

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

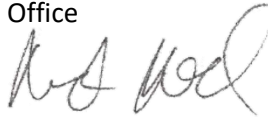
BUDGET AND LEGISLATIVE ANALYST

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Policy Analysis Report

To: Supervisor Connie Chan
From: Budget and Legislative Analyst's Office
Re: Citywide Debt Capacity
Date: May 5, 2026



Summary of Requested Action

Your office requested that the Budget and Legislative Analyst conduct an analysis of Citywide debt capacity, including the impact of relaxing financial policies related to general obligation bonds (G.O. bonds) and certificates of participation (COPs) to allow for more debt to be issued, detail on authorized but unissued G.O. bonds and COPs and opportunities for repurposing these authorizations, and how the City can fund the Westside Potable Emergency Firefighting Water System (PEFWS) project as part of the capital plan.

For further information about this report, contact Nicolas Menard at the Budget and Legislative Analyst's Office.

Executive Summary

- The City has two primary funding sources for funding General Fund capital projects: general obligation bonds (GO bonds), which require voter approval and are paid for by property taxes, and certificates of participation (COPs), which are paid directly from the General Fund.
- The City has financial policies that limit its use of these types of debt. The Capital Planning Committee projects that the City will reach its G.O. bond debt capacity constraint in approximately FY 2031-32, and that the City will reach its COP debt capacity constraint in approximately FY 2028-29.
- Under City policy established in the capital plan, the property tax rate used to repay G.O. bonds may not exceed the 2006 rate, which is 0.1201 percent of assessed value, or \$120.10 per \$100,000 of assessed value. The FY 2025-26 authorized property tax rate to repay G.O. bonds is 0.1105 percent of assessed value, or approximately .01 percent below the 2006 rate.
- If the City were to lift or loosen the policy limiting the general obligation bond property tax rate to the 2006 level, the City could expand its G.O. bond program to

Budget and Legislative Analyst

fund more capital projects. For each 0.01 percentage point increase in the property tax rate, the City could issue \$410 million of additional general obligation bonds.

- Increasing the City's debt policy limit for general obligation bonds has trade-offs. For the median valued single-family homeowner, a 0.01 percentage point increase in the property tax rate would increase property taxes by \$75, or from \$8,928 to \$9,003 in FY 2025-26. San Francisco had the eighth highest property tax rate in the California in FY 2024-25. Were San Francisco to increase its property tax rate by .01 percent to cover greater G.O. bond debt service, San Francisco would have the sixth highest average property tax rate. Further, if the City were to relax its debt policy, it could be a contributing factor in a downgrading of the G.O. bond and COP credit ratings. Staff from the Office of Capital Planning also cite the 2006 property tax constraint as a key to the City's strong electoral track record in approving G.O. bonds.
- Under City policy established in the Administrative Code, the annual debt service paid on COPs may not exceed 3.25 percent of General Fund aggregate discretionary revenue. We estimate that the City could increase its COP debt capacity by approximately \$128 million for every quarter-point increase to the 3.25 percent limit, requiring approximately \$13.2 million in additional debt service, paid by the General Fund. Any increase to COP debt service would exacerbate the projected General Fund deficit and require equal reductions in other expenditures.
- Between 2016 and 2024, voters authorized \$3.1 billion in general obligation bonds, of which \$1.19 billion is unissued. This report provides detail on the programs and projects that have authorized but unissued GO bond debt. Projects with older debt authorizations that have not begun construction total approximately \$309 million in unissued bonds that potentially could be repurposed to other projects. Repurposing these funds would require voter approval if the new uses fall outside of the programs authorized by voters for each bond.
 - \$216.3 million from the 2018 Seawall Bond for the Port,
 - \$53.1 million from the 2020 ESER Bond for Disaster Response Facilities (Fire Station 7, Taraval Police Station, and unallocated funding)
 - \$29.2 million from the 2020 Health and Recovery Bond for HSH, and
 - \$10 million from the 2020 Health and Recovery Bond in Recreation & Park funding for the Community Opportunity Fund, Playgrounds, and Sustainability.
- Between 2013 and 2025, the Board of Supervisors has authorized \$664.8 million in COP debt for projects, of which \$352.4 million is unissued. This report provides detail on the programs and projects that have authorized but unissued GO bond debt. We

identified \$1.9 million in unprogrammed funds from 2023 COPs authorized for SRO elevator repair.

- The Capital Plan also includes \$367 million in future COP issuances from FY 2026-27 through FY 2031-32 to rebuild the Hall of Justice (HOJ), as well as \$15 million in annual lease payments for former HOJ tenants that have already moved to leased space, which limits the City's ability to issue COPs now due the debt limit. In addition, the Board of Supervisors authorized \$46.6 million in COPs to HOJ projects in 2019, of which \$39.6 million has not been issued, and \$15.2 million of more recent critical repair COPs that are also unissued. Together, these unissued COPs total \$422 million. We estimate the new HOJ would cost at least \$367 million in one-time expenses, which is less than the \$422 million of COP capacity currently dedicated to this project. In addition, if former HOJ tenants relocate to a new HOJ, it would save the City \$15 million per year, providing \$250 million in new one-time COP capacity. Any potential savings would likely not be known until the City has acquired or leased new sites for HOJ functions and design work has been initiated, which could start in FY 2028-29.
- The San Francisco Public Utilities Commission and Fire Department are jointly funding an expansion of the Potable Emergency Firefighting Water System (PEFWS) with SFPUC revenue bonds and general obligation bonds. The total remaining unfunded cost of the westside PEFWS expansion is \$1.3 - \$1.4 billion. Fully funding the PEFWS system for the westside will likely take 25 years, given financial policy constraints in both capital plans.

Policy Options

The Board of Supervisors could work with the Mayor Budget Office, Office of Public Finance, and Capital Planning staff to:

1. Increase the City's debt policy limits regarding general obligation bonds and certificates of participation debt.
2. Repurpose up to \$309 million in authorized but unused general obligation bond debt to new projects
3. Repurpose up to \$1.9 million in authorized but unused certificate of participation debt to new projects.
4. Re-evaluate \$422 million of certificate of participation debt dedicated to Hall of Justice projects in FY 2028-29.

All of these options would require cooperation of the administration and approval of the majority of the Board of Supervisors (to approve changes to debt policies, appropriations, and transaction

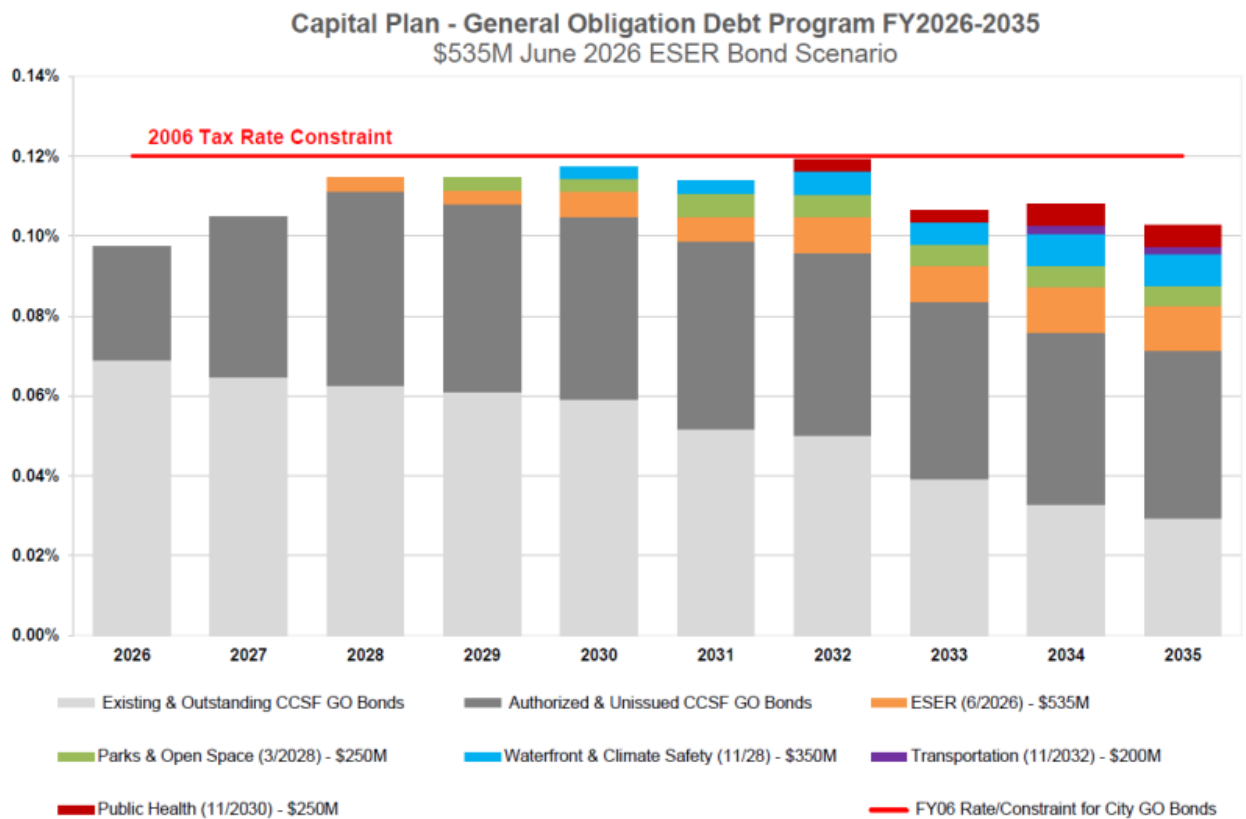
documents). Repurposing general obligation bond uses would require voter approval if the new uses fall outside of the programs authorized by voters for each bond.

Project Staff: Nicolas Menard and Reuben Holober

Introduction

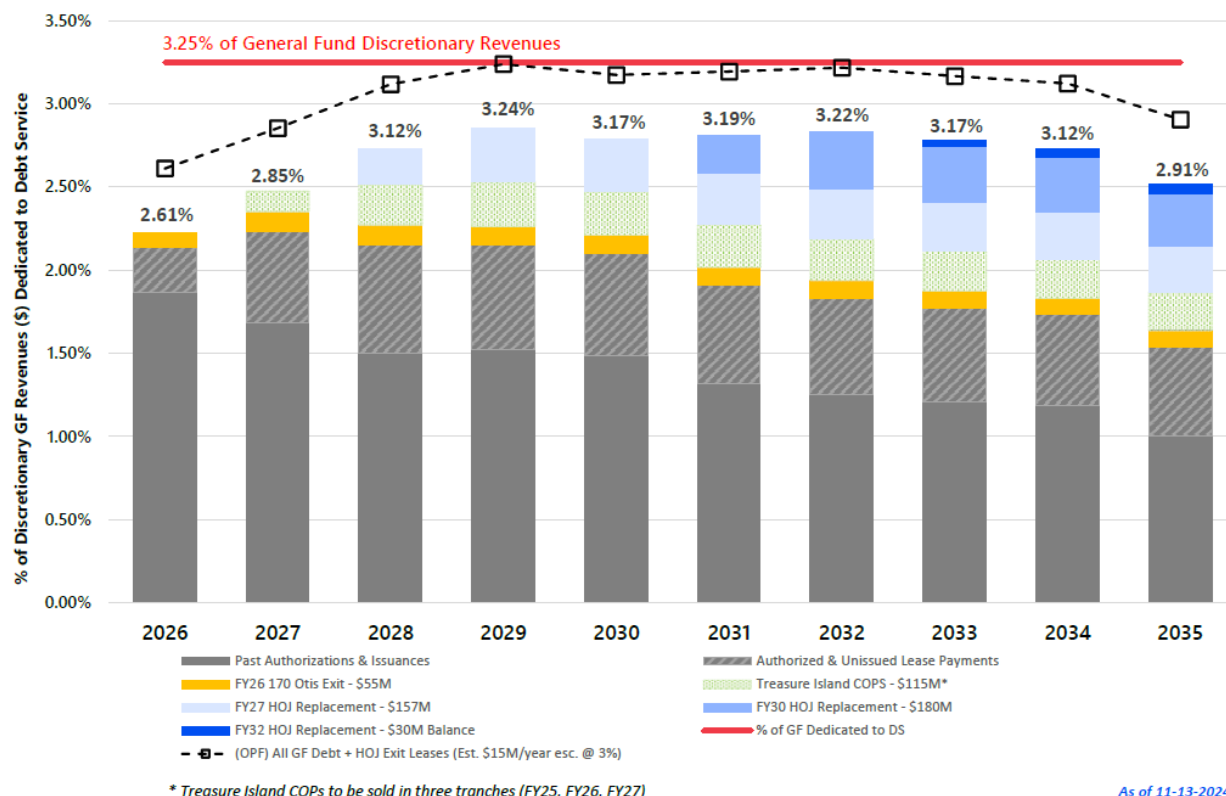
Your office requested that we conduct an analysis of Citywide debt capacity, including the impact of relaxing financial policies related to general obligation bonds (G.O. bonds) and certificates of participation (COPs) to allow for more debt to be issued, detail on authorized but unissued G.O. bonds and COPs and opportunities for repurposing these authorizations, and how the City can fund the Westside Emergency Firefighting Water System (EFWS) project as part of the capital plan. As shown below in Exhibits 1 and 2, the Capital Planning Committee projects that the City will reach its G.O. bond debt capacity constraint in approximately FY 2031-32, and that the City will reach its COP debt capacity constraint in approximately FY 2028-29.

Exhibit 1: FY 2026-35 General Obligation Bond Debt Program



Source: Capital Planning Presentation to January 14, 2026 Budget & Finance Meeting (File 25-1215)

Exhibit 2: FY 2026-35 Certificate of Participation Debt Program



Source: Office of Public Finance

General Obligation Bond Policy

General obligation bonds (G.O. bonds) are voter approved and repaid from property tax revenues. Under City policy, the property tax rate used to repay G.O. bonds may not exceed the 2006 rate, which is 0.1201 percent of assessed value, or \$120.10 per \$100,000 of assessed value. The FY 2025-26 authorized property tax rate to repay G.O. bonds is 0.1105 percent of assessed value, or approximately .01 percent below the 2006 rate.¹ With anticipated future bond issuances, the Capital Planning Committee estimates that the City will approach the 2006 property tax rate in approximately FY 2031-32. The City Charter also limits the total bond debt limit to three percent of the total citywide net assessed value, which is approximately \$10.74 billion in FY 2025-26. As of December 2025, the total outstanding G.O. bond indebtedness (including anticipated issuances) was approximately \$2.67 billion, or approximately \$8.07 billion below the Charter limit.

¹ The property tax rate is set each year based on the schedule of expected general obligation bond payments that year. For this reason, it may differ from the property tax rate for GO bonds in the capital plan, which is estimated based on a set of assumptions regarding bond payments over ten years to inform the capital planning process.

Potential Relaxation of City Debt Policy

If the City were to lift or loosen the policy limiting the property tax rate to the 2006 level, the City could expand its G.O. bond program to fund more capital projects. We developed a basic model to estimate the additional debt capacity possible if the City were to raise the maximum property tax rate in 0.01 percent increments, up to a maximum increase of 0.06 percentage points over the current limit of 0.1201 percent of assessed value. Assuming G.O. bonds are issued at a 6.0 percent interest rate for a 20-year term, the City would be able to increase G.O. bond debt capacity principal by approximately \$410 million for each 0.01 percent additional property tax rate. Our estimates are shown in Exhibit 3 below.

Increasing the debt limit for general obligation bonds would require changes to the City's debt policies, which require Board of Supervisors approval and cooperation of the administration.

Exhibit 3: Estimated G.O. Bond Debt Capacity Additional Principal with Increase to 2006 Limit

Additional Property Tax Rate	Additional Annual Debt Service	Total Additional Debt Service	Total Additional Debt Principal
0.01%	\$35,784,254	\$715,685,078	\$410,442,573
0.02%	\$71,568,508	\$1,413,370,157	\$820,885,147
0.03%	\$107,352,762	\$2,147,055,235	\$1,231,327,720
0.04%	\$143,137,016	\$2,862,740,314	\$1,641,770,293
0.05%	\$178,921,270	\$3,578,425,392	\$2,052,212,867
0.06%	\$214,705,524	\$4,294,110,470	\$2,462,655,440

Source: BLA estimates. Assumes 6.0 percent interest rate on 20-year bonds.

According to the Office of Public Finance (OPF), G.O. bonds with a taxable use (such as housing) would have a higher interest rate. For taxable use, OPF estimates that increasing the property tax rate by 0.01 percent above the 2006 rate would result in approximately \$375 million of debt principal, rather than \$410 million.

Impact on Property Taxes

As noted above, City policy limits the property tax rate used to repay G.O. bonds to the 2006 rate, which is 0.1201 percent of assessed value, or \$120.10 per \$100,000 of assessed value. According to the Controller's Office, the median assessed value of a single-family home in San Francisco in FY 2024-25 was \$746,931. With the maximum two percent increase allowed under Proposition 13, this amount would increase to \$761,870 in FY 2025-26, and then reduced to \$754,870 after the \$7,000 homeowner's exemption. For a home with this taxable amount of \$754,870, the maximum property tax paid to repay G.O. bonds under the 2006 limit would be \$906.79. For every 0.01% increase above the 2006 limit, homeowners would pay approximately

\$75.49 per year in additional property taxes for a median single-family home, as shown in Exhibit 4 below.

Exhibit 4: Impact on Property Taxes for Median-Value Single Family Home

Increase in Tax Rate	Total Property Tax	Property Tax to Repay G.O. Bonds	Increase from 2006 Limit
None (2006 Limit, 0.1201%)	\$8,928	\$907	\$0
0.01%	\$9,003	\$982	\$75
0.02%	\$9,079	\$1,058	\$151
0.03%	\$9,154	\$1,133	\$226
0.04%	\$9,230	\$1,209	\$302
0.05%	\$9,305	\$1,284	\$377
0.06%	\$9,381	\$1,360	\$453

Source: BLA estimates using Controller's Office data. Assumes a median single-family home assessed value of \$761,870 in FY 2025-26 with a \$7,000 homeowner's exemption.

The Controller's Office estimates that the total property tax bill for a median single-family home in FY 2025-26 is \$8,927.72, so an increase of \$75.49 would be an increase of approximately 0.85 percent to the median tax bill.

Comparison of Property Taxes Statewide

According to the State Board of Equalization, San Francisco's property tax rate of approximately 1.174 percent in assessment year 2024-2025 was the eighth highest average property tax rate in the state out of 58 counties.² Were San Francisco to increase its property tax rate by .01 percent to cover greater G.O. bond debt service, San Francisco would have the sixth highest average property tax rate in assessment year 2024-2025 at 1.184 percent. Kern County had the highest average property tax rate in assessment year 2024-2025 at 1.248 percent, while Modoc and Sierra Counties tied for the lowest average property tax rate at 1.00 percent (the base rate under Proposition 13). Santa Clara County had an average property tax rate of 1.193 percent, which was the fifth highest property tax rate in California. A list of the 15 California counties with the highest average property tax rates is shown in Appendix 1 to this report.

Property taxes differ among counties due to local preferences. For example, Orange County has no general obligation bond debt, despite having \$820 billion of assessed valuation of property in that jurisdiction, and for that reason has the 45th lowest property tax rate (1.064%) out of California's 58 counties.

² Board of Equalization data shows an average property tax rate for each county that accounts for varying tax rates in different cities, school districts, and special districts within each county.

Risks to Relaxing Debt Policy

In recent years, the City has generally maintained high credit ratings, implying that the default risk to bond investors is very low. In 2024, Moody's downgraded San Francisco's G. O. bond debt from AAA, its top rating, to Aa1, one step below AAA. At the same time, Moody's changed its outlook for San Francisco from negative to stable. As of March 2026, San Francisco G.O. bonds are rated AAA by Fitch, Aa1 by Moody's, and AA+ by S&P. In recent rating reports, all three rating agencies cite the City's strong financial policies, with S&P specifically noting "a levy rate policy that constrains new issuances." In their most recent credit opinions, S&P and Fitch have a negative outlook for San Francisco due to its financial condition, while Moody's had a stable outlook for the City.

If the City were to relax its debt policy, it could be a contributing factor in a downgrading of the G.O. bond and COP credit ratings. A downgraded credit rating would result in increased interest rates, so there would be a higher cost to issuing debt. According to the Government Finance Officers Association, a professional association and research organization, a credit rating downgrade from AAA to AA results in an increase in interest rates for new debt by 0.11%, with a range of 0.09% to 0.25% ninety percent of the time.³ For example, in the scenario above where the City relaxes its policies to increase the property tax rate to 0.01 percent above the 2006 level, a 6.0 percent G.O. bond interest rate over a 20-year term yields approximately \$410 million in additional debt capacity principal. However, if the interest rate were increased to 6.1 percent, the additional debt capacity principal would be reduced to \$407 million, as a larger percentage of the debt service would be needed to pay interest.

Staff from the Office of Capital Planning also cite the 2006 property tax constraint as a key to the City's strong electoral track record in approving G.O. bonds. From 1990 through 2005, the City placed 32 G.O. bond measures on the ballot, and only 14 received the two-thirds supermajority needed to pass (44 percent success rate). Since establishing the 2006 property tax rate constraint in the original 2007 Capital Plan, the City has placed 25 G.O. bond measures on the ballot, and 23 have passed (92 percent success rate). If the City were to lift or relax the 2006 property tax constraint and homeowners were faced with larger tax bills, future G.O. bond measures may not succeed as frequently, which would undermine the City's capital plan.

Certificates of Participation

Certificates of Participation (COPs) are debt instruments used to fund capital projects. They do not require voter approval because they are structured as a "financing lease," an exception to

³ "Rethinking Reserves," *Government Finance Officers Association*, 2023.

the California Constitutional debt limit.⁴ COPs have a lease-lease back structure, in which City-owned properties are leased to a trustee to secure the COPs and the trustee then leases the property back to City for its continued use. The City's leaseback payments are equal to debt service for outstanding COPs. Once the COPs are fully paid, the property lease is terminated.

Under City policy, the annual debt service paid on COPs may not exceed 3.25 percent of General Fund aggregate discretionary revenue. The Capital Planning Committee estimates that the City will pay approximately 2.61 percent of General Fund discretionary revenue in FY 2025-26 and that the City will approach the 3.25 percent constraint in FY 2028-29. If the City were to relax this policy, the City would be able to expand the COP program to fund more capital projects.

Increasing the debt limit for certificates of participation would require changes to the City's debt policies, which require Board of Supervisors approval and cooperation of the administration. In addition, the Board of Supervisors would need to amend Administrative Code Section 10.62(b)(3), where the 3.25 percent debt limit is codified.

We developed a model similar to the G.O. bond model above to estimate the total debt capacity the City could obtain if it were to allow a larger percentage of General Fund revenues to pay COP debt service. We estimate that using FY 2025-26 budgeted revenues, the City could increase its COP debt capacity by approximately \$128 million for every quarter-point increase to the 3.25 percent limit, as shown in Exhibit 5 below. Each 0.25 percent increase in the City's COP limit would allow for approximately \$12 million of new annual debt service funded by the General Fund using FY 2025-26 budgeted revenues. This model assumes that COPs are issued at a 6.5 percent interest rate for a term of 20 years.

Exhibit 5: Estimated COP Debt Capacity Additional Principal with Increase to General Fund Revenue Constraint (FY 2025-26)

FY 2025-26 General Fund Discretionary Revenue			\$4,660,000,000
General Fund Revenue Paid to COP Debt Service	COP Principal Debt Capacity	Increase to COP Debt Capacity	Annual Debt Service Limit
3.25% (Current Limit)	\$1,668,752,923	-	\$151,450,000
3.50%	1,797,118,532	128,365,609	163,100,000
3.75%	1,925,484,141	256,731,219	174,750,000
4.00%	2,053,849,751	385,096,828	186,400,000
4.25%	2,182,215,360	513,462,438	197,340,250

Source: BLA estimates using Controller's Office data. Assumes COPs are issued at a 6.5% interest rate for 20-year terms.

⁴ "Legal Foundations for Lease Financing in California," California Debt and Investment Advisory Commission,

The Office of Public Finance (OPF) typically assumes that approximately 15 to 20 percent of COP proceeds are required for costs of issuance, capitalized interest, and reserves, although this amount may be closer to 25 percent for a smaller COP issuance. So, if an additional \$128 million in COPs were to be issued due to larger debt capacity, the actual proceeds available for the City's capital plan would be approximately \$102 to \$109 million.

As noted above, unlike G.O. bonds, which are repaid by property tax dedicated to debt service, COPs are repaid with General Fund revenues. The City's Five-Year Financial Plan Update, issued March 2026 by the Controller's Office, Mayor's Office, and Budget and Legislative Analyst's Office, shows a projected General Fund deficit of approximately \$168.5 million in FY 2026-27, increasing to \$1.09 billion in FY 2029-30. We estimate that with the current 3.25 percent constraint, the maximum that the City would be able to spend on COP debt service in FY 2026-27 is approximately \$171.5 million.⁵ For every quarter-point increase to the constraint, the limit would increase by approximately \$13.2 million in FY 2026-27. Any increase to COP debt service would exacerbate the projected General Fund deficit and require equal reductions in other expenditures.

Unfunded Needs and Potential Uses of Funds

The City's FY 2026-35 Capital Plan lists 16 General Fund programs and projects that have been deferred due to a lack of funding, totaling an estimated cost of approximately \$7.5 billion in deferred needs. These projects are shown in Exhibit 6 below.

⁵ Assuming \$5.28 billion in aggregate discretionary revenues in FY 2026-27, as projected in the March 2026 Update to the Joint Report

Exhibit 6: Capital Plan General Fund Deferred Projects

Projects	Amount Funded	Amount Deferred
Renewal Investments		
Facilities	\$1,546,000,000	\$1,233,000,000
Streets	1,109,000,000	1,020,000,000
Other Right-of-Way Assets	198,000,000	106,000,000
<i>Renewal Investments Subtotal</i>	<i>\$2,853,000,000</i>	<i>\$2,359,000,000</i>
Capital Enhancement Investments		
Kezar Pavillion Seismic Upgrade	\$20,000,000	\$120,000,000
1001 Polk Replacement Shelter Project		187,000,000
Taraval Station Structural Improvements/Replacement		168,000,000
New Police Shooting Range – Lake Merced		92,000,000
Other Earthquake & Safety Improvements	650,000,000	711,000,000
Curb Ramp Program	193,000,000	226,000,000
Street Tree Planting & Establishment	30,000,000	217,000,000
Street Tree Maintenance & Sidewalk Repair	259,000,000	82,000,000
Other Parks, Open Space, & Greening Improvements	762,000,000	107,000,000
New Harvey Milk Plaza	25,000,000	21,000,000
Other Street Infrastructure Improvements	466,000,000	1,574,000,000
Utility Undergrounding	-	1,630,000,000
<i>Capital Enhancement Subtotal</i>	<i>\$2,405,000,000</i>	<i>\$5,129,000,000</i>
Total	\$5,258,000,000	\$7,494,000,000

Source: FY 2026-35 Capital Plan. Estimates are rounded to the nearest million dollars.

If the City were to amend its financial policies to incur more debt, some of these projects could be wholly or partially funded. In addition to the deferred projects, the Capital Plan lists several “emerging” projects which are being studied but for which estimated costs are not yet known.

In addition to maintaining and enhancing the City’s capital assets, capital spending provides a local economic stimulus in the form of construction and construction related jobs. The Capital Plan estimates that one job is created for every \$250,000 in capital spending. However, increasing the debt limit alone may not allow for immediate construction of new projects, as many projects will still require planning and design work.

These additional benefits from new capital spending must be balanced against the City’s funding constraints, financial condition, and impact on its credit ratings.

Authorized and Unissued Debt

G.O. Bonds

We reviewed G.O. bonds that have been authorized by the voters, but for which the total approved amount has not been issued. We identified seven approved G.O. bonds that have not been fully issued, as shown in Exhibit 7 below.

Exhibit 7: Approved G.O. Bonds that Have Not Been Fully Issued (As of March 2026)

Year and Bond Name	Authorized Amount	Issued Amount	Unissued Amount
2016 Preservation & Seismic Safety (PASS)	\$260,684,550	\$213,220,000	\$47,464,550
2018 Embarcadero Seawall Safety	425,000,000	208,690,000	216,310,000
2019 Affordable Housing Bond	600,000,000	492,460,000	107,540,000
2020 Earthquake Safety & Emergency Response (ESER)	628,500,000	385,515,000	242,985,000
2020 Health & Recovery Bond	487,500,000	374,805,000	112,695,000
2024 Affordable Housing Bond	300,000,000	147,230,000	152,770,000
2024 Healthy, Safe, & Vibrant SF Bond	390,000,000	83,635,000	306,365,000
Total	\$3,091,684,550	\$1,905,555,000	\$1,186,129,550

Source: Office of Public Finance

Due to the recency of the 2024 Affordable Housing and Healthy, Safe, and Vibrant San Francisco bonds, as well as the limited potential usage of the PASS bond, we focused on the 2018 Embarcadero Seawall Safety, 2019 Affordable Housing, 2020 Earthquake Safety and Emergency Response (ESER), and 2020 Health and Recovery bonds to analyze the spending plans for authorized funds that have not been issued.

Changes to the use of G.O. bond proceeds may require voter approval if the new spending falls outside of the uses authorized by voters. In addition, changing the uses of any previously approved bond sales would require Board of Supervisors approval (to amend appropriation authority and approve new transaction documents) as well as cooperation of the administration.

2018 Embarcadero Seawall Bond

Of the \$425 million authorized by San Francisco voters in 2018 for the Embarcadero Seawall Safety Bond, the City has issued \$208.7 million in bonds, leaving \$216.3 million that has been authorized but unissued. The funds issued to date have largely been used for planning, engineering, design, U.S. Army Corps of Engineers studies, risk assessments, and program labor. The issued bonds have funded construction for two projects, the Wharf J9 Replacement Project (estimated completion in Feb. 2026) and Fisherman's Wharf Forward Project (Phase 1 estimated to be complete in July 2026; Phase 2 in conceptual design phase and estimated to be complete in 2033).

The Port has identified six other priority projects for potential funding: (1) Pier 9 Seawall Earthquake Safety Project; (2) Pier 15 Seawall Earthquake Safety Project; (3) South Beach Coastal Resilience Project; (4) Downtown Coastal Resilience Project; (5) Ferry Building Area Earthquake Reliability Project; and (6) Pier 50 Earthquake Reliability Project. The Port has awarded design contracts for the Piers 9 and 15 projects (in a joint contract for \$3 million) and the South Beach Coastal Resilience Project (35 percent design for \$9.9 million). Between the Pier 9, Pier 15, South

Beach, and Downtown projects, the Port estimates a total construction cost of approximately \$950 million, or more than double the total authorized bond amount. The Ferry Building and Pier 50 project costs have not been estimated, and contracts have not been awarded for these projects. Port staff estimate that of the remaining unissued \$216.3 million, approximately \$136 million would be used for project construction, and approximately \$80.3 million would be used for project final design, as shown in Exhibit 8 below. The Port has not determined which of the specific projects listed above that would be funded under future bond issuances. However, the Port reports that project needs will be better understood over the next year and plans to request another sale of these bonds in late 2027/early 2028.

Exhibit 8: 2018 Seawall Bond Planned Uses of Unissued Debt

Planned Uses	Amount
Construction (Projects TBD)	\$136,000,000
Final Design (Projects TBD)	80,300,000
Total	\$216,300,000

Source: Port

2019 Affordable Housing Bond

Of the \$600 million authorized by San Francisco voters in 2019 for the Affordable Housing Bond, the City has issued \$492.5 million in bonds, leaving \$107.5 million that has been authorized but unissued. The Mayor's Office of Housing and Community Development (MOHCD) typically combines bond proceeds with other City funds in loan funding to affordable housing developers. In addition to City funding, the projects are typically also funded with State grants and private financing. The bond authorization approved by voters specifically allocates \$150 million for public housing, \$220 million for low-income housing, \$60 million for preservation and middle-income housing, \$150 million for senior housing, and \$20 million for educator housing. Prior bond sales have used up the allocations for public housing, low-income housing, and educator housing, leaving approximately \$98 million for senior housing and \$6.5 million for middle income housing for future bond sales.

MOHCD is planning a final sale of 2019 GO bonds in 2026 to draw on the remaining bond authority. The Department has identified four senior housing projects to receive funding: (1) Treasure Island E1.2 Senior (100 units, \$27 million in bond funding); (2) Freedom West Senior (115 units, \$20 million in bond funding); (3) 772 Pacific (175 units, \$35 million in bond funding); and (4) 1939 Market Street (187 units, \$15.3 million in bond funding), as shown in Exhibit 9 below. In addition, MOHCD plans to use \$6.25 million of bond proceeds to fund a downpayment assistance program (a middle-income housing program). If the Board of Supervisors approves the upcoming bond sale, there will be no remaining 2019 GO bond authority for affordable housing.

Exhibit 9: 2019 Affordable Housing Bond Planned Uses of Unissued Debt

Planned Uses	Amount
Projects with 2019 G.O. Bond Allocations	
772 Pacific	35,000,000
Treasure Island E1.2 Senior	27,000,000
Freedom West Senior	20,000,000
1939 Market	15,261,828
Downpayment Assistance	6,250,000
Total	\$103,511,828

Source: MOHCD

2020 ESER Bond

Of the \$628.5 million authorized by San Francisco voters in 2020 for the ESER Bond, the City has issued \$385.5 million in bonds, leaving \$243 million that has been authorized but unissued. Of the \$242.8 million that has been authorized but unissued, approximately \$108.2 million is allocated to the Fire Training Facility Project, \$75 million is allocated to the Emergency Firefighting Water System (EFWS), \$53.1 million is allocated to Disaster Response Facilities, and \$5.7 million is allocated to oversight, accountability, and cost of issuance.⁶ Under previous issuances, the City has allocated approximately \$162.7 million to the Fire Training Facility Project, \$119.2 million to District Police Stations and Support Facilities, \$76.1 million to the EFWS, \$15.9 million to Disaster Response Facilities, \$8.9 million to 9-1-1 Response Facilities, and \$3.8 million to oversight, accountability, and cost of issuance.

The 2020 ESER Bond allocates approximately \$68.9 million to Disaster Response Facilities, which was initially intended to fund the Kezar Pavilion Renovation Project. The estimated total project cost has increased from \$88 million to \$140 million as the project has gone through the design phase. As a result, the Capital Planning Committee has shifted \$50 million from this project to demolish and rebuild the seismically unsafe Fire Station 7 (\$43.3 million) and renovate and expand the Taraval Police Station (\$6.7 million). The Capital Planning Committee plans to place a \$250 million Parks and Open Space G.O. bond on the March 2028 ballot that would include approximately \$120 million to fund the Kezar Pavillion project. Planned uses of the 2020 ESER unissued bond debt are shown in Exhibit 10 below.

⁶ The totals may not add precisely due to uncertainty in the actual bond proceeds available for capital projects after issuance costs.

Exhibit 10: 2020 ESER Bond Planned Uses of Unissued Debt

Planned Uses	Amount
Emergency Firefighting Water System (EFWS)	\$75,042,434
Fire Training Facility Project	108,155,551
Neighborhood Fire Station 7	43,300,000
Taraval Police Station	6,700,000
Kezar Project Planning	3,082,143
Oversight, Accountability, & Cost of Issuance	6,558,079
Total	\$242,838,207

Source: Capital Planning Committee, DPW

The Fire Station 7, Taraval Police Station, and Kezar project are all in the planning phase, with design work to follow before construction can begin in two to three years. The Fire Training Facility began construction in January 2026. The EFWS project is ongoing and discussed below.

2020 Health and Recovery Bond

Of the \$487.5 million authorized by San Francisco voters in 2019 for the Health and Recovery Bond, the City has issued \$374.8 million in bonds, leaving \$112.7 million that has been authorized but unissued. Of the \$112.7 million that has been authorized but unissued, approximately \$29.2 million is allocated to the Department of Homelessness and Supportive Housing (HSH), \$40 million is allocated to the Recreation and Park Department (RPD), and \$43.5 million is allocated to the Department of Public Health (DPH). Under previous issuances, the City has allocated approximately \$117.8 million in bond proceeds to HSH, \$199 million to RPD, \$16.5 million to DPH, and \$41.5 million to the Department of Public Works (DPW).

HSH has used bond funds to purchase permanent supportive housing sites at 835 Turk, 685 Ellis, 1035 Van Ness, and 1633 Valencia, as well as acquisition and development of a transitional aged youth (TAY) navigation center at 888 Polk Street. HSH has not determined uses for the remaining \$29.2 million, although, per the bond authorization approved by voters, it must be used for adult supportive housing acquisition. The \$43.5 million in unissued bond funding allocated to DPH would be spent on the Treasure Island Residential Step-Down Facility (\$42.1 million), which is expected to start construction in November 2026, and the Health, Recovery, and Connection Center (\$1 million). The \$39.2 million in unissued bond funding allocated to RPD would be spent on the following projects and programs: (1) Crocker Amazon Park (\$14.5 million); (2) Jackson Playground (\$10 million); (3) Citywide Parks (Golden Gate Park, John McLaren Park, and Lake Merced, \$4.7 million combined); (4) Community Opportunity Fund (\$5.9 million); (5) Playgrounds (\$3 million); and (6) Sustainability (\$1.2 million). The Crocker Amazon Park and Jackson Playground projects leverage approximately \$40 million combined in private funding. The planned uses of unissued bond debt are shown in Exhibit 11 below.

Exhibit 11: 2020 Health and Recovery Bond Planned Uses of Unissued Debt

Planned Uses	Amount
HSB – Adult Supportive Housing Acquisition	\$29,220,000
DPH – Treasure Island Residential Step-Down	42,100,000
DPH – Health, Recovery, and Connection Center	1,000,000
RPD – Crocker Amazon Park	14,500,000
RPD – Jackson Playground	10,000,000
RPD – Citywide Parks	4,650,000
RPD – Community Opportunity Fund	5,900,000
RPD – Playgrounds	3,000,000
RPD – Sustainability	1,100,000
Total	\$111,470,000

Source: HSB, DPH, RPD

RPD provided an update on the following the unspent bond funding:

- Citywide Parks will be used for improvements at McLaren, Golden Gate, and Lake Merced Parks
- Community Opportunity Fund monies are used for resident-initiated park improvements. RPD received 37 applications for projects between January and March 2026 and RPD plans to spend down this portion of the bond over the next three to four years.
- Playground monies will be used to fund construction for the following projects: Tenderloin Recreation Center (in construction), Randolph & Bright Mini Park (in design phase), Crocker Amazon Purple Playground (in planning phase), and Silver Terrace athletic field (in the planning phase). These projects are jointly funded by a \$5 million grant from KABOOM!.
- Sustainability monies will be used to fund the India Basin Waterfront Park project.

Potential to Repurpose Authorized G.O. Bond Debt to Other Projects

If the Board of Supervisors wished to fund other priorities rather than those identified above, the Board should work with the Capital Planning Committee to identify other uses for G.O. bonds, and re-allocate planned G.O. sales to other projects. The following projects have authorized but unissued debt and have not begun construction:

- \$216.3 million unissued from the 2018 Seawall Bond,
- \$53.1 million for Disaster Response Facilities (Fire Station 7, Taraval Police Station, and unallocated funding) from the 2020 ESER Bond,
- \$29.2 million in unallocated funds for HSB in the 2020 Health and Recovery Bond, and
- \$10 million in RPD funding for the Community Opportunity Fund, Playgrounds, and Sustainability in the 2020 Health and Recovery Bond.

Cumulatively, these bonds provide approximately \$309 million in unissued funds that potentially could be repurposed to other projects.⁷ Repurposing these funds would require voter approval if the new uses fall outside of the programs authorized by voters for each bond. The Board of Supervisors could also engage in further discussions with the Office of Capital Planning to discuss why certain projects were prioritized over others in the Capital Plan.

Certificates of Participation

We reviewed COPs that have been authorized by the Board of Supervisors, but for which the total approved amount has not been issued. We identified eleven approved COPs that have not been fully issued, as shown in Exhibit 12 below.

Exhibit 12: Authorized and Unissued COPs (As of March 2026)

COP	Project Fund Authorized	Amount Issued	Remaining Project Fund
2013 Treasure Island Improvement Project	\$10,000,000	\$0	\$10,000,000
2016 Housing Trust Fund Projects *	\$75,000,000	\$26,912,683	\$48,087,317
2019 Hall of Justice Relocation Projects	\$46,635,000	\$6,983,645	\$39,651,355
2019 HOPE SF Projects	\$56,942,127	\$3,149,366	\$53,792,761
2021 Critical Repairs and Recovery Stimulus	\$52,395,701	\$35,944,428	\$16,451,273
2022 Critical Repairs, Recovery Stimulus and Street Resurfacing	\$100,483,727	\$59,859,596	\$40,624,131
2023 Affordable Housing and Community Facilities Projects	\$112,000,000	\$102,525,238	\$9,474,762
2023 Critical Repairs and Street Resurfacing Projects	\$67,238,751	\$27,073,245	\$40,165,506
2024 Critical Repairs and Street Resurfacing Projects	\$44,110,000	\$0	\$44,110,000
2024 Treasure Island Stage 2	\$50,000,000	\$50,000,000	\$0
2025 Street Resurfacing and Curb Ramp Projects	\$50,000,000	\$0	\$50,000,000
Total	\$664,805,306	\$312,448,201	\$352,357,105

Source: Office of Public Finance

Notes: Amounts issued include certificates of participation and commercial paper. The Housing Trust Fund COP does not count against the COP debt service limit. This table also reflects changes to appropriations following initial BOS approval of these COPs that were made in subsequent annual budgets.

⁷ We did not include the Crocker Amazon Park or Jackson Playground planning uses of Health & Recovery bonds because both are using in-kind donations for design work and \$40 million of non-City funding for construction.

Changing the uses of any previously approved COPs would require Board of Supervisors approval (to amend appropriation authority and approve new transaction documents) as well as cooperation of the administration.

The discussion below details the status of authorized but unissued COPs.

Affordable Housing

Since 2016, the Board of Supervisors has approved three authorizations of COPs related to affordable housing: \$75 million for Housing Trust Fund Projects in 2016, \$56.9 million for HOPE SF Projects in 2019, and \$112 million for Affordable Housing and Community Facilities Projects in 2023. To date, \$26.9 million in commercial paper (short-term debt) been issued on the 2016 Housing Trust Fund, \$3.1 million of commercial paper debt has been issued for the 2019 HOPE SF COP authorizations, and \$102 million of COP debt has been issued from the 2023 Affordable Housing and Community Facilities projects, as shown in Exhibit 13 below.

The Housing Trust Fund commercial paper was fully repaid in FY 2023-24, with no COP issuance made. According to MOHCD, 2019 HOPE SF COPs have not been required to date as GO Bonds and other sources have supported HOPE SF development needs without requiring additional COP debt. Similarly, the remaining \$10 million of project proceeds in the Affordable Housing and Community Facilities COPs are currently funded with commercial paper, pending COP issuance.

Exhibit 13: Affordable Housing COP Issuances

COP Authorization	Project Amounts Authorized	Amount Funded	Remaining Authorization
2016 Housing Trust Fund*	\$75,000,000	\$26,912,683	\$48,087,317
2019 HOPE SF	56,942,127	3,149,366	53,792,761
2023 Affordable Housing and Community Facilities	112,000,000	102,525,238	9,474,762
Total	\$243,942,127	\$132,587,287	\$111,354,840

Source: OPF, MOHCD

Notes: Includes project amounts currently funded through outstanding commercial paper notes. The Housing Trust Fund COP does not count against the COP debt service limit.

According to OPF and MOHCD, the \$75 million in authorized COPs for Housing Trust Fund projects do not count towards the COP debt service limit because debt service would be repaid by the Housing Trust Fund, which is a General Fund set-aside, and not by General Fund discretionary revenues. Therefore, the City could not repurpose this authorization to fund other capital projects. Increasing the Housing Trust Fund set-aside would reduce discretionary General Fund revenues and reduce the City's overall capacity for COPs.

MOHCD plans to issue COP debt of approximately \$53.8 million from the HOPE SF COPs to fund infrastructure costs for the Potrero HOPE SF project and approximately \$8.1 million from the

Affordable Housing and Community Development COPs for elevator projects in single-room occupancy (SRO) buildings. After accounting for these planned issuances, there is \$1.9 million in unprogrammed COP debt authority from the 2023 Affordable Housing and Community Development COPs.

Critical Repairs

From 2021 through 2024, the Board of Supervisors approved four authorizations of COPs totaling \$411 million for critical repairs, street resurfacing, and recovery stimulus projects. After accounting for issuance costs, OPF anticipates that the City will receive approximately \$314.3 million in COP proceeds. As of March 2026, there is \$112.9 million in COP debt that has been authorized but unissued. A list of these COP-funded projects is shown in Exhibit 14 below.

Exhibit 14: Critical Repairs COP Projects with Little or No Issued Funds (As of March 2026)

Department	Project	Amount Appropriated	Amount Issued
ADM	25 Van Ness – Pump & Cooling	\$2,300,000	-
ADM	50 Raymond – Repair	1,300,000	-
ADM	City Hall – Roof Repairs & Weatherproofing	2,500,000	-
ADM	Hall of Justice Roof Replacement	5,000,000	-
ADM	Hall of Justice Underground Fuel Tank	10,244,783	-
ART	Mission Cultural Center for Latino Arts Seismic Retrofit	21,618,751	-
DPW	4 th Street Bridge Corrosion Repair	2,500,000	-
DPW	Elevator Program Contingency (FY 2023-24)	250,000	-
DPW	FY 2025-26 Curb Ramps	2,000,000	-
DPW	FY 2025-26 Street Resurfacing	23,000,000	-
DPW	FY 2026-27 Curb Ramps	2,000,000	-
DPW	FY 2026-27 Street Resurfacing	23,000,000	-
DPW	Sunset Blvd. Recycled Water Improvements	2,900,000	-
SHF	425 7 th St. – Building Management System	2,600,000	-
SHF	425 7 th St. – Roof Replacement	225,000	-
SHF	County Jail 2 Elevators	6,000,000	-
SHF	County Jail 5 Security Electronics	4,450,000	-
SHF	San Bruno Water Line	1,000,000	-
Total		\$112,888,534	\$0

Source: OPF

Of the \$112.9 million in authorized but unissued COP proceeds, \$50 million is for curb ramp and street resurfacing projects scheduled for FY 2025-26 and FY 2026-27. We analyzed the remaining list of projects and found two large project buckets that had little or no project spending to date, the Mission Cultural Center for Latino Arts Seismic Retrofit project, which was allocated \$21.6

million but had no issued COP funds to date, and the Hall of Justice Underground Roof Replacement and Fuel Tank Replacement projects, which have been allocated a combined \$15.2 million but had no issued COPs to date. The HOJ projects are discussed in the following section.

According to Arts Commission and DPW staff, the City has awarded a seismic safety design-build contract for the Mission Cultural Center project and issued a notice to proceed April 27, 2026. Pre-construction permitting is now underway and construction anticipated to occur April 2027 – April 2028. Although the Mission Cultural Center tenant ceased operations in January 2026 due to lack of funding, Arts Commission staff report that the building renovation project has not been delayed or stopped. The Department is working with the Mission Cultural Center tenant and other stakeholders to re-start programming. In February 2026, the Board of Supervisors approved a resolution declaring the City's commitment to "to protect and preserve the long-term future for a center for Latino arts and culture in the Mission, at 2868 Mission Street" (File 26-0123)

Hall of Justice

The Hall of Justice (HOJ), located at 850 Bryant Street, is a City-owned building that was constructed in 1958 and is seismically unsafe. Beginning in 2006, the City's Capital Plan has called for closing the HOJ. Several City departments have moved their operations out of the HOJ, although the Police Department, Sheriff's Department, and District Attorney's Office still maintain operations at the site, as well as the State's Superior Court.

Of the \$20.0 million allocated in critical repairs COPs to HOJ projects, \$15.2 million remains authorized but unissued (as noted above in Exhibit 14). In addition, the Board of Supervisors authorized \$46.6 million in COPs to HOJ projects in 2019, of which \$39.6 million has not been issued (as noted above in Exhibit 12). The Capital Plan also includes \$367 million in future COP issuances from FY 2026-27 through FY 2031-32 to rebuild the HOJ, as well as \$15 million in lease payments for former Hall of Justice tenants that have already moved to leased space, which limits the City's ability to issue COPs now due to the limit of COP debt service to no more than 3.25 percent of General Fund revenues. According to Office of Capital Planning staff, the \$367 million in COPs is a placeholder figure that was based on a rough estimate for new construction to replace the square footage of City departments still in the HOJ or in leased space. However, given the historically high commercial vacancy rate coupled with high construction costs, the City is now also evaluating whether purchasing and renovating existing properties is more cost effective than demolishing and rebuilding the HOJ building.

The Judicial Council of California is still awaiting State funding to replace the courthouse in which certain current City HOJ tenants will be located. The most recent Judicial Council Five-Year Infrastructure Plan for FY 2026-27 recommends funding for acquisition and design for a new courthouse in San Francisco beginning in FY 2027-28, however there is no funding for

construction yet in that plan. Once funds are appropriated, the expected timeline for completion and relocation is between six and seven years.

The original uses of the \$46.6 million in authorized but unissued 2019 COPs were to harden jail cells at County Jail #2 at 425 7th Street to use as holding cells in the new HOJ (\$21.4 million), and tenant improvements to keep the existing HOJ operational until the new building is complete (\$19.2 million), and acquisition of adjacent sites (\$6 million), which occurred. While the original tenant improvements to the current HOJ may not move forward, that funding could be used to fund repairs at the existing HOJ and projects related to the City fully exiting that building. Given inflation since 2019, we estimate the remaining cost to renovate the holding cells in County Jail #2 would be \$34.8 million in 2029, when the project is likely to start.

For a permanent exit from the existing HOJ for City functions, the needs are to relocate remaining City staff and functions in the existing HOJ (approximately 140,732 square feet of occupied space) starting in FY 2028 and to relocate other public safety staff from leased space (approximately 119,000 square feet) in FY 2034. Using estimated current costs of \$300 per square foot for building acquisition and \$450 per square foot for tenant improvements, escalated five percent annually, we estimate that the total cost to acquire and rehabilitate a building to house these functions will be approximately \$255.7 million. Including the unfinished critical repairs and issuance and reserve costs, we estimate that the total known cost to complete HOJ projects is approximately \$305.8 million, as shown in Exhibit 15 below.

The Office of Capital Planning has also identified the need to decouple building systems shared between the existing HOJ and County Jail #2 (such as HVAC systems, food storage and refrigeration, and vehicular access), tenant improvements for police evidence storage at 1828 Egbert Street, parking for City workers near the new City HOJ site, and site improvements to whatever buildings the City occupies to make them secure, however the costs for these projects have not been estimated. To cover these expenses, we included a twenty percent contingency on known project costs, however this may not be sufficient to cover these expenses.

Accounting for known project costs and contingencies, we estimate the HOJ project requires at least \$367 million in funding, which is roughly equivalent to the planned new COPs dedicated to HOJ project. Based on the discussion above, the \$54.9 million of authorized but unissued COPs may not be necessary to complete HOJ exit but may be needed for critical repairs in the meantime.

Exhibit 15: HOJ Sources and Estimated Replacement and Improvement Costs

Sources	Amount
Authorized but Unissued COPs	\$54,896,138
Planned COPs	367,000,000
COPs Dedicated to HOJ	421,896,138
Uses	Amount
Replacement Space for Existing HOJ Tenants (Adjusted to 2028-2029)	\$119,858,806
Replacement Space for Other Public Safety Staff (Adjusted to 2034-2035)	\$135,818,785
Holding Cells (Adjusted to 2029)	\$34,858,345
Critical Repairs at Current HOJ	\$15,244,783
<i>Subtotal, Known HOJ Costs</i>	<i>\$305,780,719</i>
Contingency (20%)	\$61,156,144
Total HOJ Replace Costs	\$366,936,863

Source: Office of Capital Planning, BLA Estimates.

There may be opportunities to reduce the HOJ project costs. For one, actual construction costs for tenant improvements may be lower than currently projected if acquired sites are well suited to City needs. Any potential savings would likely not be known until the City has acquired or leased new sites for HOJ functions and design work has been initiated, which could start in FY 2028-29.

Savings for the HOJ project are more likely to be realized from changing the scope of the project, such as by not co-locating City staff who have already moved out of the Hall of Justice with existing HOJ tenants. The fiscal benefit of exiting certain leases for City-owned space is approximately \$15 million per year as leases expire between 2028 and 2038. The largest lease, accounting for approximately \$10 million of the \$15 million in annual leasing costs, expires in 2033. As noted above, the Capital Plan reserves \$15 million per year in lease costs for leases for HOJ relocations that have already taken place when calculating the COP debt service constraint to provide flexibility to lease or purchase property when finalizing the HOJ exit plan. This \$15 million per year in lease costs is equivalent to \$250 million in COP principal. Exiting leases would offset the new COP debt service for the HOJ project, which would be approximately \$36.8 million per year for \$422 million in COPs.

In addition, the City purchased four sites on Harriet Street adjacent to the Hall of Justice in 2016 and 2019: (1) 450 Sixth Street, (2) 814-820 Bryant Street, (3) 470 Seventh Street, and (4) 444 Sixth Street. These sites are all vacant, though the Sheriff plans to use 444 Sixth Street for the pilot law enforcement drop-off sobering center starting April 2026 through at least March 2028. The original plan for the sites was to relocate City staff from the current HOJ to a new HOJ on these sites. However, as noted above, the City is now considering acquiring existing office buildings rather than redeveloping sites for a new HOJ for City staff. The Harriet Street sites may

still be suitable for the State to build a new courthouse. The City could transfer ownership of the Harriet Street parcels to the State or a developer and recoup its acquisition costs. The City paid \$18.1 million for these sites in 2016 and 2019, though the current fair market value may be lower.

Potential to Repurpose Authorized COP Debt to Other Projects

If the Board of Supervisors wished to fund other priorities rather than those identified above, the Board should work with the Capital Planning Committee to identify other uses for COPs, and re-allocate planned COP sales to other projects. We estimate \$1.9 million in unprogrammed project spending following the issuance of the remaining 2023 Affordable Housing and Community Development COPs that are allocated for the SRO Elevators project.

In addition, there may be an opportunity to reduce the \$422 million COPs dedicated to the Hall of Justice project, as well as reduce leasing costs equivalent to \$250 million in COP principal, through better understanding of projects costs after FY 2028-29. The Board of Supervisors could also engage in further discussions with the Office of Capital Planning to discuss why certain projects were prioritized over others in the Capital Plan.

Emergency Firefighting Water System

Current EFWS System Overview

Following the 1906 San Francisco earthquake, the City built its first high-pressure water system for firefighting in 1913. The original Emergency Firefighting Water System (EFWS, also previously known as the Auxiliary Water Supply System, or AWSS). In 2010, the San Francisco Public Utilities Commission (SFPUC) assumed responsibility for the operations and maintenance of the EFWS. The EFWS has been expanded through funding from multiple bond measures over the years. The system now consists of approximately 130 miles of pipes, 229 cisterns, two pump stations, two water storage tanks, and a reservoir. The two seawater pump stations, as well as two fireboats, allow seawater from the San Francisco Bay to be injected into the EFWS. There are five manifolds that allow fireboats to inject seawater into the EFWS, as well as 35 suction manifolds along the waterfront that allow seawater to be drawn from the bay and injected into the EFWS.

Current Expansion of the Potable Emergency Firefighting Water System

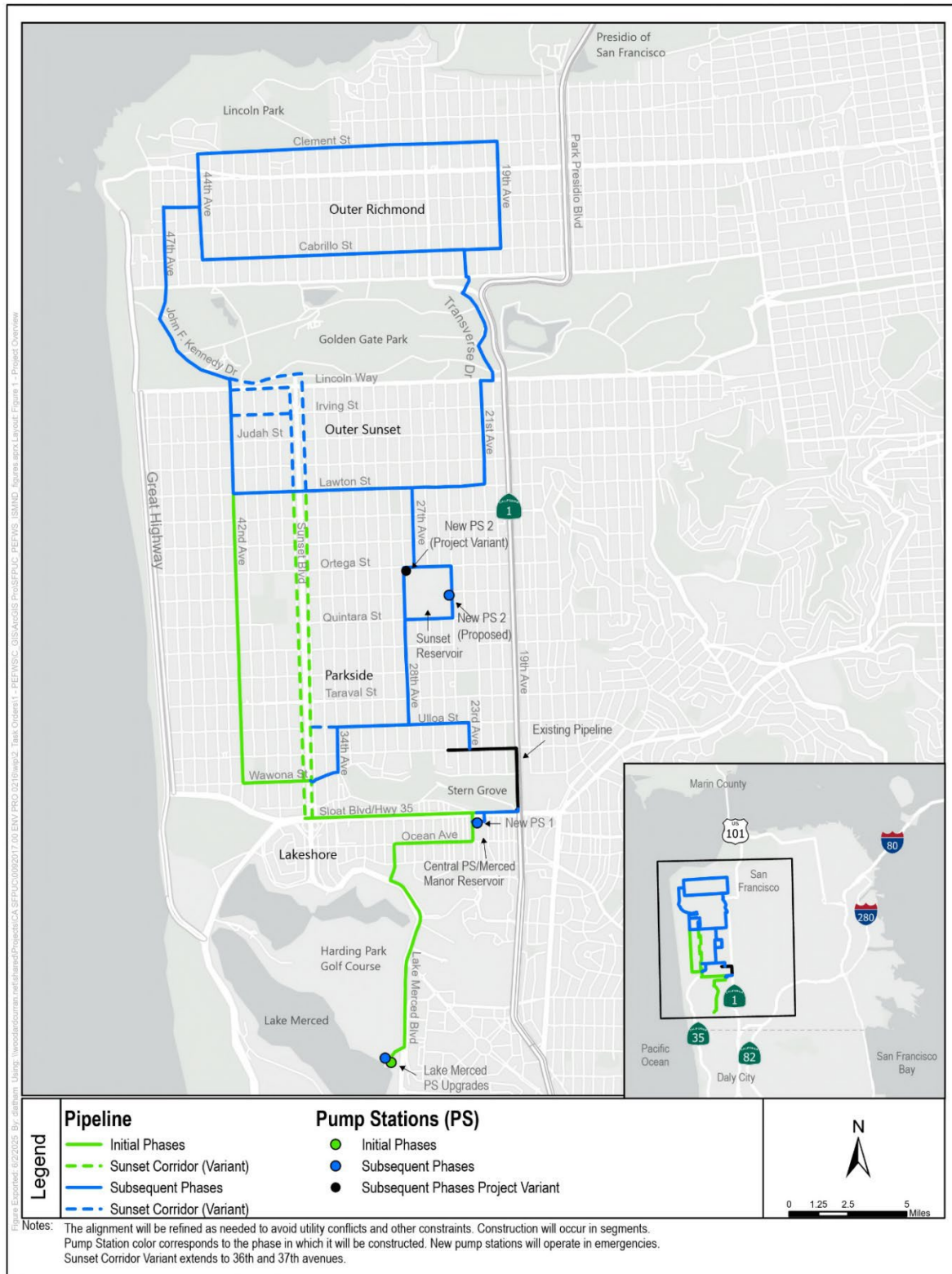
As shown in the Budget and Legislative Analyst's report "Status of Emergency Firefighting Water System," issued December 2, 2020, the EFWS does not provide sufficient coverage to the western and southern parts of the City. The Sunset, Richmond, Excelsior, Visitacion Valley, Hunters Point, and portions of the Bayview areas have limited EFWS coverage, and generally have Fire Response Area (FRA) reliability scores below 50 percent. This means that after a 7.8-magnitude earthquake, these FRAs would have less than half the water supply necessary to meet the median firefighting demands. Subsequent to the issuance of the Budget and Legislative Analyst's report,

SFPUC determined that its consultant had significantly underestimated the EFWS Westside project cost. Rather than the initial estimated cost of approximately \$378 million for the full project, SFPUC's further analysis increased this estimate to a range of approximately \$1.51 to \$1.68 billion.

Due to the potable nature of the water and the ability to use it for everyday use, SFPUC has rebranded the project as the Westside Potable Emergency Firefighting Water System (PEFWS). SFPUC is planning the system to respond to an 8.05 magnitude earthquake, which is slightly larger than the 7.9 magnitude 1906 earthquake. After completion, the Westside PEFWS would cover nearly the entire Sunset and Richmond Districts, when connected with the San Francisco Fire Department's (SFFD) hose tenders (which each carry one mile of hose, a portable pump, portable hydrants, and other equipment). SFPUC is also planning for fireboat manifold projects at Mission Bay Ferry Landing, Fort Mason, and Pier 35.5. A conceptual map of the revised Westside PEFWS project is shown in Exhibit 16 below. SFPUC has not developed a plan to cover the southside of the City.

According to SFPUC staff, the plans for the new system include population growth from the Family Zoning Ordinance and population growth projections from the Planning Department.

Exhibit 16: Revised PEFWS Conceptual Plan



Source: SFPUC

To date, SFPUC has secured approximately \$299.1 million for EFWS projects, including \$154.1 million from the 2020 ESER bond and \$145 million from Water Enterprise revenue bonds. This funding will be used to complete a portion of the Westside PEFWS (from Lake Merced to the Sunset District, approximately \$130 million) and the Mission Bay Ferry Landing Fireboat Manifold Project (approximately \$12-15 million) by approximately 2031. SFPUC plans to award construction contracts for these projects over 2026 to 2028. To complete the expansion along 37th Avenue and through Golden Gate Park into the Richmond (anticipated in 2032) and a Fort Mason Fireboat Manifold Project (approximately \$30 million, anticipated in 2032), SFPUC anticipates receiving approximately \$130 million from an upcoming ESER bond scheduled for the June 2026 ballot, pending voter approval. SFPUC would issue additional Water Enterprise revenue bonds to provide more funding for the Westside PEFWS project.

An overview of future PEFWS and fireboat manifold project costs and funding needs is shown in Exhibit 17 below.

Exhibit 17: Future PEFWS and Fireboat Manifold Costs and Funding Needs

Total Estimated Cost for All Projects	\$1,584,000,000 - \$1,786,000,000
Funded Amount (2020 ESER Bond)	\$154,100,000
Funded Amount (SFPUC Water Revenue Bonds, FY 2027-2036)	189,500,000
<i>Estimated Amount Funded</i>	<i>\$343,600,000</i>
Estimated Funding Deficit	(\$1,284,900,000 - \$1,442,400,000)

Source: SFPUC

As shown in Exhibit 17 above, the total cost for all PEFWS and fireboat manifold projects is approximately \$1.58 to \$1.79 billion, in 2025 dollars. After funding from the 2020 ESER bond and Water Enterprise revenue planned through FY 2036, the remaining unfunded cost for these projects is approximately \$1.28 to \$1.44 billion. If the June 2026 ESER bond is approved by voters, the SFPUC would secure an additional \$130 million and the remaining unfunded amount would be approximately \$1.11 to \$1.31 billion. Addition ESER general obligation bonds and SFPUC Water Enterprise revenue bonds will be needed to complete the PEFWS project.

Fully funding the PEFWS system for the westside will likely take 25 years, given financial policy constraints in both capital plans. As indicated in Exhibit 1 earlier in this report, no general obligation ESER bonds are planned in the FY 2026-2035 Capital Plan after June 2026 and, because of the City's debt service limit on GO bonds, the earliest a new ESER bond could be scheduled is 2034. Assuming ESER bonds continue to be issued every four years, allocate \$130 million to the PEFWS, and continue to fund 55 percent of project costs, it will take until at least 2050 to accumulate \$650 million in GO bond proceeds for the PEFWS, which could be sufficient to cover the non-SFPUC unfunded portion of the total project costs.

The Charter allows SFPUC to issue revenue bonds without voter approval but with approval of the Board of Supervisors. Such bonds are repaid by utility customers rather than property taxes. The SFPUC has a goal of limiting residential water and sewer bills to no more than three percent of the 40th percentile of household income in San Francisco, which limits its ability to issue debt. The Water Enterprise plans to issue \$3 billion of Water revenue bonds through FY 2036 and allocates \$189.5 million for the PEWFS through that time. If additional GO bonds authorized after June 2026, it would require the SFPUC to reorganize its capital plan to accommodate additional funding for the PEWFS project.

In addition to the westside of the City, the southern neighborhoods, such as the Excelsior and Visitacion Valley areas, generally have poor EFWS coverage under the current system. SFPUC is not currently planning any specific projects to improve the EFWS in these areas, but does plan to conduct a study to evaluate and prioritize projects in areas that have poor coverage like the southern neighborhoods. The Fire Department has previously noted that in the event of a severe fire in this area, it would utilize the low-pressure system in this area, which pipelines that were seismically hardened as part of the Water System Improvement Program between 2000 and 2015. However, this would not provide as much coverage nor the high-pressure and multi-day water supply that the EFWS provides and would be insufficient to suppress a large fire that could occur after a large earthquake (rated 7.8 or higher).

Policy Options

The Board of Supervisors could work with the Mayor Budget Office, Office of Public Finance, and Capital Planning staff to:

1. Increase the City's debt policy limits regarding general obligation bonds and certificates of participation debt.
2. Repurpose up to \$309 million in authorized but unused general obligation bond debt to new projects
3. Repurpose up to \$1.9 million in authorized but unused certificate of participation debt to new projects.
4. Re-evaluate \$422 million of certificate of participation debt dedicated to Hall of Justice projects in FY 2028-29.

All of these options would require cooperation of the administration and approval of the majority of the Board of Supervisors (to approve changes to debt policies, appropriations, and transaction documents). Repurposing general obligation bond uses would require voter approval if the new uses fall outside of the programs authorized by voters for each bond.

Appendix I: California Counties with 15 Highest Average Property Tax Rates, Assessment Year 2023-2024

Rank	County	Average Tax Rate
1	Kern	1.248%
2	Alameda	1.220%
3	Fresno	1.213%
4	San Benito	1.204%
5	Santa Clara	1.193%
6	Los Angeles	1.181%
7	Solano	1.179%
8	San Francisco	1.174%
9	Riverside	1.173%
10	Imperial	1.171%
11	San Diego	1.171%
12	Sacramento	1.155%
13	Mendocino	1.152%
14	Contra Costa	1.151%
15	Sonoma	1.139%

Source: State Board of Equalization