

# Debt Programs

Many of San Francisco's capital improvements are funded with voter-approved General Obligation Bonds (G.O. Bonds), General Fund debt called Certificates of Participation (COPs), or revenue bonds.

Issuing debt is a typical method for financing capital enhancements with long useful lives and high upfront costs, which the City would not be able to cover through the Pay-Go Program. The use of debt also spreads the financial burden of paying for facilities between current residents and future generations who will also benefit from the projects.

## Certificates of Participation

Certificates of Participation (COPs) are backed by a physical asset in the City's capital portfolio and supported through annual General Fund appropriations or revenue that would otherwise flow to the General Fund. The City utilizes COPs to leverage the General Fund to finance capital projects and acquisitions. Funding from COPs is planned to support basic City responsibilities such as relocating City staff from seismically deficient buildings.

TABLE 5.2

COP Program (Dollars in Millions)		
Fiscal Year of Issuance	Project	Amount
FY2024	Critical Repairs/Recession Allowance	30
FY2024	Street Resurfacing	30
FY2025	Critical Repairs & Street Resurfacing	45
FY2025	Treasure Island Infrastructure	50
FY2026	HSA Headquarters (170 Otis) Relocation	55
FY2026	Treasure Island Infrastructure	50
FY2027	Treasure Island Infrastructure	15
FY2027	HOJ Replacement	157
FY2030	HOJ Replacement	180
FY2032	HOJ Replacement	30
<b>Total</b>		<b>642</b>

Table 5.2 shows the Capital Plan's COP Program for the next ten years. This Program includes two years of issuances for critical repairs, and one issuance for street resurfacing, to mitigate cuts to the Pay-Go Program due to COVID-19.

Chart 5.2 shows the planned COP Program against the policy constraint for General Fund debt not to exceed 3.25% of General Fund Discretionary Revenue, represented by the red horizontal line. The black line depicts the annual lease costs related to the Hall of Justice Administrative Exit efforts approved in 2018, which are also counted against this Program's constraint.

The bottom portions of the columns represent debt service commitments for previously issued and authorized but unissued COPs, including the debt issued for the Moscone Center, the War Memorial Veterans Building, and the Animal Care & Control Shelter replacement. New obligations are represented in discrete colors, beginning in FY2024. As with the G.O. Bond Program, all amounts attributed to future COP-funded programs are estimates and may need to be adjusted in future plans to account for new federal and state laws, programmatic changes, site acquisition, alternate delivery methods, changing rates of construction cost escalation, and/or newly emerged City needs.

CHART 5.2

### Amended Capital Plan General Fund Debt Program FY24-33

