

[Appropriation - Proceeds from Certificates of Participation for Animal Care and Control Renovation - \$60,500,000 - FY2015-2016]

Ordinance appropriating \$60,500,000 of Certificates of Participation to the Department of Administrative Services in FY2015-2016 for the Animal Care and Control Renovation Project.

Note: **Unchanged Code text and uncodified text** are in plain Arial font.
Additions to Codes are in *single-underline italics Times New Roman font*.
Deletions to Codes are in ~~*striketrough italics Times New Roman font*~~.
Board amendment additions are in double underlined Arial font.
Board amendment deletions are in ~~striketrough Arial font~~.
Asterisks (* * *) indicate the omission of unchanged Code subsections or parts of tables.

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

Section 1. The sources of funding outlined below are herein appropriated to reflect funding available for Fiscal Year 2015-2016.

SOURCES Appropriation

Fund	Index Code / Project Code	Subobject	Description	Amount
3C-XCF-ACS	70ACCSHELTER	80141	Proceeds from	\$60,500,000
City Facility	CADACC000000		Certificates of	
Improvement Projects-			Participation	
COP Budget				
Total SOURCES Appropriation				\$60,500,000

1 Section 2. The uses of funding outlined below are herein appropriated and reflect the
 2 projected uses of funding the Animal Care & Control Renovation Project in Fiscal Year 2015-
 3 2016.

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 5 **USES Appropriation**

6 Fund	7 Index Code / Project Code	Subobject	Description	Amount
8 3C-XCF-ACS	70ACCSHELTER	06700	Certificates of	\$49,000,000
9 City Facility	CADACC000000	Buildings,	Participation Project	
10 Improvement		Structures &	Fund	
11 Project - COP		Improvement		
12 Budget		Project-Budget		
13				
14 3C-XCF-ACS	70ACCSHELTER	07361	Cost of Issuance	\$603,900
15 City Facility	CADACC000000	Cost of Issuance --		
16 Improvement		Certificates of		
17 Project - COP		Participation		
18 Budget				
19				
20 3C-XCF-ACS	70ACCSHELTER	07361	Reserve for Market	\$920,000
21 City Facility	CADACC000000	Cost of Issuance --	Uncertainty	
22 Improvement		Certificates of		
23 Project - COP		Participation		
24 Budget				


	Fund	Index Code / Project Code	Subobject	Description	Amount
3	3C-XCF-ACS	70ACCSHELTER	07361	Underwriter's	\$595,800
4	City Facility	CADACC000000	Cost of Issuance –	Discount	
5	Improvement		Certificates of		
6	Project - COP		Participation		
7	Budget				
9	3C-XCF-ACS	70ACCSHELTER	081C4	0.2% allocation for	\$98,000
10	City Facility	CADACC000000	Controller	the Controller's	
11	Improvement		Internal Audits	Audit Fund	
12	Project - COP				
13	Budget				
15	4D-COP-SRR	XXXXXX	07000	Debt Service	\$5,409,600
16	COP Bond Fund			Reserve Fund	
18	4D COP SRR	XXXXXX	07000	Reserve/Capitalized	\$3,872,700
19	COP Bond Fund			Interest Fund	
21	Total USES Appropriation				\$60,500,000

Section 3. The uses of funding outlined above for \$60,500,000 are herein placed on Controller's Reserve pending the authorization and sale of the Certificates of Participation.

1 Section 4. The Controller is authorized to record transfers between funds and adjust
2 the accounting treatment of sources and uses appropriated in this ordinance as necessary to
3 conform with Generally Accepted Accounting Principles.
4

5
6 APPROVED AS TO FORM:
7 DENNIS J. HERRERA, City Attorney

FUNDS AVAILABLE
BEN ROSENFELD, Controller

8
9 By: 
10 THOMAS OWEN
11 Deputy City Attorney

By: 
12 BEN ROSENFELD
13 Controller

<p>Item 3 File 16-0318</p>	<p>Departments: Administrative Services Controller's Office of Public Finance Public Works</p>
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EXECUTIVE SUMMARY

Legislative Objectives

- The proposed ordinance appropriates \$60,500,000 in Certificates of Participation to the Department of Administrative Services in FY 2015-16 for the Animal Care and Control Renovation Project.

Key Points

- The Board of Supervisors approved a resolution in March 2016, amending the City's Ten Year Capital Plan to provide for the financing of an Animal Care and Control Shelter, using Certificates of Participation. According to the resolution, the Animal Care and Control Shelter would be relocated from its current location at 1200 15th Street to a new location at 1419 Bryant Street at an estimated cost of \$54,000,000.
- Construction of the new Animal Care and Control Shelter at 1419 Bryant Street is expected to begin in May 2018 and be completed in August 2020, a period of approximately 28 months. Once completed, the Animal Care and Control Shelter would relocate from 1200 15th Street to 1419 Bryant Street in approximately October 2020.

Fiscal Impact

- The current cost estimate to relocate and construct a new Animal Care and Control Shelter at 1419 Bryant Street is \$53,760,000. Sources of funds include \$4,760,000 in General Fund monies previously appropriated by the Board of Supervisors, and \$49,000,000 in Certificates of Participation proceeds.
- The Office of Public Finance plans to submit legislation to the Board of Supervisors in the fall of 2016 to sell \$59,580,000 in Certificates of Participation, of which \$49,000,000 will be allocated to the Animal Care and Control Renovation Project and \$10,580,000 will be allocated to financing costs and reserves. The Controller's Office estimates to sell \$59,580,000 in COPs at an annual interest rate of 6.622 percent. Average annual debt service is estimated to be \$5,241,710. Total estimated interest and principal payments over the 20-year term of the COPs are \$110,075,900. According to the Office of Public Finance, the sale of \$59,580,000 in COPs will result in General Fund debt that is within the constraints set by the Capital Plan of no more than 3.25 percent of discretionary General Fund revenues.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

City Charter Section 9.113(e) provides that the Board of Supervisors has the power to borrow money through the use of commercial paper or other short-term indebtedness. Administrative Code Section 10.62 provides that the Board of Supervisors may authorize the issuance of Certificates of Participation (COPs) and other lease financing debt as funding sources for capital projects. Administrative Code Section 10.62(c)(1) also provides that the Director of Public Finance may issue tax-exempt and/or taxable commercial paper to provide interim funds to finance the acquisition, construction and rehabilitation of capital improvements and capital equipment, after prior approval of the project and financing plan by the Board of Supervisors and the Mayor.

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

BACKGROUND

The City's Ten Year Capital Plan (FY 2016-2025), approved by the Board of Supervisors in April 2015, recommended seismic improvements to or relocation of the Animal Care and Control Shelter at 1200 15th Street. The Capital Plan recommended that \$49 million, to seismically retrofit and renovate the City's Animal Care and Control Shelter, be included in a \$311 million Public Health and Safety General Obligation Bond to be submitted to the voters for the June 2016 ballot.

The City's Capital Planning Committee revised the proposed Public Health and Safety General Obligation Bond proposal in January 2016 to remove the Animal Care and Control Shelter. As an alternative, the Capital Planning Committee recommended amending the City's Certificate of Participation (COPs) program to include construction a new seismically-safe Animal Care and Control Shelter.

The Board of Supervisors approved a resolution in March 2016, amending the City's Ten Year Capital Plan to provide for the financing of an Animal Care and Control Shelter, using COPs (File 16-0120). According to the resolution, the Animal Care and Control Shelter would be relocated from its current location at 1200 15th Street to a new location at 1419 Bryant Street at an estimated cost of \$54,000,000.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance appropriates \$60,500,000 in Certificates of Participation to the Department of Administrative Services in FY 2015-16 for the Animal Care and Control Renovation Project.

New Animal Care and Control Shelter

The proposed new Animal Care and Control Shelter would be located at City-owned property at 1419 Bryant Street, which is under the jurisdiction of the San Francisco Municipal

Transportation Agency (SFMTA), and is currently used as a maintenance facility for Muni's overhead power lines. 1419 Bryant Street is a 47,998 square foot site, containing one 34,350 square foot building which is used as SFMTA's maintenance facility, a smaller building used by SFMTA for storage, and a 22-space surface parking lot. According to Ms. Sonali Bose, SFMTA Chief Financial Officer, the 34,350 square foot building is unreinforced masonry, seismically unsafe, and no longer usable for SFMTA purposes. SFMTA will relocate the maintenance facility to a city-owned property at 1570 and 1580 Burke Avenue. The estimated cost to relocate SFMTA to 1570 and 1580 Burke Avenue, including construction of improvements for SFMTA's Central Warehouse and Transit Overhead Lines Unit, is \$30 million. According to Ms. Bose, sources of funds, totaling \$30,000,000 to pay for these costs come from the SFMTA operating budget (\$150,000), Proposition K Transportation Sales Tax (\$4,400,000), and 2014 Proposition A Transportation and Road Improvement Bond proceeds (\$25,450,000).

The proposed Animal Care and Control Renovation Project would convert the 34,350 square foot building at 1419 Bryant Street, currently used by SFMTA for a maintenance facility, for use as an animal shelter, including adding a second floor to the building. The ground floor space would house animals, an exterior dog run, public lobbies, staff offices, veterinary offices, and a loading port. The second floor space would house adoption facilities, classrooms, accessory offices, staff rooms, and additional animal holding areas. SFMTA would continue to use the smaller building for storage.

Construction of the new Animal Care and Control Shelter at 1419 Bryant Street is expected to begin in May 2018 and be completed in August 2020, a period of approximately 28 months. Once completed, the Animal Care and Control Shelter would relocate from 1200 15th Street to 1419 Bryant Street in approximately October 2020.

The Planning Commission determined that construction of the new Animal Care and Control Shelter at 1419 Bryant was exempt from environmental review under the California Environmental Quality Act (CEQA).

FISCAL IMPACT

The current cost estimate to relocate and construct a new Animal Care and Control Shelter at 1419 Bryant Street is \$53,760,000, as shown in Table 1 below:

**Table 1: Sources and Uses of Funds to Construct
the New Animal Care and Control Shelter**

Sources of Funds	
Certificates of Participation	\$49,000,000
Capital Improvement Fund FY15-16 ^a	3,800,000
General Fund ^a	960,000
Total Sources	\$53,760,000
Uses of Funds	
City Administrative Services	\$ 680,000
Planning and Design	6,495,000
Environmental Review, Geotechnical, Survey	386,000
Permitting and Inspections	869,000
Public Works Project Management	2,030,000
Public Works Construction Management	1,540,000
Construction	34,240,000
Construction Contingency (12.7% of construction)	4,360,000
Program Contingency (6.2% of program)	3,160,000
Total Uses	\$53,760,000

Source: Public Works

^a \$4,760,000 in General Fund monies were previously appropriated by the Board of Supervisors.

The proposed ordinance appropriates \$60,500,000 in Certificates of Participation, of which \$49,000,000 would be allocated to the Animal Care and Control Renovation Project, \$10,580,000 would be allocated to reserves and financing costs and \$920,000 would be a reserve for market uncertainty.

Table 2: Sources and Uses of Certificates of Participation Funds

Sources of Funds	
Certificates of Participation Proceeds	\$59,580,000
Reserve for Market Uncertainty	920,000
Total Sources	\$60,500,000
Uses of Funds	
Animal Care and Control Renovation Project	\$49,000,000
City Services Audit Fee	98,000
Debt Service Reserve Fund	5,409,600
Reserve/Capitalized Interest Fund	3,872,700
Costs of Issuance	603,900
Underwriter's Discount	595,800
Subtotal Reserves and Financing	10,580,000
Total Project, Reserves and Financing	59,580,000
Reserve for Market Uncertainty	920,000
Total Uses	\$60,500,000

Source: Office of Public Finance

According to Ms. Nadia Sesay, Controller's Office Director of Public Finance, legislation to authorize the sale of Certificates of Participation will be submitted to the Board of Supervisors in the Fall of 2016. The Controller's Office estimates to sell \$59,580,000 in COPs at an annual interest rate of 6.622 percent. Average annual debt service is estimated to be \$5,241,710. Total estimated interest and principal payments over the 20-year term of the COPs are \$110,075,900¹.

Annual debt service on the COPs comes from the General Fund subject to appropriation approval by the Board of Supervisors. According to Ms. Sesay, the sale of \$59,580,000 in COPs will result in General Fund debt that is within the constraints set by the Capital Plan of no more than 3.25 percent of discretionary General Fund revenues.

The proposed ordinance places the \$60,500,000 appropriation on Controller's Reserve pending authorization by the Board of Supervisors and sale of the Certificates of Participation.

RECOMMENDATION

Approve the proposed resolution.

¹ Annual debt service in years 3 through 19 is approximately \$5.4 million. Capitalized interest and reserves would be applied to debt service in years 1, 2 and 20, resulting in average annual debt service of \$5.2 million.

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Mayor Edwin M. Lee
RE: Appropriation - Proceeds from Certificates of Participation of \$60,500,000
for Animal Care & Control Renovation - FY 2015-2016
DATE: April 5, 2016

Attached for introduction to the Board of Supervisors is an ordinance appropriating \$60,500,000 of Certificates of Participation to the Department of Administrative Services in Fiscal Year 2015-2016 for the Animal Care & Control Renovation Project

Please note that this item is co-sponsored by Supervisor Tang.

I respectfully request that this item be heard in Budget & Finance Committee on April 20, 2016.

Should you have any questions, please contact Nicole Elliott (415) 554-7940.

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BY [Signature]

President, District 5
BOARD of SUPERVISORS



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BOS-11, COB,
B+F, Leg Dep.
Dep City Atty
Mayors

London Breed

PRESIDENTIAL ACTION

Date: 4/27/16

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,

Pursuant to Board Rules, I am hereby:

Waiving 30-Day Rule (Board Rule No. 3.23)

File No. 160318 Mayor
(Primary Sponsor)

Title. Appropriation - Proceeds from COP for ACC

Transferring (Board Rule No. 3.3)

File No. _____
(Primary Sponsor)

Title. _____

From: _____ Committee

To: _____ Committee

Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor _____

Replacing Supervisor _____

For: _____ Meeting
(Date) (Committee)

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London Breed

London Breed, President
Board of Supervisors