

File No. 210648

Committee Item No. 2

Board Item No. 14

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Appropriations Committee

Date June 21, 2021

Board of Supervisors Meeting

Date July 20, 2021

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input checked="" 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 checked="" 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 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 |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
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OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Mayor's Office Budget Submission Memo</u> |
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Completed by: Linda Wong Date June 17, 2021

Completed by: Linda Wong Date July 7, 2021

1 [Appropriation - Proceeds from Revenue Bonds, State Loans or Grants, Wastewater
2 Revenues - \$213,511,178 - De-appropriating and Re-appropriating - SFPUC Wastewater
3 Capital Improvements - \$42,900,587 - FY2021-2022]

4 **Ordinance appropriating a total of \$213,511,178 of proceeds from revenue bonds, State**
5 **of California Water Resources Control Board's revolving loan funds (State Loan Funds)**
6 **or grant funds (State Grant Funds), for the San Francisco Public Utilities Commission**
7 **(SFPUC) Wastewater Enterprise's Capital Improvement Program for Fiscal Year (FY)**
8 **2021-2022, de-appropriating and re-appropriating \$42,900,587 and placing \$256,411,765**
9 **in Revenue Bonds or State Loan or Grant Funds by project on Controller's Reserve**
10 **subject to the Controller's certification of funds availability, including proceeds of**
11 **indebtedness, and for construction related expenditures (excluding program**
12 **management, planning and design) for these projects, as applicable, is also subject to**
13 **the prior occurrence of the SFPUC's and the Board of Supervisors' discretionary**
14 **adoption of California Environmental Quality Act (CEQA) Findings for projects,**
15 **following review and consideration of completed project related environmental**
16 **analysis, where required.**

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

24 Be it ordained by the People of the City and County of San Francisco:
25

1 Section 1. The sources of funding outlined below are herein appropriated to reflect the
 2 funding available for Fiscal Year 2021-2022.

3
 4 **SOURCES Appropriation**

| Fund / | Project & Activity / | Account | Description | Amount |
|------------------------------------|----------------------|--------------------|--------------------|----------------------|
| Department ID | Authority | | | |
| 20719 SSIP CPF | 10026508-0001 | 480111 | Proceeds from Sale | \$213,511,178 |
| 2021 Bond Fund / | Bond-Commercial | Proceeds from Sale | of Bonds | |
| 229267 WWE0101 | Paper Expense / | of Bonds- Face | | |
| Administration | 17732 WW Bond- | Amount | | |
| | commercial Paper | | | |
| | Exp | | | |
| Total SOURCES Appropriation | | | | \$213,511,178 |

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 15
 16 Section 2. The uses of funding outlined below are herein appropriated in Accounts
 17 567000 (Buildings, Structures, and Improvements), 581130 (CON-Internal Audits), 573110
 18 (Bond Issuance Cost-Unamortized), and 567000 (Revenue Bond Oversight Committee),
 19 reflecting the projected uses of funding to support the Wastewater Capital Improvement
 20 Program at the San Francisco Public Utilities Commission for Fiscal Year 2021-2022.

21 **USES Appropriation**

22
 23
 24
 25

| 1 | Fund / | Project & Activity / | Account | Description | Amount |
|----|---------------------------------|----------------------|--------------------|--------------------|----------------------|
| 2 | Department ID | Authority | | | |
| 3 | 20719 SSIP CPF | 10015795-0001 | 567000 | Biosolids/Digestor | \$177,299,413 |
| 4 | 2021 Bond Fund / | Biosolids/Digestor | Blds; Structures & | Project | |
| 5 | 229267 WWE0101 | Project / | Improvements | | |
| 6 | Administration | 15728 | | | |
| 7 | | Biosolids/Digestor | | | |
| 8 | | Project | | | |
| 9 | | | | | |
| 10 | 20719 SSIP CPF | 10026508-0001 | 573110 | Financing Costs | \$36,093,153 |
| 11 | 2021 Bond Fund / | Bond-Commercial | Bond Issuance | | |
| 12 | 229267 WWE0101 | Paper Expense / | Cost- Unamortized | | |
| 13 | Administration | 17732 WW Bond- | | | |
| 14 | | commercial Paper | | | |
| 15 | | Exp | | | |
| 16 | | | | | |
| 17 | 20719 SSIP CPF | 10026508-0001 | 567000 | Revenue Bond | \$118,612 |
| 18 | 2021 Bond Fund / | Bond-Commercial | Blds; Structures & | Oversight | |
| 19 | 229267 WWE0101 | Paper Expense / | Improvements | Committee 0.05% | |
| 20 | Administration | 17732 WW Bond- | | | |
| 21 | | commercial Paper | | | |
| 22 | | Exp | | | |
| 23 | Total USES Appropriation | | | | \$213,511,178 |
| 24 | | | | | |
| 25 | USES De-Appropriation | | | | |

| 1 | Fund / | Project & Activity / | Account | Description | Amount |
|----|-------------------|-----------------------|--------------------|---------------------|--------------|
| 2 | Department ID | Authority | | | |
| 3 | 20719 SSIP CPF | 10015801-0001 | 567000 | Flood Resilience | \$15,000,000 |
| 4 | 2021 Bond Fund / | Flood Resilience- | Blds; Structures & | | |
| 5 | 229267 WWE0101 | hydraulic / | Improvements | | |
| 6 | Administration | 15730 WW Flood | | | |
| 7 | | Resilience-hydraulic | | | |
| 8 | | | | | |
| 9 | 20707 Wastewater | 10015546-0001 | 567000 | Treasure Island | \$20,000,000 |
| 10 | 2021 Capital Bond | Treasure Island | Blds; Structures & | Improvements | |
| 11 | Fund / | Improvements / | Improvements | | |
| 12 | 229267 WWE0101 | 15707 WW Treasure | | | |
| 13 | Administration | Island Capital Imp | | | |
| 14 | | | | | |
| 15 | 20707 Wastewater | 10015557-0001 | 567000 | Islais Creek Outlet | \$3,715,499 |
| 16 | 2021 Capital Bond | Islais Creek Outlet / | Blds; Structures & | | |
| 17 | Fund / | 15717 WW Islais | Improvements | | |
| 18 | 229267 WWE0101 | Creek Outfall | | | |
| 19 | Administration | | | | |
| 20 | | | | | |
| 21 | | | | | |
| 22 | | | | | |
| 23 | | | | | |
| 24 | | | | | |
| 25 | | | | | |

| 1 | Fund / | Project & Activity / | Account | Description | Amount |
|----|------------------------------------|----------------------|--------------------|--------------------|---------------------|
| 2 | Department ID | Authority | | | |
| 3 | 20707 Wastewater | 10026508-0001 | 573110 | Financing Costs | \$4,090,383 |
| 4 | 2021 Capital Bond | Bond-Commercial | Bond Issuance | | |
| 5 | Fund / | Paper Expense / | Cost- Unamortized | | |
| 6 | 229267 WWE0101 | 17732 WW Bond- | | | |
| 7 | Administration | commercial Paper | | | |
| 8 | | Exp | | | |
| 9 | | | | | |
| 10 | 20707 Wastewater | 10026508-0001 | 581130 | CSA 0.2% | \$80,755 |
| 11 | 2021 Capital Bond | Bond-Commercial | GF-CON-Internal | Controller's Audit | |
| 12 | Fund / | Paper Expense / | Audits | Fund | |
| 13 | 229267 WWE0101 | 17732 WW Bond- | | | |
| 14 | Administration | commercial Paper | | | |
| 15 | | Exp | | | |
| 16 | | | | | |
| 17 | 20707 Wastewater | 10026508-0001 | 567000 | Revenue Bond | \$13,950 |
| 18 | 2021 Capital Bond | Bond-Commercial | Blds; Structures & | Oversight | |
| 19 | Fund / | Paper Expense / | Improvements | Committee 0.05% | |
| 20 | 229267 WWE0101 | 17732 WW Bond- | | | |
| 21 | Administration | commercial Paper | | | |
| 22 | | Exp | | | |
| 23 | Total USES De-Appropriation | | | | \$42,900,587 |
| 24 | | | | | |
| 25 | | | | | |

1 **USES – Re-Appropriation**

| 2 | Fund / | Project & Activity / | Account | Description | Amount |
|----|------------------------------------|----------------------|--------------------|--------------------|----------------------------|
| 3 | Department ID | Authority | | | |
| 4 | 20719 SSIP CPF | 10015795-0001 | 567000 | Biosolids/Digester | \$36,900,587 |
| 5 | 2021 Bond Fund / | Biosolids/Digester | Blds; Structures & | Project | |
| 6 | 229267 WWE0101 | Project / | Improvements | | |
| 7 | Administration | 15728 | | | |
| 8 | | Biosolids/Digester | | | |
| 9 | | Project | | | |
| 10 | 20719 SSIP CPF | 10002780-0001 | 567000 | Green | \$6,000,000 |
| 11 | 2021 Bond Fund / | Drainage Basin/Early | Blds; Structures & | Infrastructure | |
| 12 | 229267 WWE0101 | Implement / | Improvements | Projects | |
| 13 | Administration | 15729 WW | | | |
| 14 | | Stormwater | | | |
| 15 | | Management | | | |
| 16 | Total USES Re-Appropriation | | | | <u>\$42,900,587</u> |

17

18 Section 3. Of the above appropriated amount, \$118,612 representing 0.05% of gross

19 bond proceeds, shall be allocated to support the Public Utilities Commission Revenue Bond

20 Oversight Committee, pursuant to Administrative Code Section 5A.31. These appropriations

21 may be increased or decreased by the Controller based on changes to expenditure

22 appropriations or actual gross bond proceeds to conform to the applicable Charter and

23 Administrative Code formulas.

24

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1 Section 4. \$256,411,765 of the total appropriation is hereby placed on Controller's
 2 Appropriation Reserve, as set forth below. Release of appropriation reserves by the Controller
 3 is subject to the Controller's certification of funds availability, including proceeds of
 4 indebtedness, and for construction related expenditures (excluding program management,
 5 planning and design) for these projects, as applicable, is also subject to the prior occurrence of
 6 the SFPUC's and the Board of Supervisors' discretionary adoption of California Environmental
 7 Quality Act (CEQA) Findings for projects, following review and consideration of completed
 8 project related environmental analysis, where required.

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 10 **Appropriation on Reserve**

| Fund / | Project & Activity / | Account | Description | Amount |
|------------------|----------------------|--------------------|--------------------|---------------|
| Department ID | Authority | | | |
| 20719 SSIP CPF | 10015795-0001 | 567000 | Biosolids/Digestor | \$214,200,000 |
| 2021 Bond Fund / | Biosolids/Digestor | Blds; Structures & | Project | |
| 229267 WWE0101 | Project / | Improvements | | |
| Administration | 15728 | | | |
| | Biosolids/Digestor | | | |
| | Project | | | |
| 20719 SSIP CPF | 10002780-0001 | 567000 | Green | \$6,000,000 |
| 2021 Bond Fund / | Drainage Basin/Early | Blds; Structures & | Infrastructure | |
| 229267 WWE0101 | Implement / | Improvements | Projects | |
| Administration | 15729 WW | | | |
| | Stormwater | | | |
| | Management | | | |

| 1 | Fund / | Project & Activity / | Account | Description | Amount |
|----|---------------------------------------|----------------------|--------------------|-----------------|----------------------|
| 2 | Department ID | Authority | | | |
| 3 | | | | | |
| 4 | 20719 SSIP CPF | 10026508-0001 | 573110 | Financing Costs | \$36,093,153 |
| 5 | 2021 Bond Fund / | Bond-Commercial | Bond Issuance | | |
| 6 | 229267 WWE0101 | Paper Expense / | Cost- Unamortized | | |
| 7 | Administration | 17732 WW Bond- | | | |
| 8 | | commercial Paper | | | |
| 9 | | Exp | | | |
| 10 | 20719 SSIP CPF | 10026508-0001 | 567000 | Revenue Bond | \$118,612 |
| 11 | 2021 Bond Fund / | Bond-Commercial | Blds; Structures & | Oversight | |
| 12 | 229267 WWE0101 | Paper Expense / | Improvements | Committee 0.05% | |
| 13 | Administration | 17732 WW Bond- | | | |
| 14 | | commercial Paper | | | |
| 15 | | Exp | | | |
| 16 | Total Appropriation on Reserve | | | | \$256,411,765 |

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18 Section 5. Associated bond financing costs up to \$36,093,153 are also hereby

19 appropriated, including but not limited to, issuance costs, debt service reserve, capitalized

20 interest, rating agency, and disclosure costs, all on Controller's reserve pending receipt of bond

21 proceeds. To the extent that net available bond proceeds after financing costs are more than

22 budgeted, the SFPUC may use such surplus bond proceeds as a substitute for other sources

23 budgeted in this ordinance.

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1 Section 6. This Board, by Ordinance No. 89-15, authorized the SFPUC to enter into one
2 or more State of California State Water Resources Control Board Installment Sale Agreements
3 under the Clean Water State Revolving Fund (State Loan Funds); by Ordinance No. 144-18,
4 authorized the SFPUC to enter into one or more federal Water Infrastructure Financing
5 Innovation Act loans (Federal Loan Funds); and amended and supplemented Ordinance No.
6 107-14 to authorize, in addition to the issuance of Wastewater revenue bonds, the execution
7 and delivery of State Loan Funds to finance projects, provided that any such indebtedness shall
8 not exceed in an aggregate principal amount \$819,035,941. The Board is concurrently
9 considering with this Ordinance a SFPUC Wastewater Revenue Bond issuance, including
10 authorization to obtain one or more State Revolving Fund (SRF) and Water Infrastructure
11 Finance and Innovation Act (WIFIA) loans, not to exceed \$563,430,430. The Sources of Funds
12 herein appropriated in Section 1 of this Ordinance, or previously appropriated by Ordinance
13 105-14, may include State Loan Funds, State Grant Funds, Federal Grant Funds, or Federal
14 Loan Funds when available, subject to compliance with the terms of the authorizing legislation
15 for such Funds. The Controller is authorized to record substitution of the source of funds
16 appropriated with State Loan Funds, State Grant Funds, Federal Grant Funds, or Federal Loan
17 Funds, and to record transfers between funds and adjust the accounting treatment of sources
18 and uses appropriated in this ordinance as necessary to conform to Generally Accepted
19 Accounting Principles, and other laws.

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

By: /s/ _____
JON GIVNER
Deputy City Attorney

FUNDS AVAILABLE
BEN ROSENFELD, Controller

By: /s/ _____
BEN ROSENFELD
Controller

| | |
|--|---|
| <p>Items 2 and 4 Files 21-0648 and 21-0650</p> | <p>Department: San Francisco Public Utilities Commission</p> |
| <p>EXECUTIVE SUMMARY</p> | |
| <p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • File 21-0650 is an ordinance amending Ordinance 20-173, authorizing the San Francisco Public Utilities Commission (SFPUC) to (i) issue and sale tax-exempt or taxable Wastewater Revenue Bonds up to \$563,430,430 to finance the costs of various capital wastewater projects; and (ii) Wastewater Revenue Refunding Bonds and the retirement of outstanding Wastewater Enterprise Commercial Paper. • File 21-0648 is an ordinance appropriating (i) \$213,511,178 of proceeds from revenue bonds, State of California Water Resources Control Board’s revolving loan funds (State Loan Funds) or grant funds (State Grant Funds), for the San Francisco Public Utilities Commission (SFPUC) Wastewater Enterprise’s Capital Improvement Program for Fiscal Year 2021-22, (ii) de-appropriating and re-appropriating \$42,900,587, and (3) placing \$256,411,765 in Revenue Bonds or State Loan or Grant Funds by project on Controller’s Reserve subject to the Controller's certification of funds availability. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The Board of Supervisors previously approved issuance of \$349.9 million in Wastewater Revenue Bonds to finance Sewer System Improvement Program and other Wastewater Enterprise capital projects. File 21-0650 increases the bond issuance authority by \$213.5 million, from \$349.9 million to \$563.4 million. File 21-0648 appropriates the increase of \$213.5 million to the Biosolids Digester Facility project at the Southeast Treatment Plant. • File 21-0650 does not specify the amount of Wastewater Refunding Bonds that could be issued to refinance outstanding Wastewater Revenue Bond debt. SFPUC anticipates issuing refunding bonds if market conditions result in savings exceeding the minimum 3 percent debt service savings threshold and would not extend the maturity date of the bonds <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • According to the SFPUC’s 10 Year Financial Plan for FY 2021-22 to FY 2030-31, estimated Wastewater Enterprise annual debt service in FY 2021-22 would be \$93.6 million, increasing to \$272.4 million in FY 2030-31. According to Charter Section 8B.124, SFPUC must obtain certification by a qualified third party that the debt service coverage ratio will be at least 1.25x; according to the SFPUC’s 10 Year Financial Plan, estimated annual debt service coverage ratio in FY 2021-22 would be 2.32x, decreasing to 1.43x in FY 2030-31. • The adopted sewer rate increase in FY 2021-22 is 8 percent and estimated increase in FY 2022-23 to FY 2027-28 is 5 percent, reducing to 4 percent in FY 2028-29 to FY 2030-31. The estimated average monthly residential sewer bill will increase by \$6.24 in FY 2021-22 from \$78.00 in FY 2020-21 to \$84.24 in FY 2021-22; and by \$4.21 in FY 2021-22 to \$88.45. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> • Amend File 21-0650 to state that if the SFPUC issues refunding bonds, a Refunding Savings Report and copy of the final Official Statement would be submitted to the Board. • Approve File 21-0650 as amended, and File 21-0648. | |

MANDATE STATEMENT

City Charter Section 8B.124 authorizes the San Francisco Public Utilities Commission (SFPUC) to issue revenue bonds when authorized by ordinance approved by a two-thirds vote of the Board of Supervisors, for the purpose of reconstructing, replacing, expanding, repairing, or improving water facilities, clean water facilities, power facilities, or combinations of water, clean water, and power facilities under the jurisdiction of the Public Utilities Commission or for any other lawful purpose of the water, clean water, or power utilities of the City.

City Charter Section 9.105 states 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

Sewer System Improvement Program

The Sewer System Improvement Program (SSIP) includes multiple projects to improve the existing sewer collection and wastewater treatment facilities. SSIP provides for improvements to the (a) Southeast Treatment Plant Biosolids Digester and Headworks facilities; (b) the three treatment plants – Southeast, Oceanside, and Northpoint; (c) pump stations, force main, transport/storage/collection, odor control, and other components of the sewer transport, collection, storage, and treatment system; (d) stormwater mater management and flood resilience; and (e) land reuse. Phase I of the SSIP is \$3.4 billion and is anticipated to be completed in 2025. The overall SSIP is \$7.0 billion, funded by Wastewater Enterprise Revenue Bonds.

DETAILS OF PROPOSED LEGISLATION

File 21-0650 The proposed ordinance amends Ordinance 20-173, (1) authorizing the San Francisco Public Utilities Commission (SFPUC) to issue and sale tax-exempt or taxable Wastewater Revenue Bonds and other forms of indebtedness in an aggregate amount not-to-exceed \$563,430,430 to finance the costs of various capital wastewater projects; (2) authorizing the issuance of Wastewater Revenue Refunding Bonds and the retirement of outstanding Wastewater Enterprise Commercial Paper; (3) declaring the official intent of the Commission to reimburse itself with one or more issues of tax-exempt bonds or other forms of indebtedness; and (4) ratifying previous actions in connection with the issuance.

File 21-0648 The proposed ordinance (1) appropriates \$213,511,178 of proceeds from revenue bonds, State of California Water Resources Control Board's revolving loan funds (State Loan Funds) or grant funds (State Grant Funds), for the San Francisco Public Utilities Commission (SFPUC) Wastewater Enterprise's Capital Improvement Program for Fiscal Year 2021-22, (2) de-appropriates and re-appropriates \$42,900,587, and (3) places \$256,411,765 in Revenue Bonds or State Loan or Grant Funds by project on Controller's Reserve subject to the Controller's certification of funds availability, including proceeds of indebtedness, and for construction related expenditures (excluding program management, planning and design) for these projects.

Use of funds for these projects is also subject to the prior occurrence of the SFPUC's and the Board of Supervisors' discretionary adoption of California Environmental Quality Act (CEQA) findings for projects, following review and consideration of completed project related environmental analysis, where required.

Funding Sources

File 21-0650 authorizes SFPUC to issue Wastewater Revenue Bonds, or other forms of indebtedness, including State Water Resources Control Board loans, U.S. Environmental Protection Agency Water Infrastructure Finance and Innovation Act loans ("WIFIA Loans"), State Revolving Loan Funds, or other sources. According to SFPUC staff, the proposed ordinance authorizes SFPUC to incur forms of debt other than revenue bond debt because the cost of State and federal loans, when available, is less than the cost of revenue bond debt.

File 21-0650 amends Ordinance 173-20, approved by the Board of Supervisors in August 2020, to increase the authorization for Wastewater Revenue Bonds from \$349,919,252 to \$563,430,430. SFPUC has issued commercial paper to fund portions of the previously authorized \$349,919,252 Wastewater Revenue Bonds. According to SFPUC staff, SFPUC is now requesting an increase in bond authorization from \$349,919,252 to \$563,430,430 primarily to fund the Biosolids Digester Facility Project at the Southeast Treatment Plant.

Proposed Projects

File 21-0648 appropriates \$213,511,178 in new Wastewater Revenue Bond proceeds to Sewer System Improvement projects shown in Exhibit 1 below. This amount of \$213,511,178 is in addition to \$349,919,252 appropriated by the Board of Supervisors to SSIP and other projects in August 2020, totaling \$563,430,400.

Exhibit 1: Prior and New Appropriation

| | File 20-0832 | File 21-0648 | Total |
|-------------------------------|----------------------|-----------------------|----------------------|
| Biosolids Digester | \$81,744,633 | \$214,200,000 | \$295,944,633 |
| Southeast Treatment Plant | 18,390,184 | | 18,390,184 |
| North Point Treatment Plant | 11,094,891 | | 11,094,891 |
| Oceanside Treatment Plant | 15,013,824 | | 15,013,824 |
| Collection System | 13,133,357 | | 13,133,357 |
| Pump Stations | 3,704,212 | | 3,704,212 |
| Flood Resilience | 45,000,000 | (15,000,000) | 30,000,000 |
| Green Infrastructure Projects | 2,316,368 | 6,000,000 | 8,316,368 |
| Subtotal SSIP | \$190,397,469 | \$205,200,000 | \$395,597,469 |
| Collection System | \$45,554,985 | | \$45,554,985 |
| Treasure Island | 35,000,000 | (20,000,000) | 15,000,000 |
| Ocean Beach | 2,416,702 | | 2,416,702 |
| Southeast Community Center | 4,500,000 | | 4,500,000 |
| Islais Creek Outlet | 19,562,178 | (3,715,499) | 15,846,679 |
| Other Projects | \$107,033,865 | (\$23,715,499) | \$83,318,366 |
| Financing, Oversight, Audits | 52,487,888 | 32,026,677 | 84,514,565 |
| Total Uses | \$349,919,222 | \$213,511,178 | \$563,430,400 |

Source: Files 20-0832 and 21-0648

The Attachment describes the projects.

FISCAL IMPACT

Total Wastewater Revenue Bond Authorization

The total SSIP is approximately \$7.0 billion in three phases, funded by Wastewater Revenue Bonds, and the current approved budget for Phase I and other projects is approximately \$3.0 billion.¹ The Board of Supervisors has previously authorized \$3.8 billion in Wastewater Revenue Bonds, of which SFPUC has issued \$3.4 billion and \$406 million is authorized but not yet issued. The SFPUC's policy is to request authorization for bonds and other forms of debt to fund new capital appropriations, even if it has unused bond authority.

File 21-0650 would authorize issuance of \$563.4 million in new Wastewater Revenue Bonds, for total authorized Wastewater Revenue Bond debt of approximately \$4.4 billion.² The proposed ordinance also authorizes the issuance of refunding bonds to refinance outstanding Wastewater Revenue Bond commercial paper debt.

SFPUC Debt Management Policy

SFPUC's Debt Policy provides for issuance of short-term debt, such as commercial paper, and refunding bonds.

Commercial Paper

The Board of Supervisors previously authorized the SFPUC Wastewater Enterprise to issue up to \$750 million in short term commercial paper (File 17-1740). The SFPUC currently has \$538 million in outstanding commercial paper which could be retired by the issuance of new Wastewater Revenue Bonds under the proposed ordinance.

Refunding Bonds

The proposed ordinance does not specify the amount of Wastewater Refunding Bonds that could be issued to refinance outstanding Wastewater Revenue Bond debt. SFPUC anticipates issuing refunding bonds if market conditions result in savings exceeding the minimum 3 percent debt service savings threshold and would not extend the maturity date of the bonds. The proposed ordinance should be amended to state that if the SFPUC issues refunding bonds, a Refunding Savings Report and copy of the final Official Statement would be submitted to the Board of Supervisors.

Bond Issuance and Debt Service

SFPUC anticipates issuing \$563.4 million in two to four series beginning in FY 2021-22. According to the SFPUC's 10 Year Financial Plan for FY 2021-22 to FY 2030-31, estimated Wastewater Enterprise annual debt service in FY 2021-22 would be \$93.6 million, increasing to \$272.4 million

¹ 1st Quarter Report, page 3.

² As noted above, of the \$563.4 million, the Board of Supervisors previously authorized issuance of \$349.9 million (File 20-0382), resulting in a net increase in bond authority of \$213.5 million.

in FY 2030-31. According to Charter Section 8B.124, SFPUC must obtain certification by a qualified third party that the debt service coverage ratio will be at least 1.25x (i.e., net revenues plus available fund balance are 1.25 times the annual principal and interest payments on the debt). According to the SFPUC's 10 Year Financial Plan, estimated Wastewater Enterprise annual debt service coverage ratio in FY 2021-22 would be 2.32x, decreasing to 1.43x in FY 2030-31.

Sewer Rate Increases

To meet operating, capital, and debt expenses, the SFPUC estimates annual sewer rate increases of 5.0 percent. The adopted annual rate increase in FY 2021-22 is 8 percent. The estimated increase in FY 2022-23 to FY 2027-28 is 5 percent, reducing to 4 percent in FY 2028-29 through FY 2030-31. SFPUC estimates that the average monthly residential sewer bill will increase by \$6.24 in FY 2021-22 from \$78.00 in FY 2020-21 to \$84.24 in FY 2021-22; and by \$4.21 in FY 2021-22 to \$88.45.

POLICY CONSIDERATION

Reporting on Bond Issuance to Board of Supervisors

According to Ordinance 111-16, which previously authorized issuance of \$1.1 billion in Wastewater Revenue Bonds, the SFPUC would file with the Clerk of the Board within 30 days of the issuance of the bonds, a report summarizing principal and interest costs, bond maturity, facilities to be funded, and remaining unissued balance. The SFPUC submitted such reports on July 14, 2020. File 21-0650 provides for the continued submission of such reports to the Clerk of the Board.

Wastewater Enterprise Capital Plan and Reserves

SFPUC's fund balance reserve policy requires a fund balance of 90 days or 25 percent of operating expenses. According to the 10 Year Financial Plan, the Wastewater Enterprise fund balance is expected to exceed this level over the 10-year plan period. The 10 Year Financial Plan shows negative net operating revenues in four of the next ten years (i.e., operating revenues are less than expenses) which will draw down on the fund balance, although the fund balance will exceed the minimum amount of 25 percent of operating expenses.

RECOMMENDATIONS

1. Amend File 21-0650 to state that if the SFPUC issues refunding bonds, a Refunding Savings Report and copy of the final Official Statement would be submitted to the Board of Supervisors.
2. Approve File 21-0650 as amended, and File 21-0648.

Attachment: Project Description

Biosolids Digester Facilities Project (\$214,200,000 appropriation)

The Biosolids Digester Facilities project replaces and relocates existing biosolids treatment facilities at the Southeast Treatment Plant with more modern, reliable, and efficient facilities. According to the Wastewater Enterprise Capital Improvement Program FY 2020-21 2nd Quarter Report, the demolition of existing facilities and relocation of utilities and site preparation has been completed. Because construction bids were higher than estimated, SFPUC redesigned components of the project scope to contain costs, and a notice-to-proceed was issued to the construction manager/general contract on July 1, 2020. Project completion is expected in 2027.

The approved Biosolids Digester Facilities project budget is \$1.7 billion and project expenditures as of December 2020 were \$363 million.

Green Infrastructure Projects (\$6,000,000 appropriation)

The Sewer System Improvement Program provides for various green infrastructure projects to manage stormwater runoff. Recently completed projects or projects near completion include the Sunset Boulevard project and Baker Beach Green Street. A Request for Proposals (RFP) for the Yosemite Creek Daylighting project, which has an approved budget of \$17 million, is in progress. Other current projects include the Green Infrastructure Grant Program, budgeted at \$25 million, which allocates grant up to \$765,000 per acre, to projects on private property.

Flood Resilience Projects (\$15,000,000 de-appropriation)

The implementation of the Folsom component of the Flood Resilience Project is now subdivided into two components that separate the tunnel portion of the scope - as opposed to the previous plan calls for a single scope. This has changed the timeline and associated funding requirements for this project.

Treasure Island Project (\$20,000,000 de-appropriation)

The Treasure Island wastewater treatment facility replaces the facility built by the U.S. Navy, with is past its useful life. The RFP for design-build services was advertising, with construction estimated to begin in December 2021, which is later than originally planned, reducing the funding need in the near-term.



TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Sophia Kittler
RE: Appropriation - \$213,511,178 Proceeds from Revenue Bonds, State loans or grants, Wastewater Revenues, De-appropriating and Re-appropriating \$42,900,587 for Wastewater Capital Improvements at the Public Utilities Commission – FY2021-2022]
DATE: June 1, 2021

Ordinance appropriating a total of \$213,511,178 of proceeds from revenue bonds, State of California Water Resources Control Board's revolving loan funds (State Loan Funds) or grant funds (State Grant Funds), for the San Francisco Public Utilities Commission (SFPUC) Wastewater Enterprise's Capital Improvement Program for Fiscal Year 2021-2022, de-appropriating and re-appropriating \$42,900,587 and placing \$256,411,765 in Revenue Bonds or State Loan or Grant Funds by project on Controller's Reserve subject to the Controller's certification of funds availability, including proceeds of indebtedness, and for construction related expenditures (excluding program management, planning and design) for these projects, as applicable, is also subject to the prior occurrence of the SFPUC's and the Board of Supervisors' discretionary adoption of California Environmental Quality Act (CEQA) Findings for projects, following review and consideration of completed project related environmental analysis, where required.

Should you have any questions, please contact Sophia Kittler at 415-554-6153.



To: Angela Calvillo, Clerk of the Board of Supervisors
From: Ashley Groffenberger, Mayor's Budget Director
Date: June 1, 2021
Re: Mayor's FY 2021-22 and FY 2022-23 Budget Submission

Madam Clerk,

In accordance with City and County of San Francisco Charter, Article IX, Section 9.100, the Mayor's Office hereby submits the Mayor's proposed budget by June 1st, corresponding legislation, and related materials for Fiscal Year (FY) 2021-22 and FY 2022-23.

In addition to the Mayor's Proposed FY 2021-22 and FY 2022-23 Budget Book, the following items are included in the Mayor's submission:

- The Annual Appropriation Ordinance and Annual Salary Ordinance, along with Administrative Provisions, physical copies of which will be delivered by the Controller's Office
- The proposed budget for the Office of Community Investment and Infrastructure for FY 2021-22
- 22 separate pieces of trailing legislation (see list attached)
- A Transfer of Function letter detailing the transfer of positions from one City department to another
- An Interim Exception letter
- A letter addressing funding levels for nonprofit corporations or public entities for the coming two fiscal years
- Memo to the Board President requesting for 30-day rule waivers on ordinances
- Request for release of Budget and Appropriations Committee Reserve

Please note the following:

- Technical adjustments to the budget are being prepared, but are not submitted with this set of materials.

Sincerely,

Ashley Groffenberger
Mayor's Budget Director

cc: Members of the Board of Supervisors
Budget & Legislative Analyst's Office
Controller

| DEPT | Item | Relevance to Budget | Type of Legislation |
|-------------|---|--|----------------------------|
| ADM | Critical Repair/Recovery Stimulus COPs | Authorizes COPs to finance or refinance the capital plan in the budget. | Ordinance |
| CON | Prop J Certification - new | Costs related to Prop J services assumed in budget. | Resolution |
| CON | Prop J Certification - previously approved | Costs related to Prop J services assumed in budget. | Resolution |
| CON | Access Line Tax | Sets Access Line Tax. Revenues assumed in budget. | Resolution |
| CON | Neighborhood Beautification Fund | Neighborhood Beautification Fund contribution levels assumed in budget. | Ordinance |
| CON | Supplemental Enterprise Budget - AAO | Amendment to the AAO for the Airport, Port, and the PUC | Ordinance |
| CON | Supplemental Enterprise Budget - ASO | Amendment to the ASO for the Airport, Port, and the PUC | Ordinance |
| DPH | Annual Update to Patient Rates | Fee revenue assumed in budget. | Ordinance |
| DPH | Recurring State Grants | Grant revenue assumed in budget. | Resolution |
| DPH | DPH City Option Payouts | Approves the execution of a payment agreement assumed in budget. | Resolution |
| DPH | Emergency Medical Services Fee Transfer of Function | Transfer of function for positions reflected in the budget | Ordinance |
| HSH | Annual HSH Fund Expenditures | Expenditure plan assumed in budget. | Resolution |
| LIB | In-Kind Grant of Friends of San Francisco Public Library | Grant assumed in budget. | Resolution |
| LIB | In-Kind Grant of Friends of San Francisco Public Library Mission Branch | Grant assumed in budget. | Resolution |
| PUC | Hetch Hetchy Capital Budget | Appropriates funds to support PUC Hetch Hetchy capital budget expenditures. | Ordinance |
| PUC | Wastewater Capital Budget | Appropriates funds to support PUC Wastewater Enterprise capital budget expenditures. | Ordinance |
| PUC | Hetch Hetchy Debt Authorization | Authorizes bond issuance to finance Hetch Hetchy capital projects. | Ordinance |
| PUC | Wastewater Debt Authorization | Authorizes bond issuance to finance Wastewater capital projects. | Ordinance |
| REC | Continuing Flexible Pricing Model for REC Owned Gardens | Continues current pricing model for REC-owned gardens-- revenues reflected in budget. | Ordinance |
| REC | Parking Rates and Codes Revision | Authorizes SFMTA to implement paid parking and revise existing rates at certain parking lots-- revenues reflected in budget. | Ordinance |
| RNT | Direct Administration of the Rent Board Fee | Legislation that allows the Rent Board to directly collect the annual fee on rent-controlled units-- revenues reflected in budget. | Ordinance |
| TTX | Street Artist Fee | Lowers the fee of a street artist certificate— revenues reflected in budget. | Ordinance |



TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Sophia Kittler
RE: 30-Day Waiver Requests
DATE: June 1, 2021

Madam Clerk,

The Mayor's Office respectfully requests 30-day hold waivers for the following pieces of trailing legislation:

- FY2021-2022 & FY2022-2023 Mayor's Proposed Budget and Appropriation Ordinance
- FY2021-2022 & FY2022-2023 Mayor's Proposed Interim Budget and Appropriation Ordinance
- FY2021-2022 & FY2022-2023 Mayor's Proposed Salary Ordinance
- FY2021-2022 & FY2022-2023 Mayor's Proposed Interim Salary Ordinance
- Health Code - Patient Rates for Fiscal Years 2020-2021, 2021-2022, and 2022-2023
- Authorizing Tax-Exempt and/or Taxable Certificates of Participation (Multiple Capital Improvement Projects) - Not to Exceed \$67,500,000
- Appropriation - \$19,344,824 in Proceeds from Revenue Bonds in Hetch Hetchy Water and Power Capital Improvements - De-appropriation and Re-appropriation \$2,000,000 Low Carbon Fuel Standard Fund – FY2021-2022, De-appropriation and Re-appropriation \$6,843,536 Hetchy Revenue funds – FY2020-2021
- Appropriation - \$213,511,178 Proceeds from Revenue Bonds, State loans or grants, Wastewater Revenues, De-appropriating and Re-appropriating \$42,900,587 for Wastewater Capital Improvements at the Public Utilities Commission – FY2021-2022
- Amending Ordinance 172-20---SFPUC Power Revenue Bond Issuance---Not to Exceed [\$162,314,897]
- San Francisco Public Utilities Commission Wastewater Revenue Bond Issuance---Not to Exceed [\$563,430,430]
- Park Code - Non-Resident Fees at Certain Specialty Attractions
- Park Code - Parking Fees
- Police Code - Street Artist Certificate Fee
- Administrative Code - Collection of Rent Board Fee
- Neighborhood Beautification and Graffiti Clean-up Fund Tax Designation Ceiling
- Business and Tax Regulations Code - Emergency Medical Services Fees

Should you have any questions, please contact Sophia Kittler at 415-554-6153.

President, District 10
BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. No. 554-6516
Fax No. 554-7674
TDD/TTY No. 544-6546

Shamann Walton

PRESIDENTIAL ACTION

Date: 6/3/2021

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.

210648

Mayor

(Primary Sponsor)

Title.

Appropriation - Proceeds from Revenue Bonds, State Loans or Grants, Wastewater Revenues - \$213,511,178 - De-appropriating and Re-appropriating - SFPUC Wastewater Capital Improvements - \$42,900,587 - FY2021-2022

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:

(Date)

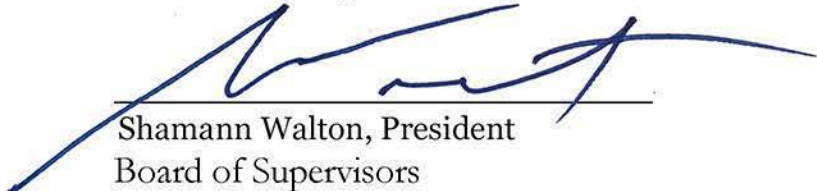
(Committee)

Meeting

Start Time:

End Time:

Temporary Assignment: Partial Full Meeting


Shamann Walton, President
Board of Supervisors

From: [Kittler, Sophia \(MYR\)](#)
To: [BOS Legislation, \(BOS\)](#)
Cc: [Owens, Morgan \(MYR\)](#); [Kittler, Sophia \(MYR\)](#); [Lynn, Andrea \(MYR\)](#); [Scarpulla, John \(PUC\)](#); [Campbell, Severin \(BUD\)](#)
Subject: Mayor -- [Ordinance] -- [Appropriation - \$213,511,178 Proceeds from Revenue Bonds, State loans or grants, Wastewater Revenues, De-appropriating and Re-appropriating \$42,900,587 for Wastewater Capital Improvements at the Public Utilities Commission...]
Date: Tuesday, June 1, 2021 2:56:06 PM
Attachments: [SFPUC Wastewater Capital Ordinance.zip](#)

Attached for introduction to the Board of Supervisors is an **Ordinance appropriating a total of \$213,511,178 of proceeds from revenue bonds, State of California Water Resources Control Board's revolving loan funds (State Loan Funds) or grant funds (State Grant Funds), for the San Francisco Public Utilities Commission (SFPUC) Wastewater Enterprise's Capital Improvement Program for Fiscal Year 2021-2022, de-appropriating and re-appropriating \$42,900,587 and placing \$256,411,765 in Revenue Bonds or State Loan or Grant Funds by project on Controller's Reserve subject to the Controller's certification of funds availability, including proceeds of indebtedness, and for construction related expenditures (excluding program management, planning and design) for these projects, as applicable, is also subject to the prior occurrence of the SFPUC's and the Board of Supervisors' discretionary adoption of California Environmental Quality Act (CEQA) Findings for projects, following review and consideration of completed project related environmental analysis, where required.**

Please let me know if you have any questions.

Sophia Kittler
Liaison to the Board of Supervisors
Office of Mayor London N. Breed
(415) 554 6153 | Sophia.kittler@sfgov.org

From: [Board of Supervisors, \(BOS\)](#)
To: [Wong, Linda \(BOS\)](#)
Subject: FW: URGING CONTINUANCE of June 21, 2021 Budget and Appropriations Committee Agenda Items #1-4 SFPUC Bonds File # 210647 - 210650
Date: Monday, June 21, 2021 8:32:38 AM

For the File

From: aeboken <aeboken@gmail.com>
Sent: Monday, June 21, 2021 4:36 AM
To: BOS-Supervisors <bos-supervisors@sfgov.org>; BOS-Legislative Aides <bos-legislative_aides@sfgov.org>
Subject: URGING CONTINUANCE of June 21, 2021 Budget and Appropriations Committee Agenda Items #1-4 SFPUC Bonds File # 210647 - 210650

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

TO: Board of Supervisors members

I am strongly urging the Budget and Appropriations Committee to continue items #1-4 on the June 21, 2021 agenda re SFPUC debt (files #210647-210650).

The SFPUC Deputy CFO has stated on the record that the SFPUC has a \$6 billion debt portfolio.

As the SFPUC is carrying this level of debt and there has been the announcement of a new SFPUC General Manager, I would urge the BOS to conduct a hearing on the SFPUC's indebtedness prior to the Board's summer recess.

Eileen Boken

Coalition for San Francisco Neighborhoods*

* For identification purposes only.

Sent from my Verizon, Samsung Galaxy smartphone