

File No. 161096

Committee Item No. 3

Board Item No. 15

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date November 30, 2016

Board of Supervisors Meeting

Date December 6, 2016

Cmte Board

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
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Completed by: Linda Wong Date November 22, 2016

Completed by: Linda Wong Date December 1, 2016

1 [Emergency Declaration - Airport Runways 19L and 19R Seawall Erosion - Estimated Cost of
2 Repairs Exceeds \$250,000]

3 **Resolution approving the Airport Director's declaration of an emergency for seawall**
4 **erosion at the ends of Airport Runways 19L and 19R, estimated to cost more than**
5 **\$250,000 to repair, pursuant to Administrative Code, Section 6.60(b).**

6
7 WHEREAS, The Airport is protected from flooding by a bayside seawall system; and

8 WHEREAS, On July 18, 2016, Airport staff observed significant erosion damage to the
9 seawall at the ends of runways 19L and 19R; and

10 WHEREAS, A geotechnical consultant assessed the condition of the wall and found
11 erosion and seepage problems and a potential sinkhole at the end of runways 19L and 19R;
12 and

13 WHEREAS, The geotechnical consultant concluded that this portion of the seawall
14 needs immediate repair or the Airport risks flooding of the airfield during the upcoming storm
15 season; and

16 WHEREAS, The Airport Director has determined these circumstances constitute an
17 imminent threat to Airport property that may interrupt aircraft arrival and departures and
18 impact the general public; and

19 WHEREAS, Under authority granted by Administrative Code, Section 6.60(b), the
20 Airport Director declared an emergency on September 6, 2016, and gave notice of the
21 emergency declaration to the Board of Supervisors, Mayor, Controller, and Airport
22 Commission; and

23 WHEREAS, Airport staff has analyzed the circumstances extensively and determined
24 that repair work estimated to cost approximately \$1,500,000 is required to ensure safety and
25 minimize impact of the airfield operation; and

1 WHEREAS, Pursuant to Administrative Code, Section 6.60(d), the Airport Director has
2 secured the written approval of the President of the Airport Commission prior to authorizing
3 the commencement of emergency work as the estimated cost of the work is in excess
4 of \$250,000, and

5 WHEREAS, The Airport anticipates executing an emergency contract with The Dutra
6 Group for repairs of the seawall erosion at the end of Runways 19L and 19R; and

7 WHEREAS, The Controller has certified that funds are available for this emergency
8 contract; now, therefore, be it

9 RESOLVED, That Board of Supervisors approves the emergency declaration for
10 seawall erosion made by the Airport Director on September 6, 2016; and, be it

11 FURTHER RESOLVED, That within thirty (30) days of an emergency contract being full
12 executed by all parties, the Airport shall provide a copy of the contract to the Clerk of the
13 Board for inclusion into the official file.



San Francisco International Airport

September 6, 2016

Mr. Larry Mazzola
President, Airport Commission
San Francisco International Airport
P. O. Box 8097
San Francisco, CA 94128

Subject: Emergency Contract for Seawall Erosion Repair at End of Runways 19L and 19R

Dear Commissioner Mazzola:

This letter is to advise you that I am declaring an emergency due to unforeseeable and unexpected erosion damages to the seawall at the end of runways 19L and 19R and to request your approval for the San Francisco International Airport (Airport) to begin emergency work, as described in more detail below. This work will address the immediate erosion issues identified in the attached report. The preliminary estimated cost of the emergency construction work is \$1,500,000. The amount of the construction estimate necessitates approvals by the San Francisco Airport Commission (Commission) President and the San Francisco Board of Supervisors.

The emergency work is essential to addressing an imminent threat to the seawall in a critical section at the end of runways 19L and 19R. For a long-term solution, the Airport is currently pursuing the procurement of environmental permits and design services for a Shoreline Protection Project (SPP) to provide protection against a 100-year flood. The estimated cost of the SPP is \$60,000,000. However, the SPP cannot meet the schedule required for this emergency repair.

Background

The Airport is protected by a bayside seawall system from flooding by king tides, high waves, and storm surges. The section of the seawall at the end of runways 19L and 19R was last constructed in 1983 with earth fill, bedding stones, and rip rap on top of existing solid debris. The berm was lined with shotcrete in 2006 to minimize seepage.

On July 18, 2016, Airport staff observed significant erosion damages at the end of runways 19L and 19R. A geotechnical consultant has assessed the erosion and found seepage problems and a potential sinkhole. The consultant concluded that this section of the seawall needs immediate repair. If this repair is not completed before the rain season, the seawall may fail and flooding is likely to occur. These circumstances constitute an imminent threat to Airport property which may interrupt aircraft arrival and departures and impact the general public. This repair is required to prevent further erosion of the seawall system and safeguard the airfield from flooding during the upcoming storm season.

Airport staff has analyzed the circumstances and determined that the following repair work is necessary to be completed by November 30, 2016, prior to the rain season, under an emergency contract.

1. Placement of about 2,000 feet of rip rap along seawall using a barge and crane from bay side to minimize air traffic interruption.
Estimated cost: \$1,050,000
2. Asphalt pavement repair to eliminate seepage and prevent sinkholes.

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

EDWIN M. LEE MAYOR	LARRY MAZZOLA PRESIDENT	LINDA S. CRAYTON VICE PRESIDENT	ELEANOR JOHNS	RICHARD J. GUGGENHIME	PETER A. STERN	IVAR C. SATERO AIRPORT DIRECTOR
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Commissioner Mazzola
September 6, 2016
Page 2 of 2

Estimated cost: \$150,000

3. Construction phasing/constructability/night work premium/contingency: \$300,000

The total preliminary estimate for the repair work described above is \$1,500,000.

Emergency Declaration and Required Approvals

Administrative Code Section 6.60, subdivision (b) grants the Airport Director the authority to declare an emergency with immediate notice to the Board of Supervisors, the Mayor, the Controller, and the Commission. Section 6.60, subdivision (c), defines "emergency" to include: an unforeseeable and unexpected occurrence involving a clear and imminent danger, demanding immediate action to prevent or mitigate loss of or damage to life, health, property, or essential public services. Examples include weather conditions and tidal flooding necessitating immediate emergency repair to safeguard lives or property of the City. I have determined that the erosion damages meet these requirements and, on that basis, I am declaring an emergency.

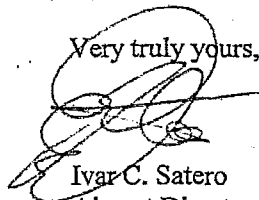
As President of the Commission, your authorization is required before the Airport may commence emergency work because the cost of the work is estimated to exceed \$250,000. Airport Staff will also prepare a proposed Resolution for the Board of Supervisors to approve this emergency declaration. The proposed Resolution will be submitted to the Board within sixty (60) days of the date of this letter in conformance with Section 6.60, subdivision (d).

The Airport Planning Division will secure the necessary regulatory permits from the US Army Corps of Engineers and San Francisco Bay Conservation and Development Commission in order to perform this emergency repair. Both permitting processes have emergency permitting procedures.

Request for Approval

I respectfully request your approval to commence the proposed emergency work described. If you should have any questions or would like to discuss this matter, please do not hesitate to call me.

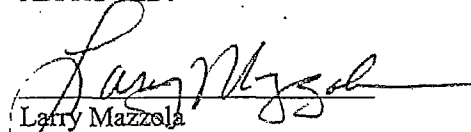
Very truly yours,



Ivar C. Satero
Airport Director

cc: Mayor Edwin M. Lee
Controller Ben Rosenfield
San Francisco Board of Supervisors
San Francisco Airport Commission

APPROVED:



Larry Mazzola
President
San Francisco Airport Commission



San Francisco International Airport

October 6, 2016

Ms. Angela Calvillo
Clerk of the Board
Board of Supervisors
City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689

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Subject: Approval of Airport Director's Declaration of an Emergency for Seawall Erosion

Dear Ms. Calvillo:


Pursuant to Administrative Code Section 6.60, the Airport is requesting the approval of an emergency declaration for seawall erosion made by the Airport Director on September 6, 2016.

The original and two (2) sets of the following documents are enclosed for review:

- Proposed Board of Supervisors Resolution;
- Airport Director's letter to Airport Commission President with declaration of an emergency, description of emergency work required to address the emergency, and Commission President's approval;

Please contact Cathy Widener, Airport Governmental Affairs Manager at (650) 821-5023 if you have questions or concerns regarding this matter.

Very truly yours,


Jean Caramatti
Commission Secretary

Enclosures

<p>Item 3 File 16-1096</p>	<p>Department: San Francisco International Airport</p>
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EXECUTIVE SUMMARY

Legislative Objective

- The proposed resolution would approve the Airport Director’s Declaration of Emergency due to seawall erosion at the ends of Airport Runways 19L and 19R in accordance with Administrative Code Section 6.60, which requires Board of Supervisors approval of emergency work with estimated costs of more than \$250,000. The Airport Director declared a state of emergency due to the seawall erosion and seepage in a letter to the Airport Commission President on September 6, 2016.

Key Points

- The Airport’s runways are protected by a bayside seawall system from flooding by tides, high waves and surges. On July 18, 2016, Airport staff observed significant erosion damages at the end of runways 19L and 19R. The Airport hired AGS, a multidisciplinary engineering firm, to assess the damage. AGS concluded that the section of seawall was in “critical condition” and needed immediate repair before the rain season, during which the seawall was likely to fail and allow flooding.
- According to Airport staff, because the competitive bidding process for the Airport usually takes six to nine months, which would not allow for the seawall repair to be begin prior to the rain season, Airport staff selected the Dutra Group, a marine construction and dredging firm, on a sole source basis, to conduct the seawall erosion repairs. According to Airport staff, the Dutra Group was selected after staff research and the geotechnical consultant’s recommendations.

Fiscal Impact

- The estimated cost to fix the erosion and seepage problems of the seawall, as well as a potential sinkhole, is approximately \$1,500,000. The funds would come from the Airport Capital Improvement Project.

Policy Consideration

- The Airport has been intermittently inspecting the seawall over the past decades. They are currently developing an inspection program with more regularity as part of a larger, long-term capital plan program.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

Administrative Code Section 6.60 provides that City contracts entered into for emergency work may be executed in the most expeditious manner. However, declarations of emergencies where the repair work is anticipated to be \$250,000 or more are subject to Board of Supervisors approval. Section 6.60(d) also states that if the emergency does not permit Board of Supervisors approval of the emergency before work is commenced or the contract(s) entered into, such approvals from the Board of Supervisors shall be obtained as soon as possible, with the proposed resolution approving the emergency determination submitted to the Board of Supervisors within 60 days of the department head's emergency declaration.

BACKGROUND

The San Francisco International Airport's (Airport) runways are protected by a bayside seawall system from flooding by tides, high waves and surges. On July 18, 2016, Airport staff observed significant erosion damages at the end of runways 19L and 19R. The Airport hired AGS, a multidisciplinary engineering firm, to assess the damage. A geotechnical consultant from AGS observed the site conditions on August 3, 2016, and a later geotechnical engineering analysis assessed the erosion and found seepage problems and a potential sinkhole. AGS concluded in their report that the section of seawall was in "critical condition" and needed immediate repair before the rain season, during which the seawall was likely to fail and allow flooding. According to Ms. Geri Rayca, a manager at the Planning, Design and Construction division at the Airport, the flooding could occur on all eight of the Airport's runways and taxiways and could disrupt all airline operations.

The Airport Director declared a state of emergency due to the seawall erosion and seepage in a letter to the Airport Commission President on September 6, 2016. The Airport submitted the resolution, declaring a state of emergency, to the Board of Supervisors on October 28, 2016.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the Airport Director's Declaration of Emergency for repair work pertaining to seawall erosion at the ends of Airport Runways 19L and 19R in accordance with Administrative Code Section 6.60.

The Airport Director declared an emergency for the seawall erosion as it was determined by AGS that the seawall repair work needed to begin before the rain season, which usually begins in November. According to Ms. Rayca, the competitive bidding process for the Airport usually takes six to nine months, which would not allow for the seawall repair to begin prior to the rain season. Therefore, Airport staff selected the Dutra Group, a marine construction and dredging firm, on a sole source basis, which is permissible under the emergency provisions of the Administrative Code, to conduct the seawall erosion repairs and negotiated a new emergency contract in the amount of \$1,500,000 with the Dutra Group. According to Ms. Rayca, the Dutra Group was selected after staff research and the geotechnical consultant's recommendations.

The Controller has certified that funds are available for this emergency contract.

FISCAL IMPACT

The estimated cost of the emergency work to the seawall erosion of Airport runways 19L and 19R, including a \$300,000 contingency¹, is \$1,500,000, shown in Table 1 below. Cost estimates are based on estimates provided by the geotechnical consultant, AGS, and a scoping meeting between the Airport and the Dutra Group to determine the construction phasing.

Table 1: Estimated Expenditures for Repairs of the Seawall Erosion

Purpose	Estimate Cost
Placement of 2,000 feet of rip rap along seawall using barge and crane	\$1,050,000
Asphalt pavement repair to eliminate seepage and prevent sinkholes	<u>150,000</u>
Subtotal	1,200,000
Contingency (25 percent)	300,000
Total Cost Estimate	\$1,500,000

The funds for the emergency work will come from the Airport's capital improvement program.

POLICY CONSIDERATION

According to information provided by Ms. Rayca, the Airport has intermittently inspected the seawall over the past decades. Currently, Airport Engineering is researching and coordinating with the Federal Emergency Management Agency (FEMA) and the Port to develop an inspection program to monitor the eight miles of seawalls along the shoreline that will be consistent with the Port and FEMA regulations. The objective is to provide periodic inspection of the seawalls and to have a regular inspection program.

This emergency repair project is an interim repair. For a long-term solution, the Airport is currently pursuing the procurement of environmental permits and design services for a Shoreline Protection Project to provide protection against a 100-year flood. The estimated cost of the Shoreline Protection Project is \$60,000,000. However, the Shoreline Protection Project cannot meet the current schedule required for this emergency repair. The costs of the Shoreline Protection Project are funded through the Airport's capital improvement programs, and include the cost of ongoing maintenance for this seawall erosion repair.

RECOMMENDATION

Approve the proposed resolution.

¹ According to Airport staff, the contingency of 25 percent of the estimated costs of \$1,200,000, which is included in the budget total of \$1,500,000 shown in Table 1 above, is a standard contingency cost for emergency projects and accounts for construction phasing and tide constraints.

<p>Items 5, 6 and 7 Files 16-1192, 16-1193 & 16-1194</p>	<p>Department: Department of Public Works</p>
<p>EXECUTIVE SUMMARY</p>	
<p>Legislative Objectives</p>	
<ul style="list-style-type: none"> • File 16-1192: The proposed resolution would authorize the issuance and sale of not to exceed \$350,000,000 aggregate principal amount of City and County of San Francisco taxable and tax-exempt General Obligation (GO) Bonds (Public Health and Safety, 2016). • File 16-1193: The proposed resolution would authorize the sale of not to exceed \$176,000,000 aggregate principal amount of City and County of San Francisco Tax Exempt General Obligation (GO) Bonds (Public Health and Safety, 2016), Series 2017A, which are the first series of the \$350,000,000 Public Health and Safety, 2016, GO Bonds. • File 16-1194: The proposed ordinance would appropriate \$176,000,000 in Series 2017A bond proceeds to partially finance capital projects to renovate, expand, and seismically enhance fire safety and healthcare facilities, construct a larger and more modern City ambulance center, and to repair and modernize neighborhood fire stations, and to build, acquire, and improve facilities to better serve homeless individuals and families. 	
<p>Key Points</p>	
<ul style="list-style-type: none"> • On June 7, 2016, voters of the City approved Proposition A, which authorizes the City and County of San Francisco to issue \$350,000,000 in GO bonds for Public Health and Safety projects. The Office of Public Finance plans to sell \$176,000,000 of the \$350,000,000 in Series 2017A GO bonds in January 2017. • The proposed \$176,000,000 appropriation includes (a) \$146,481,926 for upgrades to San Francisco General Hospital and the City's neighborhood health centers; (b) \$19,920,000 for the construction of a new Fire Department ambulance facility and upgrades to selected neighborhood fire stations; and (c) \$4,850,000 for supporting existing homeless shelters and the potential Homeless Outreach Team deployment facility. 	
<p>Fiscal Impact</p>	
<ul style="list-style-type: none"> • The Office of Public Finance estimates that average annual debt service over 20 years on the GO Bonds is \$13,800,000. The estimated total debt service over 20 years is \$267,270,000, of which \$93,210,000 is interest and \$174,060,000 is principal. • If the Board of Supervisors approves the issuance of the GO Bonds, the debt ratio would increase by 0.08 percent to 1.07 percent—within the 3.00 percent legal debt limit. If all of the City's authorized and unissued bonds were issued, the total debt would be 1.80 percent of the net assessed value of property in the City. 	
<p>Recommendation</p>	
<ul style="list-style-type: none"> • Approve the proposed resolutions (Files 16-1192 and 16-1193) and the proposed ordinance (File 16-1194). 	

MANDATE STATEMENT / BACKGROUND**Mandate Statement**

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

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

Background

The Board of Supervisors approved a resolution in January 2016 (File 15-1275) to submit \$350,000,000 in General Obligation (GO) Bonds to the voters to upgrade and enhance seismic safety for healthcare facilities, construct a new ambulance facility and repair neighborhood fire stations, and improve homeless care facilities. On June 7, 2016, a two-thirds majority of voters of the City approved Proposition A, the San Francisco Public Health and Safety General Obligation (GO) Bond. Proposition A authorizes the City and County of San Francisco to issue \$350,000,000 in GO bonds to fund capital projects to renovate, expand, and seismically enhance fire safety and healthcare facilities, construct a larger and more modern City ambulance center, and to repair and modernize neighborhood fire stations, and to build, acquire, and improve facilities to better serve homeless individuals and families.

Proposition A approved expenditures of \$350,000,000 for the following projects:

- \$272,000,000 for the renovation, expansion, and earthquake safety enhancement for fire safety and healthcare facilities (San Francisco General Hospital and other health clinics)
- \$58,000,000 for the construction of a new ambulance facility and the repair and modernization of fire stations
- \$20,000,000 for homeless care facilities

DETAILS OF PROPOSED LEGISLATION

File 16-1192: The proposed resolution would (a) authorize the issuance and sale of not to exceed \$350,000,000 aggregate principal amount of City and County of San Francisco taxable and tax-exempt General Obligation (GO) Bonds (Public Health and Safety, 2016); (b) provide for the levy of property taxes to pay the principal and interest of the GO Bonds; (c) provide for the appointment of depositories and other agents for said bonds; (d) provide for the establishment of related accounts; declare the City's reasonable official intent to reimburse prior expenditures; (e) adopt findings under the California Environmental Quality Act (CEQA), the CEQA Guidelines and San Francisco Administrative Code Chapter 31; (f) find that the proposed project is in conformity with the priority policies of Planning Code Section 101.1(8).

and with the General Plan consistency requirement of Charter Section 4.105 and Administrative Code Section 2A.53; (g) ratify certain actions previously taken; and (h) grant general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said bonds.

File 16-1193: The proposed resolution would (a) authorize the sale of not to exceed \$176,000,000 aggregate principal amount of City and County of San Francisco Tax Exempt General Obligation (GO) Bonds (Public Health and Safety, 2016), Series 2017A, which are the first series of the \$350,000,000 Public Health and Safety, 2016, GO Bonds; (b) prescribe the form and terms of said bonds; (c) provide for the appointment of depositories and other agents for such bonds; (d) provide for the establishment of accounts related to said bonds; (e) authorize the sale of such bonds by competitive or negotiated sale f) authorize the execution, authentication, and registration of said bonds; (g) approve the forms of Official Notice of Sale and Notice of Intention to Sell Bonds; direct the publication of the Notice of Intention to Sell Bonds; (h) approve the forms of Official Notice of Sale and Notice of Intention to Sell Bonds and direct the publication of the Notice of Intention to Sell Bonds; (i) approve the form of the Purchase Contract; (j) approve the form of the Preliminary Official Statement and the execution of the Official Statement relating to the sale of such bonds; (k) approve the form of the Continuing Disclosure Certificate; (l) authorize and approve modifications to documents; (m) ratify certain actions previously taken; (n) grant general authority to City officials to take necessary actions in connection with the authorization, issuance, sale, and delivery of such bonds.

File 16-1194: The proposed ordinance would appropriate \$176,000,000 in Series 2017A bond proceeds to partially finance the following:

1. Seismic and fire safety improvements, as well as consolidation of clinical services and upgrades to the San Francisco General Hospital, Building 5, and expanding services and increasing access to the City's neighborhood health centers (\$146,481,296)
2. Construction of a new ambulance facility for the Fire Department, as well as upgrades at selected neighborhood fire stations (\$19,920,000)
3. Supporting existing homeless shelters and the potential creation of a deployment facility for the San Francisco Homeless Outreach Team to improve coordination and delivery of homeless services (\$4,850,000)

Authorization to Issue \$350,000,000 in GO Bonds and Sale of \$176,000,000 Series 2017A Bonds (Files 16-1192 and 16-1193)

The proposed resolutions would authorize (a) the issuance of \$350,000,000 in Public Health and Safety GO Bonds, to be issued in multiple series (File 16-1192), and (b) the sale of \$176,000,000 Series 2017A bonds, which is the first series of the total \$350,000,000 bond issuance (File 16-1193). According to Mr. Joe Chin, Department of Public Works (DPW) Project Manager, DPW is only anticipating two series of bond sales, of which \$176,000,000 will be sold in January 2017, and \$174,000,000 will be sold in approximately July 2018. The sale of \$174,000,000 to be sold in approximately July 2018 is subject to future Board of Supervisors approval.

Financing Parameters

Of the first series of \$176,000,000 of the total \$350,000,000, the Office of Public Finance expects to sell \$174,060,000 under conservative assumptions of market conditions prevailing at the expected time of sale. The additional authorized amount of \$1,940,000 above the expected issuance amount of \$174,060,000 allows for fluctuations in interest rate market conditions from the date of authorization by the Board of Supervisors to the time of the sale of the Bonds. Table 1 below outlines anticipated sources and uses for the bonds.

Table 1: Sources and Uses of \$176,000,000 in Bond Proceeds

Sources	
Par Amount	\$174,060,000
Reserve Proceeds for Interest Rate Fluctuations	1,940,000
Total Not-To-Exceed Amount	\$176,000,000
Uses	
<u>Project</u>	
Public Health and Safety Project Funds	\$171,251,296
Controller's Audit Fund	342,503
Projects Subtotal	171,593,799
Costs of Bond Issuance	551,541
Underwriter's Discount	1,740,600
Citizens' GO Bond Oversight Committee	174,060
Costs of Issuance Subtotal	2,466,201
Subtotal Uses	174,060,000
Reserve Pending Bond Sale for Interest Rate Fluctuations	1,940,000
Total Uses with Reserve	\$176,000,000

\$176,000,000 Appropriation (File 16-1194)

As shown in Table 2 below, the proposed ordinance would appropriate \$171,251,296 in Series 2017A GO bond proceeds for Public Health and Safety project funds to the Department of Public Works (DPW) specifically for buildings, structures and improvement projects.

Table 2: Public Health and Safety Project Funds Allocation for Series 2017A GO Bonds

	Bond Authorization	Bond Budget	Series 2017A Bond Sale (File 16-1193)	Future Bond Sale	Prior General Fund Appropriation
Public Health					
Zuckerberg San Francisco General Hospital	\$222,000,000	\$218,723,000	\$112,055,942	\$106,667,058	\$10,314,852
Southeast Health Center	30,000,000	29,700,000	18,239,644	11,460,356	2,728,524
Castro Mission, and Maxine Hall Health Clinics	20,000,000	19,800,000	16,185,710	3,614,290	3,575,000
Subtotal, Public Health	272,000,000	\$268,223,000	146,481,296	121,741,704	16,618,376
Fire					
Ambulance Facility	43,500,000	42,800,000	13,270,000	29,530,000	800,000
Neighborhood Fire Stations	14,500,000	14,290,000	6,650,000	7,640,000	
Subtotal, Fire	58,000,000	57,090,000	19,920,000	37,170,000	800,000
Homeless					
Homeless Service Sites	20,000,000	19,700,000	4,850,000	14,850,000	
Total	\$350,000,000	\$345,013,000^a	\$171,251,296	\$173,761,704	\$17,418,376^b

Source: Capital Planning Committee Presentation

^a The bond budget of \$345,013,000 and oversight and total issuance costs of \$4,987,000 equals \$350,000,000

^b The Board of Supervisors previously appropriated \$17,418,376 in General Fund monies to pay for initial project costs; this amount will be reimbursed by the Series 2017A bond proceeds.

Department of Public Health Projects: \$146,481,296 (see Table 2 above)

According to Mr. Chin, the appropriation of \$112,055,942 for San Francisco General Hospital will consist of eight projects:

1. Existing Main Hospital (Building 5) Project: Seismically upgrade existing hospital to enhance building strength
2. Urgent Care Relocation Project: Relocate urgent care services from Building 80 to Building 5, 1st floor
3. Seismic Enabling- 6H Surge Space Project: Build out Ward 6H for office and staff support surge space to enable seismic retrofit construction
4. Physical Therapy Relocation Project: Relocate physical therapy department from Building 5, ground floor to 3rd Floor to create space for the new Public Health Laboratory
5. Public Health Laboratory Project: Relocate public Health Laboratory from 101 Grove Street to Building 5, ground floor
6. Dialysis Project: Relocate Dialysis Clinic from Building 100 to Building 5, 3rd Floor

7. Tuberculosis Clinic Project: Relocate tuberculosis clinic from Building 90 to Building 5, 4th Floor

8. Other tenant and fire/life safety improvement projects

The earliest of these eight projects began in December 2015, and the last of the projects is expected to finish by July 2019.

The \$18,239,644 for the Southeast Health Center will be allocated in two phases. Phase One, which began in August 2015 and extends to August 2018, will consist of renovating the health center by modernizing the existing space, expanding patient capacity and enhancing special services such as dental and optometry services. Phase Two, which began in June 2016 and extends to April 2020, will consist of constructing a new multi-story addition adjacent to the existing structure for family health services.

The \$16,185,710 for the Castro Mission Health Clinic and Maxine Hall Health Clinic will be used to renovate the existing health centers in order to improve and expand primary care services and meet current Americans with Disabilities (ADA) standards. Designs began in October 2016, and the construction is estimated to be finished by September 2019.

San Francisco Fire Department: \$19,920,000 (see Table 2 above)

The \$13,270,000 for the new ambulance facility will be used to construct a new ambulance deployment facility to increase efficiency, improve ambulance turnaround time and address seismic deficiency of the current building. The design process began in August 2016, and the project is scheduled to be completed by May 2020.

The \$6,650,000 for the Neighborhood Fire Stations is in order to rehabilitate or upgrade fire stations to provide improved safety and a healthy work environment for the fire fighters. The funds will be used to initiate studies in January 2017 to develop a better scope definition for capital improvements based on fire station priority locations. The selected fire station locations will be determined according to their importance of delivering fire suppression and emergency medical services to the city. Construction is estimated to be completed in May 2021.

Homeless Services: \$4,850,000 (see Table 2 above)

The \$4,850,000 for Homelessness Service Sites will repair and improve existing City-owned shelter facilities in order to allow the existing City's homeless shelter network to continue to function. The funds will also go towards creating a centralized deployment facility for the SF Homeless Outreach Team to improve the coordination and delivery of services to chronically homeless persons living on the streets. Designs will commence in January 2017, and bidding and construction is estimated for October 2017. The project is estimated to be completed in 2022.

As noted above, the Department of Public Works has already appropriated General Fund monies of \$17,418,376 to the projects in the form of pre-bond funding, which will be reimbursed from the Series 2017A bond proceeds.

FISCAL IMPACT**Annual Debt Service**

As noted above, the Office of Public Finance expects to sell \$174,060,000 (see Table 1 above) in par value Series 2017A bonds. Based on a conservative estimate of 3.9 percent interest rate, the Office of Public Finance estimates that average annual debt service over 20 years on the GO Bonds is \$13,800,000. The anticipated total par value of \$174,060,000 is estimated to result in approximately \$93,210,000 in interest payments over the 20-year life of the GO Bonds. The estimated total principal and interest payment over the approximate 20-year life of the GO Bonds is \$267,270,000, of which \$93,210,000 is interest and \$174,060,000 is principal.

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

Debt Limit

Section 9.106 of the City Charter limits the amount of GO Bonds the City can have outstanding at any given time to three percent of the total assessed value of property in San Francisco. The City calculates its debt limit on the basis of total assessed valuation net of non-reimbursable and homeowner exemptions. On this basis, the City's Gross General obligation debt limit for FY 2016-17 is approximately \$6.35 billion, based on a net assessed valuation of approximately \$211.5 billion. This net assessed valuation is dated as of August 1, 2016, which is the date of the Controller's Certificate of Assessed Valuation for the fiscal year. As of November 1, 2016, the City had outstanding approximately \$2.09 billion in aggregate principal amount of General Obligation bonds,¹ which equals approximately 0.99 percent of the net assessed valuation for FY 2016-17. If the Board of Supervisors approves the issuance of the GO Bonds, the debt ratio would increase by 0.08 percent to 1.07 percent—within the 3.00 percent legal debt limit. If all of the City's authorized and unissued bonds were issued, the total debt would be 1.80 percent of the net assessed value of property in the City.

Property Tax Rates

For Series 2017A, repayment of the annual debt service will be recovered through increases in the annual Property Tax rate, which, according to the Controller's Office, would be \$0.00652 per \$100 or \$6.52 per \$100,000 of assessed valuation over the anticipated 20-year term of the bonds based on current valuations. The owner of a residence with an assessed value of \$600,000, assuming a homeowner's exemption of \$7,000, would pay average annual additional Property Taxes to the City of \$38.69 per year if the \$174,060,000 Series 2017A Bonds are sold. However, it is anticipated that as existing outstanding bond debt is retired, this would offset the increase in property taxes.

¹ This number reflects the sale of the Series 2016F Housing Bonds totaling \$75.13 million in October of this year.

Capital Plan:

Under financial constraints adopted by the City's Capital Planning Committee, debt service on approved and issued GO bonds may not increase property owners' long-term property tax rates above FY 2005-06 levels. The FY 2005-06 property tax rate for the GO bond fund was \$0.1201 per \$100 of assessed value. If the Board of Supervisors approves the issuance of the GO Bonds, the property tax rate for GO bonds for FY 2016-17 would be maintained below the fiscal year 2006 rate and within the Capital Planning Committee's approved financial constraint.

RECOMMENDATION

Approve the proposed resolutions (Files 16-1192 and 16-1193) and the proposed ordinance (File 16-1194).

FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
(S.F. Campaign and Governmental Conduct Code § 1.126)

City Elective Officer Information (Please print clearly.)	
Name of City elective officer(s): Members, SF Board of Supervisors	City elective office(s) held: Members, SF Board of Supervisors
Contractor Information (Please print clearly.)	
Name of contractor: The Dutra Group	
Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary. The Dutra Group	
Board of Directors: PLEASE SEE ATTACHED	
Chief Executive Officer (CEO): BILL T. DUTRA	
Chief Financial Officer (CFO): JAMES M. HAGOOD	
Chief Operating Officer (COO): HARRY K. STEWART, SENIOR VICE PRESIDENT	
Any person who has 20% Ownership or more in the Contractor: BILL T. DUTRA, CEO/PRESIDENT/CHAIRMAN	
Subcontractors Listed in Bid: Watertight Restoration	
Any Political Committee Sponsored or Controller by the Contractor: NONE	
Contractor address: 2350 Kerner Boulevard, Suite 200, San Rafael, California 94901-5595	
Date that contract was approved: 9/6/16	Amount of contract: Not-to-Exceed \$1,165,200
Describe the nature of the contract that was approved: Emergency Response Contract to provide emergency seawall repair off of Runways 19R and 19L at the San Francisco International Airport.	
Comments:	

This contract was approved by (check applicable):

- the City elective officer(s) identified on this form
- a board on which the City elective officer(s) serves San Francisco Board of Supervisors

Print Name of Board

- the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

Filer Information <i>(Please print clearly.)</i>	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed

Effective as of June 13, 2013

Current Officers of THE DUTRA GROUP	
Bill T. Dutra	Chief Executive Officer, President, Chairman
Harry K. Stewart	Senior Vice President
James M. Hagood	Chief Financial Officer
Molly F. Jacobson	Secretary and General Counsel

Current Officers of DUTRA CONSTRUCTION CO., INC.	
Bill T. Duh·a	Chief Executive Officer, Chairman
Harry K. Stewart	President, Chief Operating Officer
James M. Hagood	Chief Financial Officer
Molly F. Jacobson	Secretary and General Counsel

Current Officers of DUTRA DREDGING COMPANY	
Bill T. Duh·a	Chief Executive Officer, Chairman
Harry K. Stewart	President, Chief Operating Officer
James M. Hagood	Chief Financial Officer
Molly F. Jacobson	Secretary and General Counsel

Current Officers of SAN RAFAEL ROCK QUARRY, INC.	
Bill T. Dutra	Chief Executive Officer, Chairman
Harry K. Stewart	President, Chief Operating Officer
James M. Hagood	Chief Financial Officer
Molly F. Jacobson	Secretary and General Counsel

Current Officers of DCC ENGINEERING CO., INC	
Bill T. Dutra	Chief Executive Officer, President, Chairman
Gil R. Labrie	Vice President
Han-y K. Stewart	Vice President
James M. Hagood	Chief Financial Officer
Molly F. Jacobson	Secretary and General Counsel

