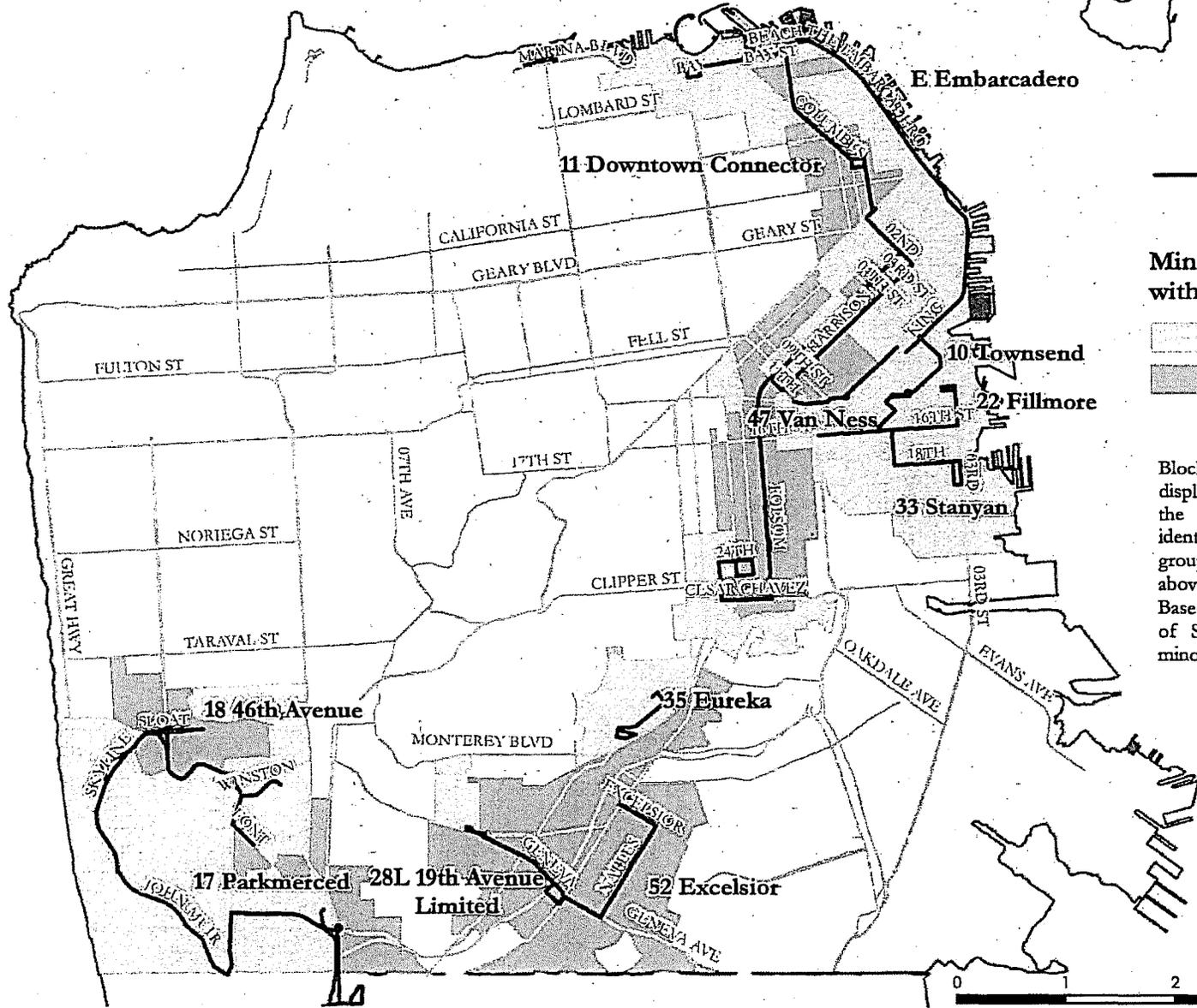
Route	Reason for Analysis
33 Stanyan	Total Change in Route Miles of 25% or more
35 Eureka	Total Change in Route Miles of 25% or more
47 Van Ness	Total Change in Route Miles of 25% or more
52 Excelsior	Total Change in Route Miles of 25% or more

Proposed Route Addition and Extension Results – Disparate Impact Analysis for Minority Populations

Based on the analysis of Census Block Groups within a quarter of a mile of the additional route segments, over 380,000 people benefit from the proposed route segment additions and over 238,000 of the total self-identified as a minority on the 2010 U.S. Census or 63%. As a result, the proposed route additions/extensions provide a higher benefit to minority populations than the citywide average of 58%. No disparate impact is found.

Line	Total Population	% Minority	% Non-Minority	Minority Population	Non-Minority Population
E Embarcadero	40,815	49%	51%	19,983	20,832
10 Sansome	18,026	50%	50%	9,006	9,020
11 Downtown Connector	123,785	58%	42%	71,718	52,067
17 Parkmerced	30,364	65%	35%	19,625	10,739
18 46th Avenue	14,682	60%	41%	8,740	5,942
22 Fillmore	12,130	50%	50%	6,089	6,041
28L 19th Avenue Limited	32,214	88%	12%	28,244	3,970
33 Stanyan	21,660	48%	52%	10,479	11,181
35 Eureka	16,653	57%	43%	9,434	7,219
47 Van Ness	15,863	56%	44%	8,943	6,920
52 Excelsior	53,948	85%	15%	45,909	8,039
Total	380,140			238,170	141,970
Percent Impacted				63%	37%
Systemwide Average				58%	42%
Disparate Impact?	No				

TEP Service Additions Demographic Analysis

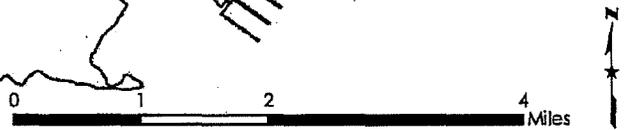


— Segment Added

Minority population within a quarter of a mile

- Below citywide average
- Above citywide average

Block groups by demographics are displayed based on the percentage of the Census respondents who self-identified as non-white within the block group and whether the block group is above or below the Citywide average. Based on 2010 U.S. Census data, 58% of San Franciscans self-identify as a minority.

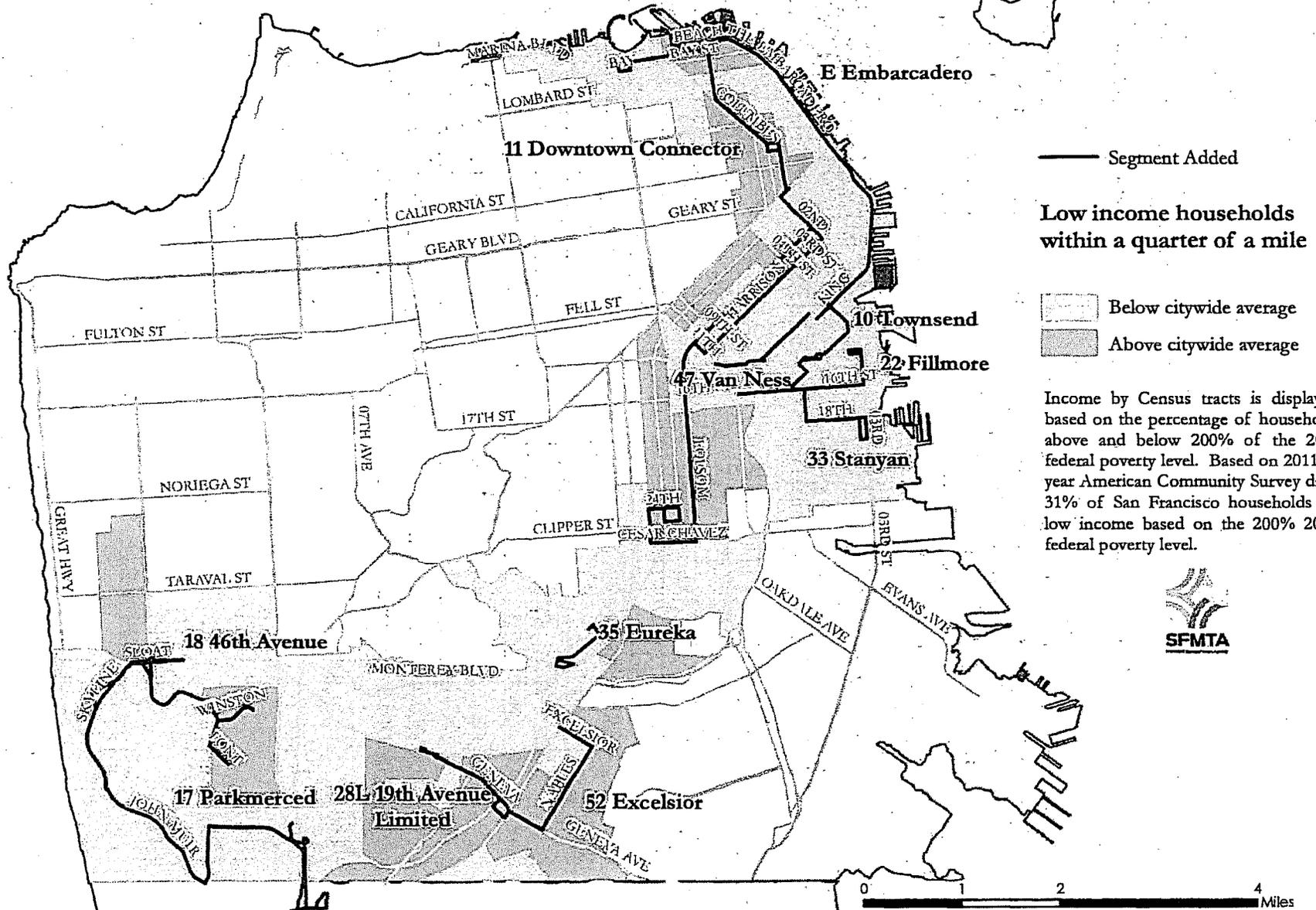


Proposed Route Addition and Extension Results – Disproportionate Burden Analysis on Low-Income Populations

Based on the analysis of Census Tracts within a quarter of a mile of the additional route segments, over 209,000 households benefit from the proposed route segment additions and over 61,000 of the total reported household incomes below 200% of the federal poverty level on the 2010 U.S. Census or 29%. Based on Census data, 31% of households are low-income in San Francisco. Because 29% is within 8% of the citywide average of low-income households, no disproportionate burden is found.

Line	Total Population	% Low Income	% Non-Low Income	Low Income Population	Non-Low Income Population
E Embarcadero	26,380	29%	71%	7,576	18,804
10 Sansome	13,892	15%	85%	2,099	11,793
11 Downtown Connector	63,404	35%	65%	21,986	41,418
17 Parkmerced	18,855	28%	72%	5,312	13,543
18 46th Avenue	8,732	29%	71%	2,543	6,189
22 Fillmore	8,123	17%	83%	1,349	6,774
28L 19th Avenue Limited	16,652	34%	66%	5,672	10,980
33 Stanyan	13,452	21%	79%	2,786	10,666
35 Eureka	11,407	27%	73%	3,041	8,366
47 Van Ness	6,954	20%	80%	1,412	5,542
52 Excelsior	21,239	35%	66%	7,338	13,901
Total	209,090			61,114	147,976
Percent Impacted				29%	71%
Systemwide Average				31%	69%
Disproportionate Burden?	No				

TEP Service Additions Low-Income Analysis

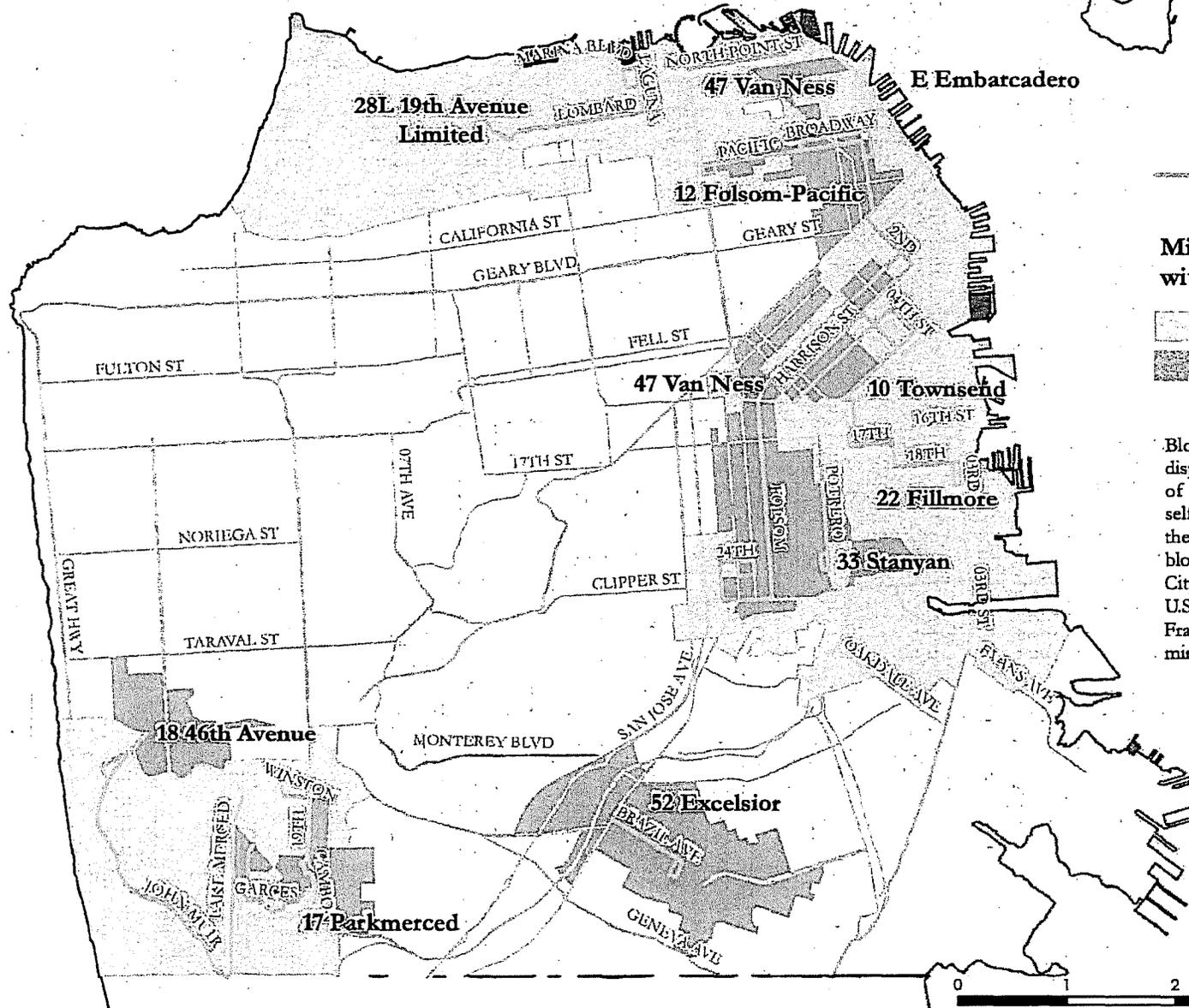


Proposed Route and Segment Elimination Results – Disparate Impact Analysis on Minority Populations

Based on the analysis of Census Block Groups within a quarter of a mile of the eliminated route segments, approximately 324,000 people are impacted by the proposed route segment eliminations and 176,000 of the total people self-identified as a minority or 54% of the total. This is below the citywide average minority population of 58% and as a result, the proposed route segment eliminations impact fewer minority people than the citywide average. No disparate impact is found.

Line	Total Population	% Minority	% Non-Minority	Minority Population	Non-Minority Population
10 Sansome	19,077	50%	50%	9,546	9,531
12 Folsom/Pacific	132,588	58%	42%	76,491	56,097
17 Parkmerced	18,851	60%	40%	11,327	7,524
18 46th Avenue	18,389	59%	41%	10,794	7,595
22 Fillmore	17,976	46%	55%	8,180	9,796
28L 19th Avenue Limited	27,459	20%	80%	5,560	21,899
33 Stanyan	26,304	57%	43%	15,096	11,208
47 Van Ness	39,571	48%	52%	19,148	20,423
52 Excelsior	23,859	84%	16%	19,986	3,873
Total	324,074			176,128	147,946
Percent Impacted				54%	46%
Systemwide Average				58%	42%
Disparate Impact?	No				

TEP Service Removal Demographic Analysis



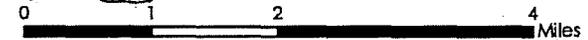
Segment Removed

Minority population within a quarter of a mile

Below citywide average

Above citywide average

Block groups by demographics are displayed based on the percentage of the Census respondents who self-identified as non-white within the block group and whether the block group is above or below the Citywide average. Based on 2010 U.S. Census data, 58% of San Franciscans self-identify as a minority.

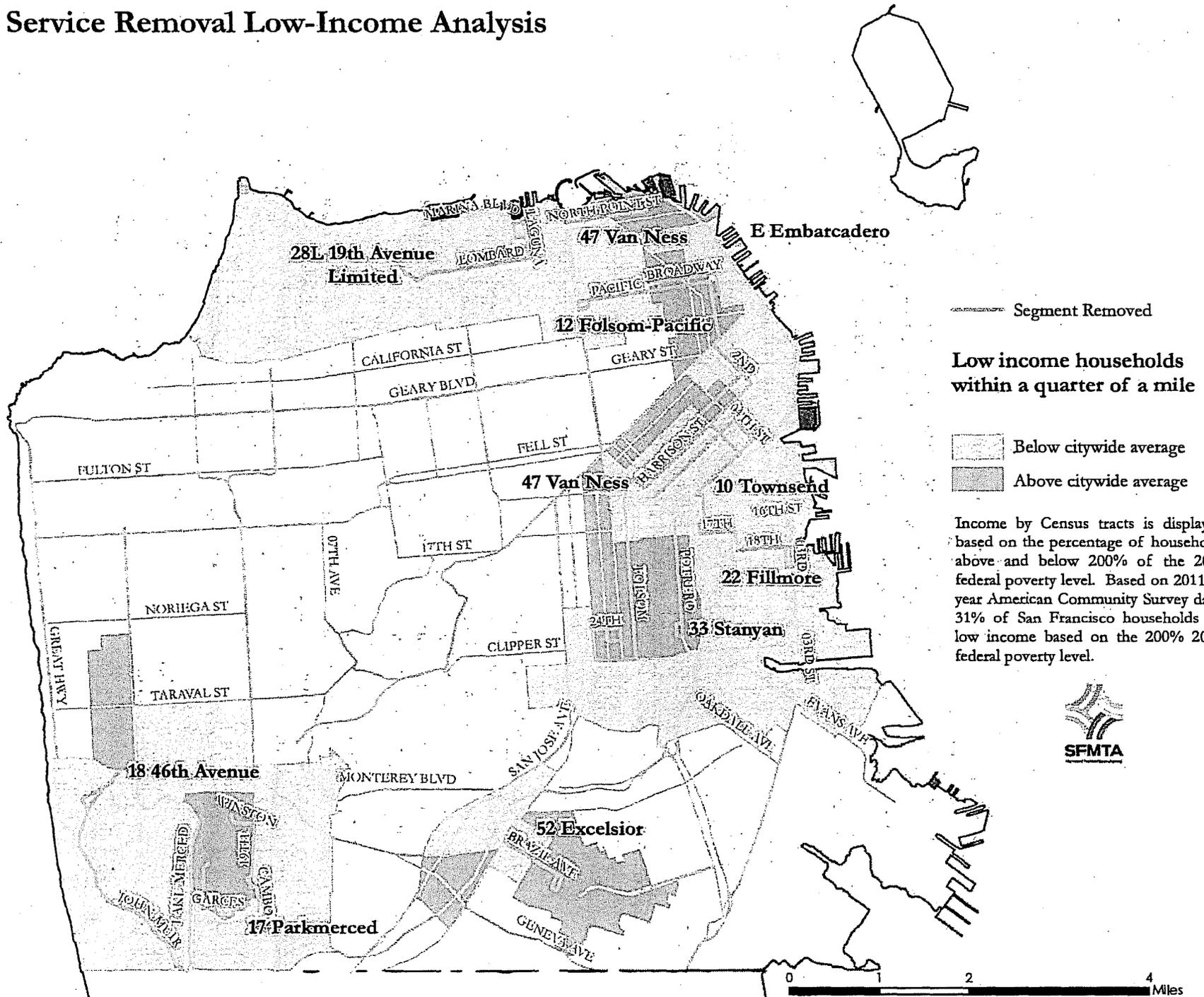


Proposed Route and Segment Elimination Results – Disproportionate Burden Analysis on Low-Income Populations

Based on the analysis of Census Tracts within a quarter of a mile of the eliminated route segments, over 188,000 households are impacted by the proposed route segment eliminations and approximately 55,600 of the total reported household incomes below 200% of the federal poverty level on the 2010 U.S. Census or 27%. Based on Census data, 31% of households are low income in San Francisco. As a result, fewer low income households are being impacted by the proposed eliminations than the citywide average and no disproportionate burden is found.

Line	Total Population	% Low Income	% Non-Low Income	Low Income Population	Non-Low Income Population
10 Sansome	15,144	16%	84%	2,445	12,699
12 Folsom/Pacific	71,440	34%	66%	24,145	47,295
17 Parkmerced	10,458	28%	72%	2,975	7,483
18 46th Avenue	11,723	31%	69%	3,612	8,111
22 Fillmore	10,514	19%	81%	1,990	8,524
28L 19th Avenue Limited	16,738	17%	83%	2,805	13,933
33 Stanyan	16,638	26%	74%	4,261	12,377
47 Van Ness	27,428	23%	77%	6,342	21,086
52 Excelsior	8,197	37%	63%	3,014	5,183
Total	188,280			51,589	136,691
Percent Impacted				27%	73%
Systemwide Average				31%	69%
Disproportionate Burden?	No				

TEP Service Removal Low-Income Analysis



28L 19th Avenue Limited

47 Van Ness

E Embarcadero

12 Folsom-Pacific

47 Van Ness

10 Townsend

22 Fillmore

33 Stanyan

18 46th Avenue

52 Excelsior

17 Parkmerced

Route Change Summary

For proposed route and segment additions, route additions/extensions are distributed equitably across minority and low-income populations and no disparate impact or disproportionate burden is found for segment additions. Segment additions benefit minority populations higher than the citywide average and benefit low-income populations slightly below the citywide average but within our 8% threshold. Proposed route and segment eliminations have a lower impact on minority and low-income populations than the citywide average for each category and as a result, no disparate impact or disproportionate burden is found for segment eliminations.

The proposed route changes are distributed equitably among minority, non-minority, low-income, and non-low income communities. As a result, no adverse impacts are found.

	% Impacted Minority Population	% Low Income Impacted Population	Disparate Impact?	Disproportionate Burden?
Proposed Route Segment Additions	63%	29%	No	No
Proposed Route Segment Eliminations	54%	27%	No	No

VI. Outreach Summary

Given the diversity of the SFMTA's service area and ridership and pursuant to Title VI of the Civil Rights Act of 1964 and its implementing regulations, the SFMTA takes responsible steps to ensure meaningful access to the benefits, services, information, and other important portions of SFMTA's programs and activities for low-income, minority, and Limited-English Proficient individuals, and regardless of race, color or national origin.

Began in 2008, the TEP is a multi-year initiative that represents the first top-to-bottom review of San Francisco's public transit system in over a generation. TEP recommendations have been communicated through extensive multilingual outreach campaigns and modified based on thousands of comments received over multiple years and various phases of the project.

The SFMTA recently conducted an additional round of multilingual outreach across the City to share the proposals that have been modified as a result of the feedback received prior to Board consideration. This multilingual campaign began in January 2014 and included widely noticed neighborhood meetings, an online tool for submitting comments, meetings with members of the Board of Supervisors and their staff, and citywide meetings to share potential revisions to the proposed changes staff is considering.

From early February to mid-March 2014, SFMTA held 12 community evening and weekend meetings with at least one community meeting held in each Board of Supervisor district across San Francisco. SFMTA also held two citywide open houses to discuss the proposals and any revisions that were made based on the initial community meetings, and to record additional feedback. Outreach community meetings concluded on March 12. Translators were available upon request in multiple languages including Spanish and Chinese. Translators were used at several meetings by Spanish and Chinese speakers. Each meeting was open to the public and focused on the service changes that were proposed for that meeting's corresponding district. The meeting format provided explanations to attendees and collected feedback from stakeholders about the proposals. Over 800 people attended the outreach meetings.

Outreach Meeting Dates
Wednesday, February 12, 2014
Tuesday, February 18, 2014
Wednesday, February 19, 2014
Saturday, February 22, 2014
Monday, February 24, 2014
Tuesday, February 25, 2014
Wednesday, February 26, 2014
Thursday, February 27, 2014
Saturday, March 01, 2014
Monday, March 03, 2014
Wednesday, March 05, 2014
Thursday, March 06, 2014
Saturday, March 08, 2014
Wednesday, March 12, 2014

In addition to the neighborhood meetings and open houses, SFMTA held two SFMTA Board of Director meetings, two SFMTA Citizen Advisory Council meetings and one SFMTA Multimodal Accessibility Advisory Committee (MAAC) meeting regarding the proposed service changes. These meetings were open to the public and provided another opportunity for public comment and involvement. Agendas for the meetings are available 72 hours in advance and are posted at City Hall, the San Francisco Main Library, and on www.sfmta.com. All meetings have a public comment period and translators are available upon request. The Board of Director meetings were held in City Hall, which is easily accessible by transit and all other meetings were held at SFMTA's offices at 1 South Van Ness Avenue. Regular SFMTA Board meetings and selected other meetings are broadcast on cable via SFGTV and streamed on the Internet. Board Agendas and Minutes are available to the public at www.sfmta.com.

All meeting notifications were available in ten languages – English, Spanish, Chinese (Mandarin and Cantonese), Japanese, Russian, Korean, Tagalog, Thai, Vietnamese, and French. Newspaper ads were also taken out in English, Spanish, Chinese, and Russian newspapers.

The SFMTA Board of Directors will consider legislating the proposed service changes on Friday, March 28, 2014.

Meeting Name	Date/Time
Citizen's Advisory Committee (CAC)	Thursday, March 6, 2014 at 5:30 P.M.
SFMTA Board of Director's Meeting	Friday, March 14, 2014 at 9:00 A.M.
Multimodal Accessibility Advisory Committee (MAAC)	Thursday, March 20, 2014 at 2:00 P.M.
Citizen's Advisory Committee (CAC)	Thursday, March 20, 2014 at 5:30 P.M.
Policy & Governance Committee (PAG)	Friday, March 21, 2014 at 9:00 A.M.
SFMTA Board of Director's Meeting	Friday, March 28, 2014 at 8:00 A.M.

In addition to federal guidelines, Charter Section 16.112 requires published notice and a public hearing prior to any significant change in the operating schedule or route of a street railway, bus line, trolley bus line or cable car line. Pursuant to Charter Section 16.112, advertisements were placed starting on March 25, 2014, in the City's official newspaper, the San Francisco Chronicle, for four days to provide notice that the SFMTA Board of Directors will hold a public hearing on March 28, 2014, to consider the modifications detailed in the previous section.

In addition to the required legal notice, information about the hearing was posted on the SFMTA Website in nine languages to reach customers with Limited English Proficiency, and multilingual (English, Spanish and Chinese) announcements were posted on the bus stops that would be most affected by the changes. Advertisements were also placed in the Examiner, as well as Spanish, Chinese and Russian language papers: El Mensajero, Sing Tao and Ktsati. Additionally, the March 28th public hearing was announced at each of the 14 community workshops and an email was sent to the TEP list serv.

In addition to attending meetings, hundreds of residents provided feedback about the proposals through the online input tool at www.TellMuni.com. The TellMuni website feedback portal is available in ten languages – English, Spanish, Chinese (Mandarin and Cantonese), Japanese, Russian, Korean, Tagalog, Thai, Vietnamese, and French. Other means of providing feedback have been through Muni's multi-lingual Customer Service Line (3-1-1), through the TEP email address (tep@sfmta.com), and all proposals are publically available through www.sfmta.com/tep.

Additionally, the outreach process includes one open house held at each Muni operating division for the purpose of collecting proposal-related input from operators and other front line personnel.

Results of Outreach

In response to customer feedback, while considering previously-conducted planning, coordination, outreach efforts, and analysis, SFMTA developed revisions to some of its service change proposals, which were presented to the public during the two citywide outreach meetings and are also posted on the project website at www.sfmta.com/tep.

The modified proposals went to the Board of Directors on March 28, 2014. These modifications aim to retain the benefits of the initial proposals, while addressing key community concerns. Several of the modifications were on low income and/or minority routes.

- 3 Jackson: The original recommendation proposed eliminating the 3 Jackson line due to low ridership west of Fillmore Street and to reinvest service from the 3 Jackson onto the 2 Clement. Based on community feedback, this segment of the 3 Jackson is not proposed for elimination. Instead, the proposal is to decrease frequency on the route to better match demand and service will be increased on the 2 Clement.
- 6 Parnassus: Under the original TEP proposal, the 6 line would be discontinued in Ashbury Heights along Masonic Avenue, Frederick Street, Clayton Street, and a portion of Parnassus Avenue. The 6 line would be rerouted onto Haight and Stanyan Streets in order to increase service capacity on a major transit corridor. Based on community concern over loss of transit service in a hilly neighborhood, the proposal to reroute the 6 will not be pursued. Instead, service will be reduced on the 6 line and service will be added to the 71 line in order to improve transit capacity on Haight Street.
- 8X Bayshore Express: The original proposal discontinued service on the 8X Bayshore Express north of Broadway. The proposal was created to address crowding concerns on the 8X and start service in Chinatown with empty buses in order to provide seats and capacity through Chinatown. Based on community feedback, the new 8X proposal will continue to provide service north of Broadway on every other trip.

The 8X Bayshore Express is a minority and low income route.

- 17 Parkmerced: The original proposal eliminated service on Lake Merced Boulevard and extended the route to Daly City BART via John Daly Boulevard to provide a connection to Westlake Plaza. Based on community feedback, staff is proposing an alternative that will shift service to a portion of Lake Merced Boulevard and use Brotherhood Way to access the Daly City BART Station.

The 17 Parkmerced is a minority and low income route.

- 27 Bryant/11 Downtown Connector: The original proposal eliminated service on Bryant Street in the Mission District on the 27 Bryant and moved the service to Folsom Street. SFMTA created this proposal to eliminate a relatively unproductive north-south transit corridor in the Inner Mission and to maintain service on Folsom Street due to the elimination of the 12 Folsom/Pacific. We will not pursue this proposal and service will remain on Bryant Street on the 27 Bryant Line as it is today. The 11 Downtown

Connector will be extended from SOMA onto Folsom Street to cover the portion of the route that the 12 Folsom/Pacific provides today.

The 27 Bryant is a minority and low income route.

- 28/28L 19th Avenue: The original proposal discontinued 28 19th Avenue service in the Marina and had the route end at the Golden Gate Bridge. The 28L 19th Avenue Limited maintained service east of the Golden Gate Bridge. With community feedback, SFMTA amended the proposal and the 28 19th Avenue will continue to serve the Marina and will be extended to Van Ness Avenue as the 28L was originally planned to do. The 28L 19th Avenue Limited will terminate in the Richmond at California Street under the revised proposal.

The 28/28L 19th Avenue is a minority and low income route.

- 35 Eureka: The original proposal eliminated service on Moffitt, Farnum, Addison, and Bemis Streets in order to provide a new, direct connection to Glen Park and the BART Station via Diamond Street. In working closely with the community, a new community supported alternative maintains service on Moffitt, Farnum, Addison, and Bemis and extends the route to Glen Park via Miguel and Chenery Streets.
- 36 Terasita: Under the original proposal, service on Warren Drive would be eliminated. With the elimination of Warren Drive and shortened travel distance, service would be increased from every 30 minutes to every 20 minutes. Based on community feedback and concerns on the steep terrain on Warren Drive, service will remain on Warren Drive and the service frequency will remain unchanged from its current 30 minute frequency.
- 43 Masonic: Due to concerns about rerouting the 43 Masonic into the Presidio off of Lombard Street raised by the senior community, the proposal was updated to maintain access to a senior living facility on Lombard Street at Lyon Street and serve the Presidio Transit Center via another routing.
- 56 Rutland: The 56 Rutland proposal significantly changed the route and discontinued service to Executive Park, Sunnysdale Avenue, and Visitation Avenue. By discontinuing service on some segments of the route, service would be concentrated where most customers currently ride and the frequency would be increased due to the shorter route length. Based on community feedback however, the proposal will not be pursued.

The 56 Rutland is a minority and low income route.

VII. Summary

For proposed frequency increases, increased service is distributed equitably across customers and no disparate impact or disproportionate burden has been found. Proposed frequency decreases have a higher impact on non-minority and non-low income customers and as a result, no disparate impact or disproportionate burden has been found.

For proposed route changes, no disparate impact or disproportionate burden has been found.

**Appendix A: SFMTA Board Resolution Accepting the Major Service Change,
Disparate Impact, and Disproportionate Burden Policies**

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 13-192

WHEREAS, Title VI of the Civil Rights Act of 1964 addresses discrimination in almost all aspects of public services and programs administered or funded by the federal government in the United States, such as SFMTA's public transit service; and

WHEREAS, The SFMTA receives federal funds through the Federal Transit Administration (FTA) and is required to have in place a Title VI program that ensures that the level and quality of public transportation service is provided in a nondiscriminatory manner, promotes full and fair participation in public transportation decision-making without regard to race, color, or national origin, and ensures meaningful access to transit-related programs and activities by persons with limited English proficiency; and

WHEREAS, The FTA's updated Title VI Circular (FTA C 4702.1B), issued on October 1, 2012, requires that the governing board of a transit agency approve a Major Service Change Definition and Disparate Impact and Disproportionate Burden policies; and

WHEREAS, As part of FTA's Title VI Program requirements, SFMTA must perform a service equity analysis when a major service change is proposed or any fare change that will exceed six months to determine if the change will adversely affect minority and low-income populations; and

WHEREAS, Based on data from the 2010 U.S. Census, 58 percent of San Francisco residents are minority and 31 percent of San Francisco households are at or below 200 percent of the federal poverty level; and

WHEREAS, If the service or fare equity analysis identifies a potential disparate impact on minority populations or customers, SFMTA is required to consider alternative proposals to avoid, minimize, or mitigate the disparate impact and the service or fare changes can only be implemented if (1) a substantial legitimate justification for the service or fare change exists, (2) there are no comparably effective alternative practices that would result in a less disparate impact on minority populations, and (3) the justification for the service change is not a pretext for discrimination; and

WHEREAS, If a disproportionate burden is found, the service or fare change may only be carried out if further mitigation measures or alternatives that would reduce the disproportionately high and adverse effects on low-income populations are not practicable; and

WHEREAS, SFMTA has performed multilingual community and peer outreach during the development of these policies; and

WHEREAS, After reviewing demographic data, characteristics of system ridership and conducting peer reviews/comparisons, a threshold of eight percent was determined to be the appropriate proposed threshold for both the Disparate Impact Policy and Disproportionate Burden Policy; and

WHEREAS, SFMTA staff recommend the following Major Service Change Definition be adopted by the SFMTA Board of Directors:

Major Service Change - A change in transit service that would be in effect for more than a 12-month period and that would consist of any of the following criteria:

- A schedule change (or series of changes) resulting in a system-wide change in annual revenue hours of five percent or more implemented at one time or over a rolling 24 month period;
- A schedule change on a route with 25 or more one-way trips per day resulting in:
 - Adding or eliminating a route;
 - A change in annual revenue hours on the route of 25 percent or more;
 - A change in the daily span of service on the route of three hours or more; or
 - A change in route-miles of 25 percent or more, where the route moves more than a quarter mile.

Corridors served by multiple routes will be evaluated based on combined revenue hours, daily span of service, and/or route-miles.

- The implementation of a New Start, Small Start, or other new fixed guideway capital project, regardless of whether the proposed changes to existing service meet any of the criteria for a service change described above; and

WHEREAS, SFMTA staff recommends that the following Disparate Impact Policy be adopted by the SFMTA Board of Directors:

Disparate Impact Policy - a fare change, or package of changes, or major service change, or package of changes, will be deemed to have a disparate impact on minority populations if the difference between the percentage of the minority population impacted by the changes and the percentage of the minority population system-wide is eight percentage points or more. Packages of major service changes across multiple routes will be evaluated cumulatively and packages of fare increases across multiple fare instruments will be evaluated cumulatively; and

WHEREAS, SFMTA staff recommends that the following Disproportionate Burden Policy be adopted by the SFMTA Board of Directors:

Disproportionate Burden Policy - A fare change, or package of changes, or major service change, or package of changes, will be deemed to have a disproportionate burden on low-income populations if the difference between the percentage of the low-income population impacted by the changes and the percentage of low-income population system-wide is eight percentage points or more. Packages of major service changes across multiple routes will be evaluated cumulatively and packages of fare increases across multiple fare instruments will be evaluated cumulatively; now, therefore, be it;

RESOLVED, That the SFMTA Board of Directors approves the Major Service Change Definition and Disparate Impact and Disproportionate Burden policies that are required to be adopted pursuant to the FTA's updated Circular 4702.1B issued on October 1, 2012.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of August 20, 2013.

R. Bowmer

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

Appendix B: SFMTA 2013 On-Board Customer Survey Instrument

ABOUT YOU (CONTINUED)

16. How well do you speak English?

- Very well
- Well
- Not well
- Not at all

Language(s) spoken in the home:

- Mandarin
- Cantonese
- Spanish
- Other (specify) _____

17. Do you own a smartphone (e.g. iPhone, Android, etc.)?

- Yes
- No

18. Do you typically access the Internet . . . ?

- Daily
- Several times a week
- Less than once a week
- Never

19. Do you own or have access to a vehicle?

- No
- Yes → Own Shared (e.g. ZipCar) Other _____

20. Home ZIP Code _____

Outside USA

COMMENTS

Thank you for your responses! You can complete this survey by:

- Returning it to the surveyor on the bus;
- Using the QR Code on the front of this questionnaire (Use the Run ID on the front);
- Visiting www.sfmta.com/munisurvey (use the Run ID on the front); OR
- Mailing it to SFMTA Survey, c/o Corey, Canapary & Galanis, 447 Sutter Street, Penthouse North, San Francisco, CA 94108.

Muni Customer Survey 2013



SFMTA
Municipal Transportation Agency

Muni would like your input. Please take a few moments to complete this survey. Thank you!

ABOUT THIS TRIP ON MUNI

Please provide as much information as possible. It will be used to improve access to Muni.

1. Starting Point. Where did you BEGIN this trip?

(such as home or work – before arriving at stop/station)

a. Address or Nearest Intersection _____

b. City: San Francisco Other (specify) _____

c. Place Name or Landmark _____
(e.g. "AT&T Park," "Cliff House," "home," or "school")

2. Destination. Where will you END this trip?

(final destination – such as home or work)

a. Address or Nearest Intersection _____

b. City: San Francisco Other (specify) _____

c. Place Name or Landmark _____
(e.g. "AT&T Park," "Cliff House," "home," or "school")



www.sfmta.com/munisurvey

Run ID: _____

3. Getting to/from Muni.

3a. How did you get to *this* Muni vehicle?

- Walked all the way
- Biked
- BART
- Caltrain
- Transferred from another Muni route
- Drove alone and parked
- Carpooled (including dropped off)
- Other (specify) _____

3b. How will you get to your final destination after you exit this vehicle?

- Walk all the way
- Bike
- BART
- Caltrain
- Transfer to another Muni route
- Drive alone and park
- Carpool (including being picked up)
- Other (specify) _____

4. Transfers.

4a. Did you transfer from a different Muni route to this one?

- No
- Yes → Route transferred from _____

4b. Will you transfer to another Muni route after getting off?

- No
- Yes → Route will transfer to _____

5. Payment. How did you pay your fare?

- | | |
|---|---|
| By Clipper® | By cash or paper |
| <input type="checkbox"/> Cash value on Clipper® | <input type="checkbox"/> Cash |
| <input type="checkbox"/> Monthly Pass on Clipper® | <input type="checkbox"/> Paper transfer |
| <input type="checkbox"/> Other Clipper® | <input type="checkbox"/> Single fare or round-trip ticket |
| _____ | <input type="checkbox"/> Passport or CityPASS |
| | <input type="checkbox"/> Other cash or paper _____ |

6. Fare Category. What type of fare did you pay for this trip?

- Adult
- Youth
- Senior
- Disabled/Medicare Card Holder (RTC)
- Other _____

7. Trip Purpose. What is the primary purpose of your trip?

- Commute to/from work
- Work-related event
- School
- Medical/Dental
- Shopping
- Social/recreation/entertainment
- Personal errands
- Escorting others (children, elderly)
- Other _____

YOUR OPINION OF MUNI

8. Please rate the following features of Muni services on a 5-point scale. (5=Excellent is the highest rating; 1=Poor is the lowest rating.)

	Excellent	←—————→			Poor
a. Frequency of service	5	4	3	2	1
b. On-time performance	5	4	3	2	1
c. Total trip time	5	4	3	2	1
d. Overall Experience	5	4	3	2	1

ABOUT YOU

9. How long have you been using Muni?

- 5 or more years
- 1 to 4 years
- Less than 1 year
- Visitor – first time user

10. How often do you typically ride Muni?

- 5+ days/week
- 3-4 days/week
- 1-2 days/week
- 1-3 times/month
- Less than once a month

11. Gender Male Female Other _____

12. Race/Ethnicity (Check all that apply)

- African American
- Asian
- Hispanic/Latino
- White
- American Indian or Alaska Native
- Native Hawaiian or Pacific Islander
- Other _____

13. Age Under 12 12 - 17 18 - 24 25 - 34 35 - 44 45 - 54 55 - 64 65 and older

14. Annual Household Income

- Under \$15,000
- \$15,000 - \$24,999
- \$25,000 - \$34,999
- \$35,000 - \$49,999
- \$50,000 - \$99,999
- \$100,000 - \$149,999
- \$150,000 - \$199,999
- \$200,000 and above

15. How many people are in your household?

- 1
- 2
- 3
- 4
- 5
- 6+

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM FOR THE TRANSIT EFFECTIVENESS PROJECT

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
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MITIGATION MEASURES AGREED TO BY SFMTA

Cultural and Paleontological Resources

<p>Mitigation Measure M-CP-2a: Accidental Discovery of Archeological Resources</p> <p>The following mitigation measure is required to avoid any potential adverse effect from the proposed project on accidentally discovered buried or submerged historical resources as defined in CEQA Guidelines Section 15064.5(a)(c). The project sponsor shall distribute the Planning Department archaeological and paleontological resource "ALERT" sheet to the project prime contractor; to any project subcontractor (including demolition, excavation, grading, foundation, pile driving, etc. firms); and to any utilities firm involved in soils disturbing activities within the project site. Prior to any soils disturbing activities being undertaken, each contractor is responsible for ensuring that the "ALERT" sheet is circulated to all field personnel, including machine operators, field crew, pile drivers, supervisory personnel, etc. The project sponsor shall provide the Environmental Review Officer (ERO) with a signed affidavit from the responsible parties (prime contractor, subcontractor(s), and utilities firm) to the ERO confirming that all field personnel have received copies of the Alert Sheet.</p>	<p>SFMTA and project contractors</p>	<p>Prior to soils disturbance activities</p>	<p>SFMTA to distribute Planning Department "ALERT" sheet and provide signed affidavit from project contractor, subcontractor(s) and utilities firm(s) stating that all field personnel have received copies of the "ALERT" sheet.</p>	<p>ERO to receive signed affidavit.</p>	<p>Prior to any soil disturbing activities.</p> <p>Following distribution of "ALERT" sheet but prior to any soils disturbing activities.</p>
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ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p>Should any indication of an archaeological resource be encountered during any soils disturbing activity of the project, the project Head Foreman and/or project sponsor shall immediately notify the ERO and shall immediately suspend any soils disturbing activities in the vicinity of the discovery until the ERO has determined what additional measures should be undertaken.</p>	<p>SFMTA and project contractor's Head Foreman</p>	<p>During soils disturbance activities</p>	<p>SFMTA and project contractor's Head Foreman to inform ERO and suspend soils disturbing activities.</p>	<p>ERO to determine if additional measures are necessary</p>	<p>During soils disturbance activities</p>
<p>If the ERO determines that an archaeological resource may be present within the project site, the project sponsor shall retain the services of an archaeological consultant from the pool of qualified archaeological consultants maintained by the Planning Department archaeologist. The archaeological consultant shall advise the ERO as to whether the discovery is an archaeological resource, retains sufficient integrity, and is of potential scientific/historical/cultural significance. If an archaeological resource is present, the archaeological consultant shall identify and evaluate the archaeological resource. The archaeological consultant shall make a recommendation as to what action, if any, is warranted. Based on this information, the ERO may require, if warranted, specific additional measures to be implemented by the project sponsor.</p> <p>Measures might include: preservation in situ of the archaeological resource, an archaeological monitoring program, or an archaeological testing program. If an archaeological monitoring program or archaeological testing program is required, it shall be consistent with the Environmental Planning division guidelines for such programs. The ERO may also require that the project sponsor immediately implement a site security program if the archaeological resource is at risk from vandalism, looting, or other damaging actions.</p>	<p>SFMTA and project archaeological consultant</p>	<p>When determined necessary by the ERO</p>	<p>If required, SFMTA to retain an archaeological consultant from the pool of qualified archaeological consultants.</p> <p>Project archaeological consultant to advise ERO regarding the status of the archeological resource.</p> <p>ERO to determine whether the need for an archaeological monitoring program, an archaeological testing program, or site security program is needed.</p>	<p>ERO to determine if additional measures are necessary to implement</p>	

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p>The project archaeological consultant shall submit a Final Archeological Resources Report (FARR) to the ERO that evaluates the historical significance of any discovered archaeological resource and describing the archaeological and historical research methods employed in the archaeological monitoring/data recovery program(s) undertaken. Information that may put at risk any archaeological resource shall be provided in a separate removable insert within the final report.</p> <p>Copies of the Draft FARR shall be sent to the ERO for review and approval. Once approved by the ERO, copies of the FARR shall be distributed as follows: California Archaeological Site Survey Northwest Information Center (NWIC) shall receive one (1) copy and the ERO shall receive a copy of the transmittal of the FARR to the NWIC. The Environmental Planning division of the Planning Department shall receive one bound copy, one unbound copy, and one unlocked searchable Portable Document Format (PDF) copy on CD of the FARR along with copies of any formal site recordation forms (CA DPR 523 series) and/or documentation for nomination to the NRHP/CRHR. In instances of high public interest or interpretive value, the ERO may require a different final report content, format, and distribution than that presented above.</p>	SFMTA and project archaeological consultant	When determined necessary by the ERO	SFMTA and project archaeological consultant to prepare draft and final FARR	ERO to review and approve final FARR	

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p>Mitigation Measure M-CP-2b: Archaeological Monitoring</p> <p>Based on the reasonable potential that archaeological resources may be present within the project site, the following measures shall be undertaken to avoid any potentially significant adverse effect from the proposed project on buried or submerged historical resources. Once engineering design details for the identified projects (OWE.1, OWE.1 Variant, SCI.2, TTRP.9 and TTRP.22_2) and other projects in archaeologically sensitive areas, as identified by the Environmental Review Officer, are known, the project sponsor shall consult with the Planning Department archeologist regarding the specific aspects of these proposals that would require monitoring. If required by the Planning Department archeologist, the project sponsor shall retain the services of an archaeological consultant from the pool of qualified archaeological consultants maintained by the Planning Department archeologist. The archaeological consultant shall undertake an archaeological monitoring program. All plans and reports prepared by the consultant as specified herein shall be submitted first and directly to the Environmental Review Officer (ERO) for review and comment, and shall be considered draft reports subject to revision until final approval by the ERO. Archaeological monitoring and/or data recovery programs required by this measure could suspend construction of the project for up to a maximum of four weeks. At the direction of the ERO, the suspension of <i>construction</i> can be extended beyond four weeks only if such a suspension is the only feasible means to reduce to a less than significant level potential effects on a significant archaeological resource as defined in <i>CEQA Guidelines</i> Sect. 15064.5 (a)(c).</p>	SFMTA and Planning Department	Prior to soils disturbance	<p>SFMTA to consult with Planning Department archaeologist.</p> <p>If required, SFMTA to choose archaeological consultant from the pool of qualified archaeological consultants</p>	Project archeological consultant, Planning Department	<p>Consultation with Planning Department Archeologist to occur once engineering design details for the identified projects are known; timeline for subsequent actions determined following meeting.</p>

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p><i>Archaeological monitoring program (AMP).</i> The archaeological monitoring program shall minimally include the following provisions:</p> <ul style="list-style-type: none"> ▪ The archaeological consultant, project sponsor, and ERO shall meet and consult on the scope of the AMP reasonably prior to any project-related soils disturbing activities commencing. The ERO, in consultation with the project archaeologist, shall determine what project activities shall be archaeologically monitored. In most cases, any soils disturbing activities, such as demolition, foundation removal, excavation, grading, utilities installation, foundation work, driving of piles (foundation, shoring, etc.), site remediation, etc., shall require archaeological monitoring because of the potential risk these activities pose to archaeological resources and to their depositional context. ▪ The archaeological consultant shall advise all project contractors to be on the alert for evidence of the presence of the expected resource(s), of how to identify the evidence of the expected resource(s), and of the appropriate protocol in the event of apparent discovery of an archaeological resource. ▪ The archaeological monitor(s) shall be present on the project site according to a schedule agreed upon by the archaeological consultant and the ERO until the ERO has, in consultation with the archaeological consultant, determined that project construction activities could have no effects on significant archaeological deposits. ▪ The archaeological monitor shall record and be authorized to collect soil samples and artifactual/ecofactual material as warranted for analysis. 	<p>SFMTA and project archaeological consultant, in consultation with ERO</p> <p>Archaeological monitor and SFMTA and SFMTA's construction contractors</p>	<p>If archaeological monitoring is implemented, prior to any soils-disturbing activities, and during soils disturbing construction at any location.</p> <p>If monitoring is implemented, as construction contractors are retained, prior to any soils-disturbing activities</p> <p>If monitoring is implemented, schedules for monitoring to be established in the AMP, in consultation with ERO</p>	<p>Project archaeological consultant to prepare Archaeological Monitoring Program (AMP) in consultation with the ERO</p> <p>Archaeological consultant to advise all construction contractors</p> <p>Archaeological monitor shall temporarily redirect construction activities as necessary and consult with ERO</p>	<p>SFMTA and project archaeological consultant, in consultation with ERO</p> <p>Archaeological monitor to observe construction according to the schedules established in the AMP for each site.</p>	<p>Considered complete on finding by ERO that AMP is implemented.</p>

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<ul style="list-style-type: none"> If an intact archaeological deposit is encountered, all soils disturbing activities in the vicinity of the deposit shall cease. The archaeological monitor shall be empowered to temporarily redirect demolition/excavation/ pile driving/construction crews and heavy equipment until the deposit is evaluated. If in the case of pile driving activity (foundation, shoring, etc.), the archaeological monitor has cause to believe that the pile driving activity may affect an archaeological resource, the pile driving activity shall be terminated until an appropriate evaluation of the resource has been made in consultation with the ERO. The archaeological consultant shall immediately notify the ERO of the encountered archaeological deposit. The archaeological consultant shall, after making a reasonable effort to assess the identity, integrity, and significance of the encountered archaeological deposit, present the findings of this assessment to the ERO. 					

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p><i>Consultation with Descendant Communities:</i> On discovery of an archaeological site¹ associated with descendant Native Americans or the Overseas Chinese, an appropriate representative² of the descendant group and the ERO shall be contacted. The representative of the descendant group shall be given the opportunity to monitor archaeological field investigations of the site and to consult with ERO regarding appropriate archaeological treatment of the site, of recovered data from the site, and, if applicable, any interpretative treatment of the associated archaeological site. A copy of the Final Archaeological Resources Report shall be provided to the representative of the descendant group. If the ERO, in consultation with the archaeological consultant, determines that a significant archaeological resource is present and that the resource could be adversely affected by the proposed project, at the discretion of the project sponsor, either:</p> <p>A) The proposed project shall be re-designed so as to avoid any adverse effect on the significant archaeological resource; or</p> <p>B) An archaeological data recovery program shall be implemented, unless the ERO determines that the archaeological resource is of greater interpretive than research significance and that interpretive use of the resource is feasible.</p>	<p>Archaeological monitor and SFMTA and SFMTA's construction contractors</p>	<p>For the duration of soil-disturbing activities, the representative of the descendant group shall be given the opportunity to monitor archaeological field investigations on the site and consult with the ERO regarding appropriate archaeological treatment of the site, of recovered data from the site, and, if applicable, any interpretative treatment of the associated archaeological site.</p>	<p>SFMTA shall contact ERO and descendant group representative upon discovery of an archaeological site.</p>	<p>Project archaeological consultant shall prepare a FARR in consultation with the ERO.</p> <p>A copy of the FARR shall be provided to the representative of the descendant group</p>	<p>Considered complete on notification of the appropriate descendant group, provision of an opportunity to monitor construction site work, and completion and approval of the FARR by ERO, if necessary.</p>

¹ The term "archaeological site" is intended here to minimally include any archaeological deposit, feature, burial, or evidence of burial.

² An "appropriate representative" of the descendant group is here defined to mean, in the case of Native Americans, any individual listed in the current Native American Contact List for the City and County of San Francisco maintained by the California Native American Heritage Commission, and in the case of the Overseas Chinese, the Chinese Historical Society of America.

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p>If an archaeological data recovery program is required by the ERO, the archaeological data recovery program shall be conducted in accord with an archaeological data recovery plan (ADRP). The project archaeological consultant, project sponsor, and ERO shall meet and consult on the scope of the ADRP. The archaeological consultant shall prepare a draft ADRP that shall be submitted to the ERO for review and approval. The ADRP shall identify how the proposed data recovery program will preserve the significant information the archaeological resource is expected to contain. That is, the ADRP will identify what scientific/historical research questions are applicable to the expected resource, what data classes the resource is expected to possess, and how the expected data classes would address the applicable research questions. Data recovery, in general, should be limited to the portions of the historical property that could be adversely affected by the proposed project. Destructive data recovery methods shall not be applied to portions of the archaeological resources if nondestructive methods are practical. The scope of the ADRP shall include the following elements:</p> <ul style="list-style-type: none"> ▪ <i>Field Methods and Procedures.</i> Descriptions of proposed field strategies, procedures, and operations. ▪ <i>Cataloguing and Laboratory Analysis.</i> Description of selected cataloguing system and artifact analysis procedures. ▪ <i>Discard and Deaccession Policy.</i> Description of and rationale for field and post-field discard and deaccession policies. 	<p>SFMTA and project archaeological consultant, in consultation with ERO</p>	<p>Considered complete once verification of curation occurs.</p>	<p>Consultant to prepare Archaeological Data Recovery Program in consultation with ERO.</p>	<p>Final ADRP to be submitted to ERO</p>	<p>Considered complete on finding by ERO that ADRP is implemented.</p>

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/ Reporting Responsibility	Monitoring Schedule
<ul style="list-style-type: none"> ▪ <i>Interpretive Program.</i> Consideration of an on-site/off-site public interpretive program during the course of the archaeological data recovery program. ▪ <i>Security Measures.</i> Recommended security measures to protect the archaeological resource from vandalism, looting, and non-intentionally damaging activities. ▪ <i>Final Report.</i> Description of proposed report format and distribution of results. ▪ <i>Curation.</i> Description of the procedures and recommendations for the curation of any recovered data having potential research value, identification of appropriate curation facilities, and a summary of the accession policies of the curation facilities. 					

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p><i>Human Remains, Associated or Unassociated Funerary Objects.</i> The treatment of human remains and of associated or unassociated funerary objects discovered during any soils disturbing activity shall comply with applicable State and federal Laws, including immediate notification of the Coroner of the City and County of San Francisco and, in the event of the Coroner's determination that the human remains are Native American remains, notification of the California State Native American Heritage Commission who shall appoint a Most Likely Descendant (MLD) (Pub. Res. Code Sec. 5097.98). The archaeological consultant, project sponsor, and MLD shall make all reasonable efforts to develop an agreement for the treatment of, with appropriate dignity, human remains and associated or unassociated funerary objects (<i>CEQA Guidelines</i> Sec. 15064.5(d)). The agreement should take into consideration the appropriate excavation, removal, recordation, analysis, curation, possession, and final disposition of the human remains and associated or unassociated funerary objects.</p>	<p>SFMTA and project archaeological consultant, in consultation with ERO</p>	<p>Ongoing throughout soils-disturbing activities</p>	<p>If applicable, upon discovery of human remains and/or associated or unassociated funerary objects, the consultant shall notify the Coroner of the City and County of San Francisco, and in the event of the Coroner's determination that the human remains are Native American remains, notification of the California State Native American Heritage Commission who shall appoint a Most Likely Descendant (MLD) who, along with the archaeological consultant and the SFMTA, shall make reasonable efforts to develop an agreement for the treatment of human remains and/or associated or unassociated funerary objects</p>	<p>Project archaeological consultant and/or archaeological monitor</p>	<p>Considered complete on notification of the San Francisco County Coroner and NAHC, if necessary.</p>

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p><i>Final Archaeological Resources Report.</i> The archaeological consultant shall submit a Draft Final Archaeological Resources Report (FARR) to the ERO that evaluates the historical significance of any discovered archaeological resource and describes the archaeological and historical research methods employed in the archaeological testing/monitoring/data recovery program(s) undertaken. Information that may put at risk any archaeological resource shall be provided in a separate removable insert within the draft final report.</p> <p>Copies of the Draft FARR shall be sent to the ERO for review and approval. Once approved by the ERO copies of the FARR shall be distributed as follows: California Archaeological Site Survey Northwest Information Center (NWIC) shall receive one (1) copy and the ERO shall receive a copy of the transmittal of the FARR to the NWIC. The Environmental Planning division of the Planning Department shall receive one bound, one unbound, and one unlocked searchable PDF copy on CD of the FARR along with copies of any formal site recordation forms (CA DPR 523 series) and/or documentation for nomination to the NRHP/CRHR. In instances of high public interest or interpretive value, the ERO may require a different final report content, format, and distribution than that presented above.</p>	<p>SFMTA and project archaeological consultant, in consultation with ERO</p>	<p>If applicable, upon completion of cataloguing and analysis of recovered data and findings</p> <p>If applicable, upon approval of Final Archaeological Resources Report by ERO</p>	<p>If applicable, consultant to prepare draft and final Archeological Resources Report reports.</p>	<p>If applicable, the ERO to review and approve the Final Archeological Resources Report</p> <p>If applicable, consultant to transmit final, approved documentation to NWIC and San Francisco Planning Department</p>	<p>Considered complete on approval of final FARR.</p>
				<p>If applicable, consultant shall prepare all plans and recommendations for interpretation by the consultant shall be submitted first and directly to the ERO for review and comment, and shall be considered draft reports subject to revision until final approval by the ERO.</p>	

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p>Mitigation Measure M-CP-3: Paleontological Resources Accidental Discovery</p> <p>In order to avoid any potential adverse effect in the event of accidental discovery of a paleontological resource during construction of the project, the project sponsor shall be responsible for ensuring that all project contractors and subcontractors involved in soil-disturbing activities associated with the project comply with the following procedures in the event of discovery of a paleontological resource. Paleontological remains, or resource, can take the form of whole or portions of marine shell, bones, tusk, horn and teeth from fish, reptiles, mammals, and lower order animals. In the case of Megafauna, the remains, although partial, may be large in scale. Also paleontological resources include petrified wood and rock impressions of plant or animal parts.</p> <p>Should any indication of a paleontological resource be encountered during any soil-disturbing activity of the project, the project foreman and/or project sponsor shall immediately notify the City Planning Department's Environmental Review Officer (ERO) and one of its designated paleontologists (currently, Dr. Jean De Mouthe/Dr. Peter Roopnarine in the Geology Department of the California Academy of Sciences) and immediately suspend any soil-disturbing activities in the vicinity of the discovery until the ERO has determined what additional measures are needed.</p>	<p>SFMTA and project contractor's Head Foreman</p>	<p>During construction</p>	<p>Project contractor/SFMTA to notify the ERO and one of its designated paleontologists and suspend soils-disturbing activities.</p>	<p>SFMTA and ERO</p>	<p>During construction, upon indication that a paleontological resource has been encountered</p>

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p>If the ERO determines that a potentially-significant paleontological resource may be present within the project site, the project sponsor shall retain the services of a qualified paleontological consultant with expertise in California paleontology to design and implement a Paleontological Resources Mitigation Plan (PRMMP). The PRMMP shall include a description of discovery procedures; sampling and data recovery procedures; procedures for the preparation, identification, analysis, and curation of fossil specimens and data recovered; and procedures for the preparation and distribution of a final paleontological discovery report (PDR) documenting the paleontological find.</p> <p>The PRMMP shall be consistent with the Society for Vertebrate Paleontology Standard Guidelines for the mitigation of construction-related adverse impacts to paleontological resources and the requirements of the designated repository for any fossils collected. In the event of a verified paleontological discovery, the remaining construction and soil-disturbing activities within those geological units specified as paleontologically sensitive in the PRMMP shall be monitored by the project paleontological consultant.</p> <p>The consultant's work shall be conducted in accordance with this mitigation measure and at the direction of the City's ERO. Plans and reports prepared by the consultant shall be submitted for review and approval by the ERO.</p>	<p>SFMTA and project paleontological consultant in consultation with the ERO.</p>	<p>The project paleontological consultant to consult with the ERO as indicated; completed when ERO accepts final report</p>	<p>SFMTA to retain appropriately qualified consultant to prepare PRMMP, carry out monitoring, and reporting</p>	<p>ERO to approve final PRMMP</p> <p>Project paleontological consultant shall provide brief monthly reports to ERO during monitoring or as identified in the PRMMP, and notify the ERO immediately if work should stop for data recovery during monitoring.</p> <p>The ERO to review and approve the final documentation as established in the PRMMP</p>	<p>Considered complete on approval of final PRMMP.</p> <p>Considered complete on approval of final documentation by ERO.</p>

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
Hazards and Hazardous Materials					
<p>Mitigation Measure M-HZ-1: Hazardous Materials Soil Testing</p> <p>In order to protect both construction workers and the public from exposure to hazardous materials in soils encountered during construction of the proposed project, the project sponsor agrees to adhere to the following requirements.</p> <p>1) Any soil excavated and then, encapsulated under concrete and/or asphalt covering within the same area as its excavation shall not require testing for the presence of hazardous materials in levels exceeding those acceptable to government agencies unless the TEP project or construction manager determines any extenuating circumstances exist, such as odors, unusual color or presence of foreign material. The reuse, remediation, or disposal of any soil tested and found to contain hazardous materials under these circumstances shall be in compliance with the requirements of the San Francisco Department of Public Health (DPH) and other agencies. The project sponsor shall be responsible for reporting the test results of any soil with hazardous material content to DPH within 21 days of the completion of testing, accompanied with a map showing the excavation location.</p> <p>2) Any excavated soil not reused and encapsulated under concrete and/or asphalt covering within the same area as its excavation, shall be tested for the presence of hazardous materials in levels exceeding those acceptable to government agencies, before it is moved from the area of excavation. The transportation and disposal of the soil shall be in</p>	SFMTA	Soil and groundwater test results containing any hazardous materials shall be submitted to the Department of Public Health (DPH) within 21 days of the completion of testing.	SFMTA project construction contractor shall be responsible for the implementation of Steps 1 – 3.	Department of Public Health	Considered complete on review and approval by DPH of the soil and groundwater testing results, along with maps showing the location of the excavated soil and/or groundwater containing the hazardous materials.

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p>compliance with DPH, state, and federal requirements. The project sponsor shall be responsible for reporting the test results of any soil with hazardous material content to DPH within 21 days of the completion of testing, accompanied with a map showing the excavation location.</p>					
<p>3) If the proposed excavation activities encounter groundwater, the groundwater shall be tested for hazardous materials. Copies of the test results shall be submitted to DPH within 21 days of the completion of testing. Any dewatering shall adhere to DPH, SFPUC, and state requirements.</p>					
<p>In the event that a subsequent ordinance or regulations are adopted by DPH governing the handling and testing of hazardous materials encountered during construction within the public right-of-way, DPH shall be given the option to require the project sponsor to adhere to the implementation of the new ordinance or regulations in lieu of the above requirements if they provide similar safety protection for both construction workers and the public.</p>					

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
MITIGATION MEASURES IN DEIR					
<i>Transportation and Circulation</i>					
<p>Mitigation Measure M-TR-8: Optimization of Intersection Operations</p> <p>The final design of program-level TTRPs that include TPS Toolkit elements from the Lane Modifications and Pedestrian Improvements categories shall integrate design elements from the following intersection geometries and traffic control measures to the greatest extent feasible without compromising the purpose of the project. Potential intersection geometry optimization measures include left or right turn pockets, turn prohibitions, restriping to add additional mixed-flow capacity, lane widening to provide for transit-only or mixed-flow lanes, and parking prohibitions. Potential traffic control measures include signalization, exclusive signal phases, and changes to the signal cycle. The final design shall ensure that transit, pedestrian, and bicycle travel are accommodated, is within the confines of feasible traffic engineering solutions, and does not conflict with overall City policies related to transportation.</p>	SFMTA	During development of detailed designs for the program-level TTRP proposals.	Optimize intersection geometries and traffic control measures	SFMTA, Planning Department	Prior to completion of detailed designs for the program-level TTRP proposals.
<p>Mitigation Measure M-TR-10: Provision of Replacement Commercial Loading Spaces</p> <p>Where feasible, the SFMTA shall install new commercial loading spaces of similar length on the same block and side of the street, or within 250 feet on adjacent side streets, of where commercial loading spaces would be permanently removed, in order to provide equally convenient loading space(s). These loading spaces shall only be replaced on streets with commercial uses.</p>	SFMTA	During development of detailed designs for the program-level TTRP proposals.	Where feasible, install new commercial loading spaces.	SFMTA with review by Planning Department,	Prior to or concurrent with the removal of on-street commercial loading spaces.

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p>Mitigation Measure M-TR-26: Intersection Restriping at 16th/Bryant streets</p> <p>The SFMTA shall reconfigure the proposed changes at the intersection of 16th/Bryant streets converting the westbound approach of 16th Street at Bryant Street from what is proposed to be a shared through-right turn lane to a through lane and a dedicated right-turn pocket adjacent to the through lane, and reconfigure the eastbound approach from what is proposed to be a separate through lane and a dedicated right-turn pocket adjacent to the through lane to a shared through/right lane</p>	SFMTA	During project implementation	Reconfigure westbound and eastbound approaches of 16th Street at Bryant Street	Planning Department, SFMTA	Prior to completion of detailed design for project-level improvements at 16th/Bryant streets.
<p>Mitigation Measure M-TR-48: Enforcement of Parking Violations</p> <p>On streets where implementation of project-level TTRPs would result in a net reduction of on-street commercial loading spaces, the SFMTA shall enforce parking regulations in transit-only lanes through the use of video cameras on transit vehicles and/ or other parking enforcement activities.</p>	SFMTA	Ongoing after implementation of TTRP improvements.	Enforce parking regulations and/or install video cameras on transit vehicles.	SFMTA	Ongoing
<p>Mitigation Measure M-C-TR-1: SFMTA Monitoring of Muni Service</p> <p>The SFMTA, shall, to the extent feasible and consistent with annual budget appropriations, continue to monitor Muni service citywide, reporting as required on service goals, including the capacity utilization standard, and where needed, and as approved by decision makers and under budgetary appropriations, strive to improve upon Muni operations, including peak hour transit capacity on screenlines and corridors.</p>	SFMTA	Ongoing, after implementation of TEP improvements.	SFMTA to monitor transit service goals and proposed improvements to Muni operations.	SFMTA	Ongoing.

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p>Mitigation Measure M-C-TR-49: Explore the Implementation of Parking Management Strategies. SFMTA shall explore whether implementation of parking management strategies would be appropriate and effective in this and other parts of the City to more efficiently manage the supply of on-street parking over time.</p>	SFMTA	Ongoing during implementation of TEP.	Identify and explore new parking management strategies, particularly along the TTRP corridors	SFMTA report to SF Planning	Ongoing during project implementation.

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

MONITORING AND REPORTING PROGRAM

IMPROVEMENT MEASURES FOR THE TRANSIT EFFECTIVENESS PROJECT

Improvement Measure I-TR-1: Construction Measures

During the construction of all TEP projects, the SFMTA shall require the following:

- 1) Construction contractors shall be prohibited from scheduling any truck trips, such as concrete mixers, heavy construction equipment and materials delivery, etc., to the construction sites during the a.m. (7 to 9 a.m.) and p.m. (4 to 6 p.m.) peak commute periods.
- 2) All construction activities shall adhere to the provisions in the City of San Francisco's Regulations for Working in San Francisco Streets (Blue Book), including those addressing sidewalk and lane closures. To minimize construction impacts on nearby businesses and residents, the SFMTA shall alert motorists, bicyclists, and nearby property owners of upcoming construction through its existing website and other available means, such as distribution of flyers, emails, and portable message or informational signs. Information provided shall include contact name(s) for the SFMTA project manager, public information officer, and/or the SFMTA General Enforcement Division contact number (311).
- 3) Construction contractors shall encourage construction workers to use carpooling and transit to the construction site in order to minimize parking demand.

SFMTA and project construction contractor(s)

Throughout the construction duration for any TEP component requiring construction.

SFMTA and project construction contractor(s) to coordinate construction related activities with DPW, the Fire Department, the Planning Department, and any other City agencies.

SFMTA

Considered complete after completion of construction activities.

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

