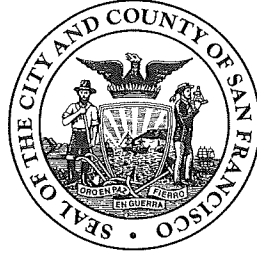


BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

## MEMORANDUM

### BUDGET AND FINANCE COMMITTEE

### SAN FRANCISCO BOARD OF SUPERVISORS

TO: Supervisor Malia Cohen, Chair  
Budget and Finance Committee

FROM: Linda Wong, Assistant Clerk

DATE: December 3, 2018

SUBJECT: **COMMITTEE REPORT, BOARD MEETING**  
Tuesday, December 4, 2018

The following file should be presented as a **COMMITTEE REPORT** at the Board meeting on Tuesday, December 4, 2018, at 2:00 p.m. This item was acted upon at the Committee Meeting on Thursday, November 29, 2018, at 10:00 a.m., by the votes indicated.

**Item No. 16                      File No. 180932**

Ordinance appropriating \$200,000,000 of Special Tax Bonds, Series 2018A and Series 2018B, for financing related to the Transbay Transit Center Project and Transbay Plan Infrastructure Project in FY2018-2019.

#### **RECOMMENDED AS COMMITTEE REPORT**

Vote: Supervisor Malia Cohen - Aye  
Supervisor Sandra Lee Fewer - Aye  
Supervisor Catherine Stefani - Aye

c: Board of Supervisors  
Angela Calvillo, Clerk of the Board  
Jon Givner, Deputy City Attorney  
Alisa Somera, Legislative Deputy Director

File No. 180932

Committee Item No. 1

Board Item No. 16

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date November 29, 2018

Board of Supervisors Meeting

Date December 4, 2018

#### Cmte Board

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| <input type="checkbox"/>            | <input type="checkbox"/>            | Motion                                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Resolution                                   |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Introduction Form                            |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/>            | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Public Correspondence                        |

OTHER (Use back side if additional space is needed)

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Completed by: Linda Wong

Date November 20, 2018

Completed by: Linda Wong

Date December 3, 2018

[Appropriation - Proceeds from Special Tax Bonds - Transbay Transit Center Project - FY2018-2019 - \$200,000,000]

**Ordinance appropriating \$200,000,000 of Special Tax Bonds, Series 2018A and Series 2018B, for financing related to the Transbay Transit Center Project and Transbay Plan Infrastructure Project in FY2018-2019.**

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

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

Section 1. The sources of funding outlined below are herein appropriated to reflect funding available for Fiscal Year 2018-19.

**SOURCES Appropriation**

Fund / Department ID	Project & Activity / Authority	Account	Description	Amount
XXXXX /	XXXXXXXX-XXXX /	80199	Proceeds From	\$200,000,000
XXXXXX	XXXXX	Proceeds From Long Term Obligation	Long Term Obligation	
<b>Total SOURCES Appropriation</b>				<b>\$200,000,000</b>

1 Section 2. The uses of funding outlined below are herein appropriated and reflect the  
 2 projected uses of funding for the Transbay Transit Center Project in Fiscal Year 2018-19.  
 3

4 **USES Appropriation**

5 Fund /	Project & Activity /	Account	Description	Amount
6 Department ID	Authority			
7 XXXXX /	XXXXXXXX-XXXX /	539200	Transbay Transit	\$147,741,045
8 XXXXXX	XXXXX	Loans Issued by City	Center Project Fund	
9				
10 XXXXX /	10012730-0001 /	567000	Transbay Plan	\$29,031,261
11 207954	PW Transit Center	Buildings, Structures &	Infrastructure	
12 DPW IDC	Stscp Budget	Improvement	Project Fund	
13 Budgetary				
14				
15 XXXXX /	XXXXXXXX-XXXX /	539200	BART Infrastructure	\$2,032,882
16 XXXXXX	XXXXX	Loans Issued by City	Project Fund	
17				
18 XXXXX /	XXXXXXXX-XXXX /	570000	Debt Service	\$15,020,943
19 XXXXXX	XXXXX	Debt Service – Budget	Reserve Fund	
20				
21				
22 XXXXX /	XXXXXXXX-XXXX /	574120	Capitalized Interest	\$2,882,924
23 XXXXXX	XXXXX	Bond Interest –	Fund	
24 Capitalized				
25				

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	XXXXXX /	XXXXXXXXXX-XXXX /	XXXXXX	Cost of Issuance	\$3,232,882
4	XXXXXX	XXXXX	Cost of Issuance – Tax		
5			Revenue Anticipation		
6			Notes		
7					
8	XXXXXX /	XXXXXXXXXX-XXXX /	581130	CSA 0.2%	\$58,063
9	XXXXXX	XXXXX	GF-CON-Internal Audits	Controller's Audit	
10				Fund	
11					
12	<b>Total USES Appropriation</b>				<b>\$200,000,000</b>

14 Section 3. The uses of funding outlined above for \$200,000,000 are herein placed on  
15 Controller's Reserve pending sale of the Special Revenue Tax Bonds and approval from the  
16 Controller's Office of Public Finance for the fund release.

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

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APPROVED AS TO FORM  
DENNIS J. HERRERA, City Attorney

FUNDS AVAILABLE  
BEN ROSENFELD, Controller

By:   
BUCK DELVENTHAL  
Deputy City Attorney

By:   
BEN ROSENFELD  
Controller

<p><b>Item 1</b>  <b>Files 18-0932</b>  <i>(Continued from October 25, 2018)</i></p>	<p><b>Department:</b>                  Public Works</p>
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**EXECUTIVE SUMMARY**

**Legislative Objectives**

The proposed ordinance appropriates up to \$200,000,000 of Special Tax Bonds, Series 2018A and Series 2018B, for financing related to the Transbay Transit Center Project and Transbay Plan Infrastructure Project in FY 2018-19. Of the \$200 million appropriation, \$29.0 million would be allocated to the City’s Department of Public Works to pay for streetscape improvements.

**Key Points**

- In September 2014, the Board of Supervisor authorized the formation of a community facilities district (CFD) for new large developments located near the new Transbay Transit Center to provide funding for public infrastructure, including the rooftop park, train box, Caltrain extension, and streetscape improvements. In January 2015, the Board of Supervisors authorized the issuance and sale of not to exceed \$1.4 billion in special tax bonds for the Transbay Transit Center CFD. Pursuant to a Joint Community Facilities Agreement between the City and the Transbay Joint Powers Authority, 82.6 percent of the CFD proceeds will finance a portion of the Transbay project, including the Rooftop Park, train box, and Caltrain extension. The remaining 17.4 percent of proceeds will finance streetscape improvements within the CFD and capacity enhancements for the closest Bay Area Rapid Transit District (BART) stations.
- The City completed the first issuance of bonds in November 2017 in the amount of \$207.5 million. A second issuance in the amount of \$200 million is currently pending before the Board of Supervisors. The bonds are not secured by public funds.

**Fiscal Impact**

- Of the \$200,000,000 appropriation of bond proceeds, \$29,031,261 is appropriated to the Department of Public Works for streetscape improvements in the CFD.
- Funding for the streetscape improvements would remain on Controller’s Reserve until cash for the projects is needed in FY 2019-20 and FY 2020-21, at which time the bonds would be sold.
- Although the Office of Public Finance currently anticipates selling approximately \$173 million in bonds, a variety of market conditions could change to be more favorable at the time of sale, which would result in project funds above the estimated \$173 million.

**Recommendation**

- Approve the proposed ordinance.

**MANDATE STATEMENT**

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

**BACKGROUND**

In September 2014, the Board of Supervisor authorized the formation of a Mello-Roos community facilities district (CFD) for new large developments located immediately south of Market Street near the new Transbay Transit Center (known as the Salesforce Transit Center) to provide funding for the Transbay project and related public infrastructure (File No. 14-0814; Resolution No. 350-14). Properties that receive a zoning bonus that allows for development exceeding the current height and floor-to-area ratios in the City's Planning Code must participate in the CFD.

In January 2015, the Board of Supervisors authorized the issuance and sale of not to exceed \$1.4 billion in special tax bonds for the Transbay Transit Center CFD (File No. 15-0018; Resolution No. 002-15).

Pursuant to a Joint Community Facilities Agreement between the City and the Transbay Joint Powers Authority, 82.6 percent of the CFD proceeds will finance a portion of the Transbay project, including the rooftop park, train box, and Caltrain extension. The remaining 17.4 percent of proceeds will finance streetscape improvements within the CFD and capacity enhancements for the closest Bay Area Rapid Transit District (BART) stations.

In November 2017, the City completed the first issuance of Transbay Transit Center CFD bonds (Series 2017A and 2017B) in the aggregate amount of \$207.5 million.

A proposed resolution currently pending before the Board of Supervisors would authorize the second issuance of Transbay Transit Center CFD bonds (Series 2018A and 2018B) in an amount not to exceed \$200 million (File No. 18-0940). Based on project cost estimates and schedules, the Office of Public Finance expects to deliver approximately \$173 million in bond proceeds based on assumptions about market conditions expected at the time of sale.

Both the 2017 and 2018 bonds are secured by a pledge of special tax revenues collected in the CFD. Special taxes are levied on certain properties in the CFD for 30 years following issuance of both a Certificate of Occupancy and Tax Commencement Authorization. According to the Office of Public Finance, in FY 2018-19, the CFD anticipates collecting approximately \$15.5 million in special tax revenues, with collections increasing to approximately \$19.4 million by the end of FY 2019-20, and to approximately \$19.8 million by the end of FY 2020-21. The bonds are not secured by public funds.



**DETAILS OF PROPOSED LEGISLATION**

The proposed ordinance appropriates up to \$200,000,000 of Special Tax Bonds, Series 2018A and Series 2018B, for financing related to the Transbay Transit Center Project and Transbay Plan Infrastructure Project in FY 2018-19.

Estimated sources and uses of the funds available for FY 2018-19 are shown below.

**Sources and Uses of Funds<sup>1</sup>**

	Amount
<b>Sources</b>	
Bond Proceeds	\$200,000,000
<b>Total Sources</b>	<b>\$200,000,000</b>
<b>Uses</b>	
Transbay Transit Center Project Fund	\$147,741,045
Streetscape Improvements	29,031,261
BART Infrastructure Improvements	2,032,882
<b>Subtotal, Project Costs</b>	<b>\$178,805,188</b>
Debt Service Reserve	15,020,943
Capitalized Interest	2,882,924
Cost of Issuance	3,232,882
City Services Auditor (0.2% of proceeds)	58,063
<b>Subtotal, Reserves, Interest, Issuance, and Other Costs</b>	<b>\$21,194,812</b>
<b>Total Uses</b>	<b>\$200,000,000</b>

The uses of the funding outlined above would be placed on Controller’s Reserve pending sale of the special revenue tax bonds and approval from the Controller’s Office of Public Finance for the fund release.

**FISCAL IMPACT**

Of the \$200,000,000 appropriation of bond proceeds, \$29,031,261 is appropriated to the Department of Public Works for the following streetscape improvements.

<sup>1</sup> As discussed further below, the Office of Public Finance expects the bond par amount to be \$173 million rather than \$200 million based on market conditions. According to the September 21, 2018 memorandum from the Office of Public Finance to the Board of Supervisors, a bond par amount of \$173 million would reduce project funds from \$178.8 million (shown in the table above) to \$154.4 million.

**Streetscape Improvement Projects and Budgets**

Project Description	FY 2019-20	FY 2020-21	Total
Improvements on Howard St between 3 <sup>rd</sup> St and Embarcadero, including pedestrian signal at under ramp park; reconfigure Steuart St from one-way to two-way between Howard St and Mission St with mid-block pedestrian signal	\$13,135,276	\$8,231,173	\$21,366,448
Beale St loading improvements for Casual Carpool dropoff between Clementina St and Howard St	2,482,125		2,482,125
Beale St sidewalk, bicycle facility, and loading improvements between Market St and Mission St	3,723,188		3,723,188
Install pedestrian crossing signal on Beale St at Clementina St	672,000		672,000
Improve pedestrian connection between MoMA and Transit Center on Natoma St	262,500		262,500
Install striped bike lane on Main Street and pedestrian crossing at Clementina St on Main Street	525,000		525,000
<b>Total</b>	<b>\$20,800,088</b>	<b>\$8,231,173</b>	<b>\$29,031,261</b>

According to Mr. Devin Macaulay, Budget Manager at Public Works, funding for the streetscape improvements would remain on Controller’s Reserve until cash for the projects is needed in FY 2019-20 and FY 2020-21, at which time the bonds would be sold.

According to Ms. Jamie Querubin, Deputy Director of the Controller’s Office of Public Finance, actual bond proceeds will depend on market conditions at time of the bond sales. Although the Office of Public Finance anticipates selling approximately \$173 million in bonds based on current market conditions, the requested appropriation of not-to-exceed \$200 million exceeds this amount to provide flexibility should market conditions be more favorable at the time of sale. Conditions that could result in a change in the anticipated project fund and/or par amount above the estimated \$173 million include: (1) bonds issued on a federally tax-exempt basis; (2) bonds issued with a debt service reserve fund surety policy or smaller cash reserve fund; (3) fluctuations in market interest rates between the date of authorization by the Board of Supervisors and the sale of the bonds; (4) changes in required deposits for capitalized interest; and (5) changes in estimated delivery date expenses.

Based on current market conditions, the Office of Public Finance estimates average annual debt service of approximately \$10.7 million, based on a 30-year term and an overall borrowing cost of 4.27 percent for the issuance of federally taxable bonds. The anticipated total par amount of \$173 million is estimated to result in \$153 million in interest payments and total debt service of approximately \$328.5 million over the life of the bonds.

**RECOMMENDATION**

Approve the proposed ordinance.

<p><b>Item 2</b>  <b>Files 18-0932</b>  <i>(Continued from the October 18, 2018)</i></p>	<p><b>Department:</b>                  Public Works</p>
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**EXECUTIVE SUMMARY**

**Legislative Objectives**

The proposed ordinance appropriates up to \$200,000,000 of Special Tax Bonds, Series 2018A and Series 2018B, for financing related to the Transbay Transit Center Project and Transbay Plan Infrastructure Project in FY 2018-19. Of the \$200 million appropriation, \$29.0 million would be allocated to the City’s Department of Public Works to pay for streetscape improvements.

**Key Points**

- In September 2014, the Board of Supervisor authorized the formation of a community facilities district (CFD) for new large developments located near the new Transbay Transit Center to provide funding for public infrastructure, including the rooftop park, train box, Caltrain extension, and streetscape improvements. In January 2015, the Board of Supervisors authorized the issuance and sale of not to exceed \$1.4 billion in special tax bonds for the Transbay Transit Center CFD. Pursuant to a Joint Community Facilities Agreement between the City and the Transbay Joint Powers Authority, 82.6 percent of the CFD proceeds will finance a portion of the Transbay project, including the Rooftop Park, train box, and Caltrain extension. The remaining 17.4 percent of proceeds will finance streetscape improvements within the CFD and capacity enhancements for the closest Bay Area Rapid Transit District (BART) stations.
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**Fiscal Impact**

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- Although the Office of Public Finance currently anticipates selling approximately \$173 million in bonds, a variety of market conditions could change to be more favorable at the time of sale; which would result in project funds above the estimated \$173 million.

**Recommendation**

- Approve the proposed ordinance.

**MANDATE STATEMENT**

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**BACKGROUND**

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The uses of the funding outlined above would be placed on Controller’s Reserve pending sale of the special revenue tax bonds and approval from the Controller’s Office of Public Finance for the fund release.

**FISCAL IMPACT**

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<sup>1</sup> As discussed further below, the Office of Public Finance expects the bond par amount to be \$173 million rather than \$200 million based on market conditions. According to the September 21, 2018 memorandum from the Office of Public Finance to the Board of Supervisors, a bond par amount of \$173 million would reduce project funds from \$178.8 million (shown in the table above) to \$154.4 million.

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Install pedestrian crossing signal on Beale St at Clementina St	672,000		672,000
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Install striped bike lane on Main Street and pedestrian crossing at Clementina St on Main Street	525,000		525,000
<b>Total</b>	<b>\$20,800,088</b>	<b>\$8,231,173</b>	<b>\$29,031,261</b>

According to Mr. Devin Macaulay, Budget Manager at Public Works, funding for the streetscape improvements would remain on Controller’s Reserve until cash for the projects is needed in FY 2019-20 and FY 2020-21, at which time the bonds would be sold.

According to Ms. Jamie Querubin, Deputy Director of the Controller’s Office of Public Finance, actual bond proceeds will depend on market conditions at time of the bond sales. Although the Office of Public Finance anticipates selling approximately \$173 million in bonds based on current market conditions, the requested appropriation of not-to-exceed \$200 million exceeds this amount to provide flexibility should market conditions be more favorable at the time of sale. Conditions that could result in a change in the anticipated project fund and/or par amount above the estimated \$173 million include: (1) bonds issued on a federally tax-exempt basis; (2) bonds issued with a debt service reserve fund surety policy or smaller cash reserve fund; (3) fluctuations in market interest rates between the date of authorization by the Board of Supervisors and the sale of the bonds; (4) changes in required deposits for capitalized interest; and (5) changes in estimated delivery date expenses.

Based on current market conditions, the Office of Public Finance estimates average annual debt service of approximately \$10.7 million, based on a 30-year term and an overall borrowing cost of 4.27 percent for the issuance of federally taxable bonds. The anticipated total par amount of \$173 million is estimated to result in \$153 million in interest payments and total debt service of approximately \$328.5 million over the life of the bonds.

**RECOMMENDATION**

Approve the proposed ordinance.

<b>Item 7</b> <b>Files 18-0932</b>	<b>Department:</b>
<b>EXECUTIVE SUMMARY</b>	
<p style="text-align: center;"><b>Legislative Objectives</b></p>	
<p>The proposed ordinance appropriates up to \$200,000,000 of Special Tax Bonds, Series 2018A and Series 2018B, for financing related to the Transbay Transit Center Project and Transbay Plan Infrastructure Project in FY 2018-19.</p>	
<p style="text-align: center;"><b>Key Points</b></p>	
<ul style="list-style-type: none"> <li>• In September 2014, the Board of Supervisor authorized the formation of a community facilities district (CFD) for new large developments located near the new Transbay Transit Center to provide funding for public infrastructure, including the rooftop park, train box, Caltrain extension, and streetscape improvements. In January 2015, the Board of Supervisors authorized the issuance and sale of not to exceed \$1.4 billion in special tax bonds for the Transbay Transit Center CFD.</li> <li>• The City completed the first issuance of bonds in November 2017 in the amount of \$207.5 million. A second issuance in the amount of \$200 million is currently pending before the Board of Supervisors. The bonds are not secured by public funds.</li> </ul>	
<p style="text-align: center;"><b>Fiscal Impact</b></p>	
<ul style="list-style-type: none"> <li>• Of the \$200,000,000 appropriation of bond proceeds, \$29,031,261 is appropriated to the Department of Public Works for streetscape improvements in the CFD.</li> <li>• Funding for the streetscape improvements would remain on Controller’s Reserve until cash for the projects is needed in FY 2019-20 and FY 2020-21, at which time the bonds would be sold.</li> <li>• Although the Office of Public Finance currently anticipates selling approximately \$173 million in bonds, a variety of market conditions could change to be more favorable at the time of sale, which would result in project funds above the estimated \$173 million.</li> </ul>	
<p style="text-align: center;"><b>Recommendation</b></p>	
<ul style="list-style-type: none"> <li>• Approve the proposed ordinance.</li> </ul>	

**MANDATE STATEMENT**

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

**BACKGROUND**

In September 2014, the Board of Supervisor authorized the formation of a Mello-Roos community facilities district (CFD) for new large developments located immediately south of Market Street near the new Transbay Transit Center (known as the Salesforce Transit Center) to provide funding for the Transbay project and related public infrastructure (File No. 14-0814; Resolution No. 350-14). Properties that receive a zoning bonus that allows for development exceeding the current height and floor-to-area ratios in the City's Planning Code must participate in the CFD.

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Pursuant to a Joint Community Facilities Agreement between the City and the Transbay Joint Powers Authority, 82.6 percent of the CFD proceeds will finance a portion of the Transbay project, including the rooftop park, train box, and Caltrain extension. The remaining 17.4 percent of proceeds will finance streetscape improvements within the CFD and capacity enhancements for the closest Bay Area Rapid Transit District (BART) stations.

In November 2017, the City completed the first issuance of Transbay Transit Center CFD bonds (Series 2017A and 2017B) in the aggregate amount of \$207.5 million.

A proposed resolution currently pending before the Board of Supervisors would authorize the second issuance of Transbay Transit Center CFD bonds (Series 2018A and 2018B) in an amount not to exceed \$200 million (File No. 18-0940). Based on project cost estimates and schedules, the Office of Public Finance expects to deliver approximately \$173 million in bond proceeds based on assumptions about market conditions expected at the time of sale.

Both the 2017 and 2018 bonds are secured by a pledge of special tax revenues collected in the CFD. Special taxes are levied on certain properties in the CFD for 30 years following issuance of both a Certificate of Occupancy and Tax Commencement Authorization. According to the Office of Public Finance, in FY 2018-19, the CFD anticipates collecting approximately \$15.5 million in special tax revenues, with collections increasing to approximately \$19.4 million by the end of FY 2019-20, and to approximately \$19.8 million by the end of FY 2020-21. The bonds are not secured by public funds.



**DETAILS OF PROPOSED LEGISLATION**

The proposed ordinance appropriates up to \$200,000,000 of Special Tax Bonds, Series 2018A and Series 2018B, for financing related to the Transbay Transit Center Project and Transbay Plan Infrastructure Project in FY 2018-19.

Estimated sources and uses of the funds available for FY 2018-19 are shown below.

**Sources and Uses of Funds<sup>1</sup>**

	Amount
<b>Sources</b>	
Bond Proceeds	\$200,000,000
<b>Total Sources</b>	<b>\$200,000,000</b>
<b>Uses</b>	
Transbay Transit Center Project Fund	\$147,741,045
Streetscape Improvements	29,031,261
BART Infrastructure Improvements	2,032,882
<b>Subtotal, Project Costs</b>	<b>\$178,805,188</b>
Debt Service Reserve	15,020,943
Capitalized Interest	2,882,924
Cost of Issuance	3,232,882
City Services Auditor (0.2% of proceeds)	58,063
<b>Subtotal, Reserves, Interest, Issuance, and Other Costs</b>	<b>\$21,194,812</b>
<b>Total Uses</b>	<b>\$200,000,000</b>

The uses of the funding outlined above would be placed on Controller's Reserve pending sale of the special revenue tax bonds and approval from the Controller's Office of Public Finance for the fund release.

**FISCAL IMPACT**

Of the \$200,000,000 appropriation of bond proceeds, \$29,031,261 is appropriated to the Department of Public Works for the following streetscape improvements.

<sup>1</sup> As discussed further below, the Office of Public Finance expects the bond par amount to be \$173 million rather than \$200 million based on market conditions. According to the September 21, 2018 memorandum from the Office of Public Finance to the Board of Supervisors, a bond par amount of \$173 million would reduce project funds from \$178.8 million (shown in the table above) to \$154.4 million.

**Streetscape Improvement Projects and Budgets**

Project Description	FY 2019-20	FY 2020-21	Total
Improvements on Howard St between 3 <sup>rd</sup> St and Embarcadero, including pedestrian signal at under ramp park; reconfigure Steuart St from one-way to two-way between Howard St and Mission St with mid-block pedestrian signal	\$13,135,276	\$8,231,173	\$21,366,448
Beale St loading improvements for Casual Carpool dropoff between Clementina St and Howard St	2,482,125		2,482,125
Beale St sidewalk, bicycle facility, and loading improvements between Market St and Mission St	3,723,188		3,723,188
Install pedestrian crossing signal on Beale St at Clementina St	672,000		672,000
Improve pedestrian connection between MoMA and Transit Center on Natoma St	262,500		262,500
Install striped bike lane on Main Street and pedestrian crossing at Clementina St on Main Street	525,000		525,000
<b>Total</b>	<b>\$20,800,088</b>	<b>\$8,231,173</b>	<b>\$29,031,261</b>

According to Mr. Devin Macaulay, Budget Manager at Public Works, funding for the streetscape improvements would remain on Controller's Reserve until cash for the projects is needed in FY 2019-20 and FY 2020-21, at which time the bonds would be sold.

According to Ms. Jamie Querubin, Deputy Director of the Controller's Office of Public Finance, actual bond proceeds will depend on market conditions at time of the bond sales. Although the Office of Public Finance anticipates selling approximately \$173 million in bonds based on current market conditions, the requested appropriation of not-to-exceed \$200 million exceeds this amount to provide flexibility should market conditions be more favorable at the time of sale. Conditions that could result in a change in the anticipated project fund and/or par amount above the estimated \$173 million include: (1) bonds issued on a federally tax-exempt basis; (2) bonds issued with a debt service reserve fund surety policy or smaller cash reserve fund; (3) fluctuations in market interest rates between the date of authorization by the Board of Supervisors and the sale of the bonds; (4) changes in required deposits for capitalized interest; and (5) changes in estimated delivery date expenses.

Based on current market conditions, the Office of Public Finance estimates average annual debt service of approximately \$10.7 million, based on a 30-year term and an overall borrowing cost of 4.27 percent for the issuance of federally taxable bonds. The anticipated total par amount of \$173 million is estimated to result in \$153 million in interest payments and total debt service of approximately \$328.5 million over the life of the bonds.

**RECOMMENDATION**

Approve the proposed ordinance.

President, District 10  
BOARD of SUPERVISORS



BOS-11, COB, Deps., A. J. Lee  
BoE Clerk, Dep City Atty,  
Mayer's Office, BOS IT, Ops  
City Hall

1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102-4689

Tel. No. 554-7670  
Fax No. 554-7674  
TDD/TTY No. 544-5227

**Malia Cohen**

**PRESIDENTIAL ACTION**

Date: 09/26/18

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,

Pursuant to Board Rules, I am hereby:

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

File No. 180932 Department \_\_\_\_\_  
(Primary Sponsor)

Title. [Appropriation - Proceeds from Special Tax Bonds - Transbay Transit Center Project -

Transferring (Board Rule No 3.3)

File No. \_\_\_\_\_  
(Primary Sponsor)

Title. \_\_\_\_\_

From: \_\_\_\_\_ Committee

To: \_\_\_\_\_ Committee

Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor \_\_\_\_\_

Replacing Supervisor \_\_\_\_\_

For: \_\_\_\_\_ Meeting  
(Date) (Committee)

Malia Cohen, President  
Board of Supervisors

RECEIVED  
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2018 SEP 27 PM 12:46

BY \_\_\_\_\_

OFFICE OF THE MAYOR  
SAN FRANCISCO



LONDON N. BREED  
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: Mayor London Breed *KKC*  
RE: Appropriation - Proceeds from Special Tax Bonds - Transbay Transit  
Center Project – FY 2018-19 - \$200,000,000  
DATE: September 25, 2018

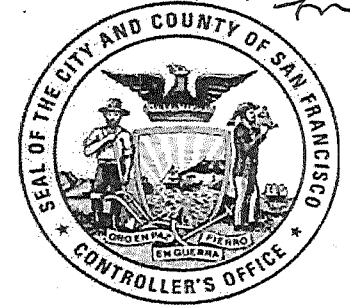
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**Ordinance appropriating \$200,000,000 of Special Tax Bonds, Series 2018A and Series 2018B for financing related to the Transbay Transit Center Project and Transbay Plan Infrastructure Project in Fiscal Year 2018-19.**

Should you have any questions, please contact Kanishka Karunaratne Cheng at 554-6696.

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BOARD OF SUPERVISORS  
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2018 SEP 25 PM 2:06  
*[Signature]*

File # 180932 & 180940  
Received in Committee  
10/18/18



**City and County of San Francisco  
Community Facilities District No. 2014-1  
(Transbay Transit Center)  
Special Tax Bonds, Series 2018 A&B**

**Presentation to Budget & Finance Committee**

**Controller's Office of Public Finance  
October 18, 2018**

# Request for Approval

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- Resolution authorizing the issuance and sale of one or more series of Special Tax Bonds for City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) and Confirming Annexation of Properties into the CFD; and
- Ordinance appropriating \$200,000,000 of Special Tax Bond proceeds for the Transbay Transit Center Project

# Transbay Transit Center District Plan

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- Transit Center District was formed in 2012
- In 2014 the Board and Mayor established Communities Facilities District (CFD) No. 2014-1 and in 2015 authorized the levy of special taxes and the issuance of bonds in an amount not to exceed \$1.4 billion secured by special taxes within the CFD to pay for the downtown rail extension and plan infrastructure
- The Joint Community Facilities Agreement (JCFA) with Transbay Joint Powers Authority establishes governance structure and allows for the following allocation of special taxes:
  - 82.6% of the CFD special tax proceeds to finance the downtown rail extension including the train box and the rooftop park
  - 17.4% of the CFD special tax proceeds to finance other capital improvements in the vicinity of the Salesforce Transit Center

# Transit Center Project Funding Sources

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<b>Sources</b>	<b>Phase I Approved Budget (\$mil)</b>
Land Sales	672.60
Federal TIFIA Loan	171.00
Other: Federal, State, Local Funds	1,058.30
<b>CFD Bond Proceeds/City COP Financing</b>	<b>357.50</b>
<b>Total Funds</b>	<b>2,259.40</b>



# Plan of Finance

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- In January 2017, the City, in partnership with MTC, closed a short-term interim financing not to exceed \$260 million to cover the gap of approximately \$250 million needed to fully fund the \$2,259.4 million budget for Phase 1 of the Transbay Program
- The City has issued \$103 million in short-term variable rate certificates at times and in amounts necessary to meet the project construction draws
- In addition, the Transbay funding plan and project cash flows assume availability of CFD bond proceeds during the construction period
- In November 2017, the City issued the first series of CFD 2014-1 Special Tax Bonds in the amount of \$207.5 million par (the “2017 Bonds”)
- Proposed issuance of the next series, the CFD 2014-1 Special Tax Bonds, Series 2018 A&B, not-to-exceed \$200 million
- The CFD bonds will be repaid from special taxes levied within the District



# Sources and Uses – Par Not to Exceed \$200,000,000

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## Estimated Sources:

Par Amount	<u>\$200,000,000</u>
<b>Total Estimated Sources:</b>	<b>\$200,000,000</b>

## Estimated Uses:

### Project Fund Deposits:

Transbay Plan Infrastructure Project Fund	\$29,031,261
CSA Audit Fee	\$58,063
BART Infrastructure Project Fund	\$2,032,882
Transbay Transit Center Project Fund	<u>\$147,741,045</u>
	\$178,863,251

### Other Fund Deposits:

Debt Service Reserve Fund	\$15,020,943
Capitalized Interest Fund	<u>\$2,882,924</u>

### Delivery Date Expenses:

Cost of Issuance	<u>3,232,882</u>
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<b>Total Estimated Uses:</b>	<b>\$200,000,000</b>
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# Use of 2018A& B Special Tax Bond Proceeds

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- Proceeds of the 2018 Bonds will be used to finance or refinance portions of the Transbay Project and public infrastructure
- Transbay Projects – est. \$127.5 million\*
  - Extension of the Caltrain rail tracks to the Salesforce Transit Center to accommodate Caltrain and California High Speed Rail (the “Downtown Rail Extension” or “DTX”)
  - Includes the train-related components of the Salesforce Transit Center (the “Train Box”) and the Rooftop Park.
- Other Projects – est. \$26.9 million\*
  - Public Works will deliver public infrastructure improvements adjacent to the Transit Center:
    - Sidewalk widening and extensions
    - Pedestrian bulbs
    - Bus islands
    - Curb ramps
    - Crosswalks
  - BART will enhance capacity constraints at Embarcadero and Montgomery Stations regarding crowding on platforms, vertical circulation, and passenger loading.

*\*Estimated proceeds based on estimated par amount of \$173 million and certain assumptions regarding market conditions at the expected time of sale.*

# Confirming Annexation of 250 Howard (Park Tower)

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- Authorizing resolution also confirms the annexation of the property located at 250 Howard Street (Park Tower) into the Transbay CFD District
  - 250 Howard (Park Tower) was annexed into the District on July 18, 2018
- In order for a property to be annexed into the Transbay CFD District, a resolution determining that the property has been added to the District must be approved by the Board of Supervisors
- Approval of this resolution confirms the annexation of 250 Howard (Park Tower) into the CFD, which is a necessary condition to be deemed a taxable property under the CFD

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# Questions?



**City and County of San Francisco  
Community Facilities District No. 2014-1  
(Transbay Transit Center)  
Special Tax Bonds, Series 2018 A&B**

**Presentation to Budget & Finance Committee**

**Controller's Office of Public Finance  
November 29, 2018**

# 2018 CFD Bonds – Use of Proceeds

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- Will the proposed 2018 CFD Bond Proceeds be used to fix the cracked steel beams or to increase the overall project budget for the Transbay Transit Center?
- No, proceeds **will not** be used for the fix
  - CFD Proceeds will be used to: (i) fund remaining Phase 1 *approved* project costs and (ii) repay the City Interim COP Financing



# Transit Center Project Funding Sources

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## Phase I Approved Budget (\$ in millions)

<b>Funding Sources:</b>	<b>Current Estimates</b>	<b>Change from Original (2016)</b>
Land Sales	\$672.6	+ \$3.0M
Federal TIFIA Loan	\$171.0	<i>No Change</i>
Other: Federal, State, Local Funds	\$1,058.3	+ \$33.6M
CFD Bond Proceeds*	\$254.5	+ \$107.9M
City Interim COP	\$103.0	-\$144.5M
<b>Total Phase I Approved Budget</b>	<b>\$2,259.4</b>	<i>No Change</i>

\*The prior (2017) bond sale generated \$149.2M of CFD project proceeds. This issuance would generate \$105.3M for the project, increasing the total to \$254.5M.