

AMENDED IN COMMITTEE

1/27/16

FILE NO. 151275

RESOLUTION NO.

1 [General Obligation Bonds - Public Health and Safety - \$350,000,000]

2
3 **Resolution determining and declaring that the public interest and necessity demand**
4 **the construction, acquisition, improvement, seismic strengthening and betterment of**
5 **critical community and mental health, emergency response and safety, and homeless**
6 **shelter and service facilities and the payment of related costs necessary or convenient**
7 **for the foregoing purposes; finding that the estimated cost of \$350,000,000 for such**
8 **improvements is and will be too great to be paid out of the ordinary annual income and**
9 **revenue of the City and County and will require incurring bonded indebtedness; finding**
10 **that a portion of the proposed bond is not a project under the California Environmental**
11 **Quality Act ("CEQA") and adopting findings under CEQA, CEQA Guidelines, and San**
12 **Francisco Administrative Code, Chapter 31, for the remaining portion of the proposed**
13 **bond; finding the proposed bond is in conformity with the priority policies of Planning**
14 **Code, Section 101.1(b) and with the General Plan consistency requirement of Charter,**
15 **Section 4.105, and Administrative Code, Section 2A.53; and waiving the time limits set**
16 **forth in Administrative Code, Section 2.34.**

17
18 WHEREAS, The City and County of San Francisco (the "City") owns and operates a
19 number of facilities and maintains infrastructure whose primary purpose is to provide critical
20 public health and safety services for City residents and businesses; and

21 WHEREAS, The City has determined that many of such public health facilities and
22 infrastructure are deteriorating and seismically inadequate to ensure public health and safety
23 in the event of an earthquake occurring in or near the City; and

1 WHEREAS, The Working Group on California Earthquake Probabilities (a collaborative
2 effort of the United States Geological Survey (the "U.S.G.S."), the California Geological
3 Society and the Southern California Earthquake Center) estimates a 72% chance that one or
4 more earthquakes of a magnitude of 6.7 or larger will occur in the Bay Area in the next 30
5 years; and

6 WHEREAS, The U.S.G.S. predicts that a magnitude 7.5 earthquake occurring today on
7 the Hayward Fault would likely cause hundreds of deaths and significant property damage,
8 with estimates as high as \$200 billion; and

9 WHEREAS, A large magnitude earthquake would damage critical City public health
10 facilities and infrastructure, thereby compromising the capacity of health care workers and first
11 responders, including fire and police personnel, to respond effectively; and

12 WHEREAS, The Public Health and Safety Bond (the "Bond") will provide funding for
13 critical public health and safety facilities as further described below; and

14 WHEREAS, With adequate funding the City can make essential seismic retrofits and
15 fire response system improvements at the Pricilla Chan and Mark Zuckerberg San Francisco
16 General Hospital and Trauma Center campus and neighborhood clinic, including but not
17 limited to the modernization of fire response systems and the renovation and expansion of the
18 Southeast Health Center, and the improvement of high-demand community health centers
19 with access to mental health, urgent care, substance abuse, dental and social services
20 (collectively the "Public Health Project"), and

21 WHEREAS, With adequate funding the City can renovate and seismically upgrade the
22 San Francisco Fire Department Ambulance Deployment Facility, which includes the
23 construction of a modern, seismically safe ambulance and paramedic deployment facility, as
24 well as make urgently needed repairs and modernizations to neighborhood fire stations
25 Citywide (collectively, the "Fire Safety Project"); and

1 WHEREAS, With adequate funding the City can correct public health and safety
2 deficiencies at City-owned shelters and service delivery sites to improve facilities and expand
3 services for homeless individuals and families (collectively, the "Homeless Health and Safety
4 Project" and

5 WHEREAS, The Board recognizes the need to seismically strengthen and safeguard
6 the City's critical public health, safety and homeless services facilities to better secure the
7 health, safety and welfare of City residents; now, therefore, be it

8 RESOLVED, By the Board of Supervisors:

9 Section 1. The Board determines and declares that the public interest and necessity
10 demand the rehabilitation, improvement and seismic upgrade of public health and safety
11 facilities, including making seismic upgrades and improvements to the Pricilla Chan and Mark
12 Zuckerberg San Francisco General Hospital campus, the renovation of and construction of a
13 new addition to the South East Health Center; the improvement of high-demand community
14 health centers with the expansion of and access to mental health, urgent care, substance
15 abuse, dental, and social services; the construction of a seismically safe Ambulance
16 Deployment Facility, and the modernization and upgrade of neighborhood fire stations
17 Citywide; and the improvement and increased capacity of facilities to better serve homeless
18 individuals and families at City-owned shelters and homeless service sites, and the payment
19 of related costs necessary or convenient for the foregoing purposes.

20 Section 2. The estimated cost of \$350,000,000 of the Bond is and will be too great to
21 be paid out of the ordinary annual income and revenue of the City, will require an expenditure
22 greater than the amount allowed by the annual tax levy, and will require the incurrence of
23 bonded indebtedness in an amount not to exceed \$350,000,000.

24 Section 3. The Board, having reviewed the proposed legislation, makes the following
25 findings in compliance with the California Environmental Quality Act ("CEQA"), California

1 Public Resources Code Sections 21000 et seq., the CEQA Guidelines, 15 Cal. Administrative
2 Code Sections 15000 et seq., ("CEQA Guidelines"), and San Francisco Administrative Code
3 Chapter 31 ("Chapter 31"). The facilities and programs proposed to be funded with this Bond
4 have been reviewed as required by CEQA. Certain programmatic facilities to be constructed
5 or acquired with proceeds of the Bonds, including the neighborhood fire stations, the
6 homeless shelters and service facilities and the high demand community health centers are
7 statutorily exempt from environmental review under CEQA Guidelines, Section 15273(a)(4).
8 The Environmental Review Officer has also determined that the proposed facilities are either
9 exempt from CEQA as follows:

10 a. PUBLIC HEALTH PROJECTS.

11 1. San Francisco General Hospital Building 5. On April 6, 2015, the Planning
12 Department determined that interior alterations and seismic retrofit of San Francisco General
13 Hospital Buildings 5 is categorically exempt from environmental review under Class 1 of
14 CEQA Guidelines Section 15301.

15 2. Southeast Health Center. On June 16, 2015, the Planning Department determined
16 that renovation of and a two-story horizontal addition to the Southeast Health Center (2401
17 Keith Street) was categorically exempt from environmental review under Class 32 of the
18 CEQA Guidelines, Section 15332.

19 3. Community Health Centers. On January 26, 2016, the Planning Department
20 determined that the Bond funding program for the improvement of high demand community
21 health centers across the City and the expansion of access to mental health, urgent care,
22 substance abuse, dental, and social services was statutorily exempt from environmental
23 review under CEQA Guidelines, Section 15273(a)(4)—establishment of rates, tolls, fares, and
24 charges for the purpose of obtaining funds for capital projects necessary to maintain service
25 within existing service.

1 b. SAFETY PROJECT. On December 11, 2015, the Planning Department determined
2 that the demolition of two small structures and construction of a 30,334 gross square foot San
3 Francisco Fire Department ("SFFD") Emergency Medical Services Facility and 62,000 gross
4 square foot parking structure behind SFFD Fire Station No. 9 at 2245 Jerrold Avenue was
5 categorically exempt from environmental review under Class 32 of the CEQA Guidelines,
6 Section 15332.

7 c. NEIGHBORHOOD FIRE STATIONS. On January 26, 2016, the Planning
8 Department determined that the Bond funding program for the modernization and upgrade of
9 San Francisco Fire Department neighborhood fire stations citywide was statutorily exempt
10 from environmental review under CEQA Guidelines, Section 15273(a)(4)—establishment of
11 rates, tolls, fares, and charges for the purpose of obtaining funds for capital projects
12 necessary to maintain service within existing service areas;

13 d. HOMELESS HEALTH AND SAFETY PROJECT. On January 26, 2016, the Planning
14 Department determined that the Bond funding program for the improvement of facilities to
15 better serve homeless individuals and families at shelters and homeless service sites, and
16 acquisition and construction of related facilities, was statutorily exempt from environmental
17 review under CEQA Guidelines, Section 15273(a)(4)—establishment of rates, tolls, fares, and
18 charges for the purpose of obtaining funds for capital projects necessary to maintain service
19 within existing service areas.

20 The Board affirms these exemption determinations of the Planning Department, for the
21 reasons set forth in the analyses in these exemptions contained in Board of Supervisors File
22 No. 151275, incorporated herein by this reference thereto. The Board finds that based on the
23 whole record before it there are no substantial project changes, no substantial changes in
24 project circumstances, and no new information of substantial importance that would change
25

1 the conclusions set forth in these exemption determinations by the Planning Department that
2 these proposed projects are exempt from environmental review.

3 Section 4. The Board finds and declares that the proposed Bond is (i) in conformity
4 with the priority policies of Section 101.1(b) of the San Francisco Planning Code, (ii) in
5 accordance with Section 4.105 of the San Francisco Charter and Section 2A.53(f) of the
6 San Francisco Administrative Code, and (iii) consistent with the City's General Plan, and
7 adopts the findings of the Planning Department, as set forth in the General Plan Referral
8 Report dated January 26, 2016, a copy of which is on file with the Clerk of the Board of
9 Supervisors in File No. 151275 and incorporates such findings by reference.

10 Section 5. The time limit for approval of this resolution specified in Section 2.34 of the
11 San Francisco Administrative Code is waived.

12 Section 6. Under Section 2.40 of the San Francisco Administrative Code, the
13 ordinance submitting this proposal to the voters shall contain a provision authorizing landlords
14 to pass-through 50% of the resulting property tax increases to residential tenants in
15 accordance with Chapter 37 of the San Francisco Administrative Code.

16 Section 7. Documents referenced in this resolution are on file with the Clerk of the
17 Board of Supervisors in File No. 151275, which is hereby declared to be a part of this
18 resolution as if set forth fully herein.

19
20 APPROVED AS TO FORM:

21 DENNIS J. HERRERA
22 City Attorney

23
24 By: _____

25 Mark D. Blake
Deputy City Attorney

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|---|--|
| Items 1 and 2 Files 15-1275 and 15-1276 <i>(Continued from January 27, 2016)</i> | Departments: Department of Public Works (DPW), Fire Department Department of Public Health, Animal Care and Control City Administrator's Office, Capital Planning Program Controller's Office of Public Finance |
| EXECUTIVE SUMMARY | |
| Legislative Objectives | |
| <ul style="list-style-type: none"> • <u>File 15-1275</u>: Resolution determining and declaring the public interest and necessity demand the construction, acquisition, improvement, seismic strengthening and betterment of critical community and mental health, emergency response and safety and homeless shelter and service facilities and the payment of costs necessary or convenient for the foregoing purposes; finding that the estimated \$350,000,000 cost for such improvements is too great to be paid out of the ordinary annual income and revenue of the City and will require incurring bonded indebtedness; adopting findings under the California Environmental Quality Act (CEQA), Administrative Code Chapter 31 and the Planning Code; and waiving time limits in Administrative Code, Section 2.34. • <u>File 15-1276</u>: Ordinance calling and providing for a special election to be held on June 7, 2016 in order to submit to San Francisco voters a proposition to incur \$350,000,000 for construction, acquisition, improvement, seismic strengthening and betterment of critical community and mental health, emergency response and safety and homeless shelter and service facilities and related costs. | |
| Key Points | |
| <ul style="list-style-type: none"> • The proposed 2016 Public Health and Safety General Obligation Bond would fund six projects: (1) \$222 million for seismic upgrades and renovations to San Francisco General Hospital (SFGH-Building 5); (2) \$30 million for renovation and expansion of Southeast Health Center; (3) \$44 million for constructing a new ambulance deployment center, (4) \$20 million for Community Health Centers, (5) \$20 million for homeless shelters and service sites, and (6) \$14 million for neighborhood fire stations. | |
| Fiscal Impact | |
| <ul style="list-style-type: none"> • At least \$10,800,000 for furniture, fixtures and equipment, which cannot be paid with bond proceeds, will likely need General Fund support, subject to approval by the Board of Supervisors. • The \$350,000,000 GO Bonds at projected annual interest of 6% for 20 years, assuming three issuances, results in total debt service costs of \$603,999,767, including \$253,999,757 interest and \$350,000,000 principal, with \$27,454,535 average annual debt service. Debt service is paid from Property Taxes, such that an owner of a \$600,000 assessed home will pay \$54.27 average annual additional Property Taxes. • \$54 million of the \$350 million GO bond are not specifically identified in the City's Ten Year Capital Plan. | |
| Recommendations | |
| <ul style="list-style-type: none"> • Amend the proposed ordinance and resolution to add, "On January 26, 2016, the Planning Department determined that the Bond funding program for the improvement of high demand community health centers across the City and the expansion of access to mental health, urgent care, substance abuse, dental and social services was statutorily exempt from environmental review under CEQA Guidelines, Section 15273(a)(4)-establishment of rates, tolls, fares, and charges for the purpose of obtaining funds for capital projects necessary to maintain service within existing service areas." • Approval of the proposed ordinance and resolution to submit a \$350 million General Obligation bond to San Francisco voters for the June 2016 ballot is a policy decision for the Board of Supervisors. | |

MANDATE STATEMENT / BACKGROUND**Mandate Statement**

According to Article 16, Section 18(a) of the State of California Constitution, no county, city, town, township, board of education, or school district, shall incur any indebtedness or liability for any purpose exceeding in any year the income and revenue provided for such year, without the approval of two-thirds of the voters of the public entity voting at an election to be held for that purpose. Section 9.105 of the City's Charter provides that the Board of Supervisors is authorized to approve the issuance and sale of General Obligation bonds in accordance with State law or local procedures adopted by ordinance.

City Administrative Code Section 2.34 requires that (1) a resolution of public interest and necessity for the acquisition, construction or completion of any municipal improvement be adopted by the Board of Supervisors not less than 141 days, and (2) an ordinance ordering the submission of the proposal to San Francisco voters be adopted by the Board of Supervisors not less than 99 days, before the election at which such proposal will be submitted to the voters. These time limits may be waived by resolution of the Board of Supervisors.

BackgroundCity's Ten-Year Capital Plan

The City's Ten Year (FY 2016-2025) Capital Plan, approved by the Board of Supervisors on April 21, 2015, provides an assessment of the City's capital needs, the investment required to meet those needs and a detailed plan to finance capital improvements over the next ten years. This Capital Plan recommends \$23 billion in direct City investments plus \$9 billion of external funding, for a total of \$32 billion in capital improvements over the next ten years, including a \$311 million Public Health and Safety General Obligation (GO) Bond to be submitted to San Francisco voters for the June 2016 ballot. This \$311 million GO Bond included:

(a) \$192 million to seismically retrofit and renovate the existing San Francisco General Hospital (SFGH) (Building 5);

(b) \$30 million for renovation and expansion of the Department of Public Health's (DPH) Southeast Health Center;

(c) \$49 million to seismically retrofit and renovate the City's Animal Care and Control facility; and

(d) \$40 million for a new seismically safe expanded Fire Department Ambulance Deployment Center.

Capital Planning Committee

On January 25, 2016, the Capital Planning Committee met and approved placing a \$350 million GO Bond on the June 2016 ballot, with amendments that substitute the City's Animal Care and Control facility (now estimated to cost \$54 million) with (a) \$20 million for improvement of community health centers, (b) \$20 million for facilities to better serve homeless individuals and

families and (c) \$14 million for neighborhood fire stations. On January 27, 2016, the Budget and Finance Committee approved the Capital Planning Committee amendments to the proposed ordinance and resolution to reflect these changes and continued the legislation to the February 3, 2016 meeting. The Capital Planning Committee also approved amending the City's Certificate of Participation (COP) program to include the construction of a new seismically-safe Animal Care and Control shelter.

San Francisco General Hospital Campus

The new Priscilla Chan and Mark Zuckerberg San Francisco General Hospital and Trauma Center (Zuckerberg San Francisco General), constructed with \$887 million of 2008 San Francisco voter-approved General Obligation bonds and significant private gifts and donations, is scheduled to open in the Spring of 2016. In preparation for the opening of this new facility, the Department of Public Health (DPH) and the Department of Public Works contracted with SOHA Engineers, a structural engineering firm, at a total cost of \$303,015 to evaluate the structural performance of the adjacent older 1970s-era existing hospital facility (Building 5). This evaluation found that significant corrective structural work was needed to reinforce and improve the seismic safety of this facility, as well as fire and life safety and related regulatory requirements and renovations.

Once the new Zuckerberg San Francisco General acute care and trauma center opens and patients are transferred from Building 5, this older 1970s-era existing main hospital facility is proposed to be seismically and structurally upgraded to house outpatients, urgent care and the City's psychiatric emergency services. It should be noted that the overall San Francisco General Hospital campus includes 15 buildings which provide various health services, eight of which need seismic safety improvements¹. Mr. Brian Strong, Director of the Capital Planning Program advises that a future GO bond in 2022 is anticipated to be requested for seismic improvements for SFGH Buildings 80/90. In addition, DPH is currently studying the feasibility of future uses for the eight buildings that would seek alternate financing mechanisms, to offset the use of General Fund monies. These studies are anticipated to be completed in the fall of 2016.

Southeast Health Center

The Department of Public Health (DPH) owns and operates ten neighborhood-based primary care health centers, which are identified in the attached map, including the 17,000 square foot Southeast Health Center, which opened in 1979 at 2401 Keith Street in the Bayview Hunters Point neighborhood. The Southeast Health Center provides acute and chronic illness services, preventive medical care, prenatal, mental health and substance abuse care, as well as dental, optometry and podiatry care. DPH advises that while improvements have been made and planned for the other health centers, the Southeast Health Center facility is both outdated and inadequate to serve the growing needs of the patient community and unique because DPH wants to relocate behavioral health services from leased space into a new adjacent addition to the Southeast Health Center facility in order to develop an integrated model of health care to better meet the needs of vulnerable and at-risk individuals and families.

¹ The eight buildings that require seismic safety improvements are: Buildings 1, 9, 10, 20, 30, 40, 80/90 and 100.

Other DPH Health Centers

DPH recently made improvements to integrate primary care and mental health services at two health centers—Ocean Park Health Center and Sunset Mental Health, as highlighted in the attached map. This integrated approach allows DPH to provide coordinated primary care, mental health, dental care, substance abuse disorder and social services within one facility. DPH would use additional bond funds to reconfigure and upgrade its facilities to provide integrated primary care and behavioral services at all its clinics. As these are programmatic fund allocations, the specific locations, projects and costs have not been identified. However, DPH indicates that changes to the Castro Mission Health and Maxine Hall clinics are currently in the early stages of programming and design.

Fire Department Ambulance Deployment Facility

In 2015, the Fire Department responded to more than 100,000 emergency medical service calls, an average of 274 calls per day, transporting approximately 55,000 patients to local hospitals. A new dynamic deployment model fully implemented by July 2009 strategically deploys ambulances from specified locations throughout the City, depending on demands for emergency medical services. The current 1½ story Ambulance Deployment Facility sits on a 64,000 square foot lot, at 1415 Evans Avenue in the Bayview neighborhood, only has space to restock one ambulance at a time, which can delay the turn-around time to return ambulances to serve, slowing emergency response times.

The proposed bond would construct a new seismically safe 30,000 square foot, three-floor facility and 55,000 square foot parking structure on the City-owned site at 2245 Jerrold Avenue in the Bayview neighborhood. The new facility would include four ambulance restocking bays, ambulance supplies warehouse, locker rooms, on-site training rooms and secure, off-street parking. Currently, 2245 Jerrold Avenue contains Fire Station 9 and three buildings for materials and vehicle storage, two of which would be demolished to allow construction of the new facility. The Fire Department proposes to consolidate its Bureau of Equipment functions from a seismically unsafe unreinforced masonry building at 2510 25th Street to the 1415 Evans Avenue site.

Neighborhood Fire Stations

All 44 City Fire Stations have structural, seismic or other health and safety-related building deficiencies. If not addressed, these deficiencies could render Fire Stations inoperable after a major earthquake or disaster.

The first Earthquake Safety and Emergency Response (ESER) GO Bond in 2010 provided \$65 million for improvements to 23 of the City's 44 neighborhood fire stations in every Supervisorial district. The second ESER GO Bond in 2014 provided \$85 million for additional improvements to fire stations. As of January 2016, the 2014 ESER bond funds were expended on five completed fire stations and planning and design for nine additional stations. The proposed bond funds would be used for additional capital improvements at fire stations, based on existing capital project planning and prioritization.

Homeless Service Sites

The City provides homeless services at various sites including: three City-owned homeless shelters, a Navigation Center at a temporary site and two deployment centers for the San Francisco Homeless Outreach Team (SFHOT) at leased sites. The two homeless shelters at 1001 Polk Street and 525 5th Street provide services to homeless adults, and one shelter at 260 Golden Gate provides services to families. The Navigation Center, at 1950 Mission Street, provides various services to transition homeless individuals to permanent housing solutions. The SFHOT deployment centers deploy multiple agencies' staff to assess medical and behavioral crises, refer persons to emergency care and other services and provide case management to severely disabled individuals living on the street.

As programmatic fund allocations, the specific locations, projects and costs have not been identified. However, the funds would generally be used to repair and replace health and safety systems in the three City-owned homeless shelters, including fire protection systems, plumbing, roofs, ADA requirements, security, heating and ventilation, electrical and seismic upgrades. In addition, funding would be used to remodel, modernize or acquire facilities to improve homeless services, such as through innovative service models as the Navigation Center and SFHOT.

DETAILS OF PROPOSED LEGISLATION

File 15-1275: The proposed resolution would (a) determine and declare that the public interest and necessity demand the construction, acquisition, improvement, seismic strengthening and betterment of critical community and mental health, emergency response and safety and homeless shelter and service facilities and the payment of \$350,000,000 costs is necessary or convenient for the foregoing purposes; (b) find that a portion of the proposed bond is not a project under the California Environmental Quality Act (CEQA) and adopt findings under CEQA for the remaining portion of the bond; (c) find that the proposed bond is in conformity with the priority policies of Planning Code, Section 101.1(b) and with the General Plan consistency requirement of Charter, Section 4.105 and Administrative Code, Section 2A.53; and (d) waive the time limits set forth in Administrative Code Section 2.34.

File 15-1276: The proposed ordinance would (a) call and provide for a special election to be held in San Francisco on June 7, 2016 in order to submit to San Francisco voters a proposition to incur \$350,000,000 of General Obligation bonded indebtedness to finance the construction, acquisition, improvement, seismic strengthening and betterment of critical community and mental health, emergency response and safety and homeless shelter and service facilities and related costs; (b) specify the tax levy and interest rates; (c) authorize landlords to pass-through 50% of the resulting property tax increase to residential tenants in accordance with Administrative Code Chapter 37; and (d) establish the election provisions.

Under the proposed resolution (File 15-1275) and ordinance (File 15-1276), the Board of Supervisors would:

- find that the estimated \$350,000,000 cost of the proposed capital improvements are too great to be paid out of the ordinary annual income and revenue of the City and County of San Francisco (City) and will require expenditures greater than the amount allowed in the existing annual tax levy, thus requiring the City to incur bonded indebtedness;
- find that each of the facilities proposed to be funded with this bond have been reviewed as required by the California Environmental Quality Act (CEQA) and the proposed facilities are either categorically exempt from environmental review, or statutorily exempt from CEQA;
- find that the proposed bond is in conformity with the eight priority policies of Planning Code, Section 101.1(b)² and consistent with the City's General Plan;
- authorize landlords to pass-through 50% of the subject property tax increases to residential tenants in accordance with Chapter 37 of the Administrative Code;
- fix the date of June 7, 2016 and the manner of the election, procedures for voting on the proposition, notice of such election and consolidate the special election with the general election;
- fix the maximum rate of interest on the bonds and provide for the levy and collection of property taxes to pay both the principal and interest on the bonds;
- incorporate (a) Administrative Code Chapter 83, authorizing all contracts funded with the proceeds of these bonds be subject to the City's First Source Hiring Program, and (b) Chapter 14B, requiring the Local Business Enterprise and Non-Discrimination in Contracting Ordinance provisions;
- waive the ballot proposition word limit imposed by Municipal Elections Code Section 510;
- comply with Section 53410 of the California Government Code regarding restrictions on the use of bond proceeds;
- waive Administrative Code Section 2.34 time requirement provisions; and
- incorporate Administrative Code Section 5.30-5.36 provisions regarding the Citizen's General Obligation Bond Oversight Committee (CJOB) annual review and report to the Mayor and the Board of Supervisors.

The proposed \$350,000,000 General Obligation Bond would be referred to as the 2016 Public Health and Safety Bond, and would fund the facilities shown in Table 1 below:

² The Eight Priorities of City Planning Code Section 101.1 include: (1) existing neighborhood-serving retail uses be preserved and enhanced, and future opportunities for resident employment in and ownership of such businesses enhanced; (2) existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods; (3) the City's supply of affordable housing be preserved and enhanced; (4) commuter traffic not impede Muni transit service or overburden our streets or neighborhood parking; (5) a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced; (6) the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake; (7) landmarks and historic buildings be preserved; and (8) parks and open space and their access to sunlight and vistas be protected from development.

Table 1: Summary of Projects and Costs for the Proposed 2016 GO Bond

| Projects | Bond Amount | Description |
|--|----------------------|--|
| Existing San Francisco General Hospital (Building 5) | \$222,000,000 | Seismic improvements, and fire alarm system, fire sprinklers and associated upgrades to electrical and mechanical life and safety systems, including new infection-control and ventilation systems, upgraded restrooms, fixtures, hardware, ADA improvements and modernization of the facility. |
| Southeast Health Center | 30,000,000 | Phase I includes \$5 million renovation of the existing Southeast Health Center at 2401 Keith Street in the Bayview-Hunters Point neighborhood to expand patient capacity and upgrade and modernize the facility. Phase II includes \$25 million construction of a new approximately 20,000 square foot adjacent two-story addition to provide comprehensive behavioral patient health services. |
| Other DPH Health Centers | 20,000,000 | Capital improvements to reconfigure and upgrade DPH facilities to provide Integrated Wellness Hub concept in community health centers, to coordinate primary care, mental health, dental care, substance abuse disorder and social services. |
| Fire Department Ambulance Deployment Facility | 44,000,000 | Construction of a new seismically safe 3-floor facility and parking structure at 2245 Jerrold Avenue to accommodate more efficient restocking of four ambulances at one time, including dispatch, training facilities and Fire Department offices. |
| Neighborhood Fire Stations | 14,000,000 | Capital improvements similar to ESER 2010 and 2014 at an additional group of fire stations, including replacement of emergency generators, roof repairs and replacement, repainting and refurbishing, and mechanical and general facility renovations. To extent feasible, will include seismic improvements at selected fire stations. |
| Homeless Service Sites | 20,000,000 | Major health and safety system repairs and replacement in three City-owned homeless shelters, including plumbing, roofs, fire alarms, kitchens, ADA and security, heating and ventilation, electrical and seismic upgrades. Funds also to be used to remodel, modernize or acquire facilities to improve homeless services, such as through the Navigation Center and SFHOT. |
| Total | \$350,000,000 | |

Regarding the California Environmental Quality Act (CEQA) findings:

- On February 13, 2015, the Planning Department determined that the proposed SFGH Building 5 project is categorically exempt from CEQA.
- On June 16, 2015, the Planning Department determined that the proposed Southeast Health Center project is categorically exempt from CEQA, as an in-fill development project.

- On December 11, 2015, the Planning Department determined that the proposed Fire Department Ambulance Deployment Facility is categorically exempt from CEQA, as an in-fill development project.
- On January 26, 2016, the Planning Department determined that the three added capital programs regarding DPH health centers, neighborhood fire stations and homeless shelters are statutorily exempt from CEQA under CEQA Guidelines, Section 15273(a)(4). If these program bond funds are approved, the individual bond-funded projects would be referred to the Planning Department for environmental review.

Both the proposed ordinance and resolution should be amended to clarify that the Planning Department environmental determination for bond funding programs for the improvement of the other DPH health centers was completed on January 26, 2016 and found to be statutorily exempt from environmental review under CEQA Guidelines, Section 15273(a)(4).

FISCAL IMPACT

Rationale for Proposed Costs

This \$350 million Public Health and Safety General Obligation Bond was initially included in the 2016-2025 City 10-Year Capital Plan at \$311 million³, including a new Animal Care and Control facility. As noted above, on January 25, 2016, the Capital Planning Committee amended the proposal to substitute the \$54 million Animal Care and Control facility with (a) \$20 million for community health centers, (b) \$20 million for homeless facilities and (c) \$14 million for neighborhood fire stations.

Development of the original three projects was based on preliminary planning and seismic analysis funded with General Fund appropriations, including (a) \$11,375,000 for SFGH in FY 2012-13 through FY 2015-16, and (b) \$2,500,000 for the Southeast Health Center in FY 2012-13, which would be reimbursed by the proposed 2016 GO Bond funds, if approved by the voters. Although specific locations and projects have not yet been identified, DPH estimates that average renovation costs for each DPH Health Center would be \$4-\$5 million depending on the extent and scope of work.

A breakdown of the total estimated costs of \$350 million for the six proposed projects is shown in Table 2 below.

³ The Ten Year Capital Plan estimate of \$311 million for the subject GO Bond increased to \$350 million as a result of additional technical seismic analysis, specific identified locations and further defined scope. The SFGH building is now estimated to cost \$222 million (instead of \$192 million), the Animal Care and Control facility budget moved \$5 million of General Fund costs to bond expenses, increasing the estimated bond cost to \$54 million (instead of \$49 million) and the Ambulance Deployment Center is now estimated to cost \$44 million (instead of \$40 million).

Table 2: Estimated Costs for the Six Proposed Projects

| | SFGH Existing Hospital | Southeast Health Center | Other DPH Health Centers | Ambulance Deployment | Neighbor- hood Fire Stations | Homeless Shelters |
|--------------------------------|---------------------------------------|--|---|---------------------------------|---|------------------------------|
| Arch/Engin/Mgmt | \$61,332,425 | \$9,506,550 | \$6,750,000 | \$8,510,000 | \$2,810,000 | \$3,840,000 |
| Permits | 1,920,075 | 250,000 | 200,000 | 810,000 | 270,000 | 390,000 |
| Other City Agencies | <u>750,000</u> | <u>249,700</u> | <u>200,000</u> | <u>680,000</u> | <u>360,000</u> | <u>520,000</u> |
| Subtotal Proj Control | \$64,002,500 | \$10,006,250 | \$7,150,000 | \$10,000,000 | \$3,440,000 | \$4,750,000 |
| Construction | 134,539,130 | 17,125,000 | 11,000,000 | 29,470,000 | 9,000,000 | 13,000,000 |
| Contingency (15%) | <u>20,180,870</u> | <u>2,568,750</u> | <u>1,650,000</u> | <u>2,830,000</u> | <u>1,350,000</u> | <u>1,950,000</u> |
| Subtotal Construction | \$154,720,000 | \$19,693,750 | \$12,650,000 | \$32,300,000 | \$10,350,000 | \$14,950,000 |
| Inflation Reserve ⁴ | | | | <u>1,000,000</u> | | |
| Subtotal | | | | 1,000,000 | | |
| Bond Issuance | 3,277,500 | 300,000 | 200,000 | 700,000 | 210,000 | 300,000 |
| Total Project Cost | \$222,000,000 | \$30,000,000 | \$20,000,000 | \$44,000,000 | \$14,000,000 | \$20,000,000 |

The above project costs do not include the costs for furniture, fixtures or equipment, which cannot be paid from the proposed GO bond. Such costs are estimated to total \$10,800,000, including \$7,800,000 for the SFGH existing hospital, \$2,000,000 for the Southeast Health Center and \$1,000,000 for the Ambulance Deployment. This \$10,800,000 cost, which is included in the City's 5-Year Financial Plan, will likely need to be funded with General Fund monies, subject to future appropriation approval by the Board of Supervisors. Additional furniture, fixtures and equipment requirements for the program elements of the proposed bond will not be known until specific projects and locations are determined.

Proposed Bond Financing Costs

If the proposed \$350,000,000 Public Health and Safety General Obligation Bonds are approved by San Francisco voters in June of 2016, Ms. Nadia Sesay, Director of the Office of Public Finance anticipates that these bonds would be sold in three issuances in approximately October 2016 (\$120 million), January 2018 (\$137 million) and January 2019 (\$93 million), as summarized in Table 3 below.

Table 3: Sources and Uses of \$350,000,000 Public Health and Safety Bonds

| Issuances | 1: October 2016 | 2: January 2018 | 3: January 2019 | Total |
|------------------------|------------------------|------------------------|------------------------|----------------|
| Total Sources | \$120,000,000 | \$137,000,000 | \$93,000,000 | \$350,000,000 |
| Uses | | | | |
| Project Funds | \$118,241,500 | \$135,065,000 | \$91,526,000 | \$344,832,500 |
| CSA Audit Fee | <u>238,500</u> | <u>270,000</u> | <u>183,500</u> | <u>692,500</u> |
| Total Fund Deposit | \$118,480,000 | \$135,335,500 | 91,709,500 | \$345,525,000 |
| Cost of Issuance | \$500,000 | \$500,000 | \$500,000 | \$1,500,000 |
| Underwriter's Discount | 900,000 | 1,027,500 | 697,500 | 2,625,000 |
| CGOBC Fees | <u>120,000</u> | <u>137,000</u> | <u>93,000</u> | <u>350,000</u> |
| Total Uses | \$120,000,000 | \$137,000,000 | \$93,000,000 | \$350,000,000 |

In accordance with Section 5.31 of the Administrative Code, one-tenth of one percent (0.1%) of the bonds gross proceeds shall be deposited into a Controller's Office fund, to be appropriated by the Board of Supervisors to cover the costs of the Citizens' General Obligation Bond

⁴ Inflation Reserve included to supplement budgeted expenses in the event inflation exceeds budgeted 5% per year.

Oversight Committee (CGOBOC). The Controller's City Service Audit (CSA) fee, bond issuance costs, underwriter's discount and the CGOBOC fee are included in the total estimated project costs of \$350,000,000 reflected in Table 1 above. These costs total approximately \$5,167,500, which would be separately charged to each of the projects, based on the actual costs.

According to Ms. Sesay, the \$350,000,000 of General Obligation Bonds are projected to have an annual interest rate not to exceed 6.0 percent, with each issuance for 20 years, such that debt service payments will extend from 2017 through 2038, depending on the issuance date. The bonds will result in estimated total debt service payments of \$603,999,767, including \$253,999,767 in interest and \$350,000,000 in principal, with average annual debt service payments of \$27,454,535.

Repayment of the annual debt service will be recovered through increases to the annual Property Tax rate. The owner of a single family residence with an assessed value of \$600,000, assuming a homeowners exemption of \$7,000, would pay average annual additional Property Taxes to the City of \$54.27 per year to cover the debt service on the proposed \$350,000,000 Public Health and Safety General Obligation Bonds. However, all such property tax increases should be offset through the retirement of existing General Obligation bonds.

The City's Charter imposes a three percent limit on the amount of General Obligation Bonds that can be outstanding at any given time, relative to the total assessed value of property in the City. The FY 2015-16 net assessed value of property in the City is \$194,392,571,976, such that the three percent limit is currently \$5,831,777,159. According to Ms. Sesay, as of January 1, 2016, there was \$1,972,113,899 of General Obligation Bonds outstanding, or approximately 1.01% of the total assessed value of property in the City.

If the subject \$350,000,000 General Obligation Bonds are issued, the outstanding General Obligation Bonds would total \$2,322,113,899, or approximately 1.19% of the total assessed value of property. However, the proposed issuances would be consistent with the City's approved Ten-Year Capital Plan, which states that General Obligation bonds will be issued such that Property Tax rates will not increase above the FY 2006 Property Tax rates. Therefore, new General Obligation bonds would only be issued as outstanding General Obligation bonds are retired.

POLICY CONSIDERATION

Since 2008, San Francisco voters have approved seven General Obligation bonds, totaling \$2.8 billion. If the proposed \$350,000,000 General Obligation Bond is approved, it would result in a total of \$3.15 billion of General Obligation bonds. As noted above, the Ten Year Capital Plan includes a total of \$32 billion in capital improvements over the next ten years.

Requires Two-thirds Approval

Approval of the proposed resolution requires two-thirds or more of the Board of Supervisors approval and approval by Mayor. In addition, approval of this \$350,000,000 General Obligation Bond would require approval by at least two-thirds of San Francisco voters. The use

of GO Bond proceeds to finance any project or portion of any project would also be subject to future appropriation approval by the Board of Supervisors.

Coordination with Jail Mental Health Facilities Project

The proposed \$350,000,000 GO bond includes \$222,000,000 to renovate and seismically upgrade the existing SFGH hospital (Building 5) for outpatient services, urgent care and the City's only psychiatric emergency services. The Board of Supervisors is also considering the purchase of property adjacent to the Hall of Justice for a jail replacement and/or mental health facility, which may include \$80 million of State grant funding. Based on recommendations by the Board of Supervisors, the City has established a Jail Closure Committee whose purpose is to define programming requirements and costs associated with a prisoner mental health facility. DPH advises that the Jail Closure Committee will coordinate with other planned programs, such as the renovation and seismic upgrade of Building 5 that may overlap in the delivery of psychiatric emergency services or behavioral health services in the City.

Certificates of Participation for Animal Care and Control

As noted above, the Capital Planning Committee amended the \$350 million GO bond to remove the proposed new \$54 million Animal Care and Control shelter and instead include this facility under the City's Certificate of Participation (COP) program. GO bonds, require two-thirds approval by the voters, are generally less expensive than COPs and impose additional property taxes to pay for the debt on the bonds. In contrast, COPs do not require voter approval, are generally more expensive including higher interest rates than GO bonds, and are typically repaid from revenues related to the project or the City's General Fund.

According to Ms. Sesay, assuming the City's proposed jail replacement and/or mental health facility adjacent to the Hall of Justice moves forward with \$80 million in awarded State grant funding, the \$54 million Animal Care and Control project would fit within the constraints of the City's COP capital plan, without significant impact on the timing of other capital projects. However, Ms. Sesay advises that assuming an interest rate of 6.5% for a \$54 million Animal Care and Control project funded with COPs would result in a total issuance of \$77.7 million and net debt service costs⁵ of \$131.4 million, or average annual debt payments of \$5.7 million over 23 years. In comparison, if the \$54 million Animal Care and Control facility were issued as a stand-alone GO bond, the interest rate is assumed at 6%, the total issuance would be \$55.2 million and total debt service would be \$95.5 million over approximately 20 years or an average of \$4.8 million annually.

Capital Planning Process

As noted above, the City's Ten Year Capital Plan anticipated the need for a GO bond in June 2016 to address (a) SFGH, Building 5, (b) DPH's Southeast Health Center, (c) Fire Department's Ambulance Deployment Center, and (d) Animal Care and Control shelter. However, the Ten Year Capital Plan does not specifically address the additional DPH health centers, neighborhood fire stations or homeless shelters and services.

⁵ The total issuance of \$77.7 million includes a debt service reserve fund of \$7.1 million and capitalized interest of \$15.1 million, such that the net debt service costs deduct the debt service reserve and capitalized interest expense.

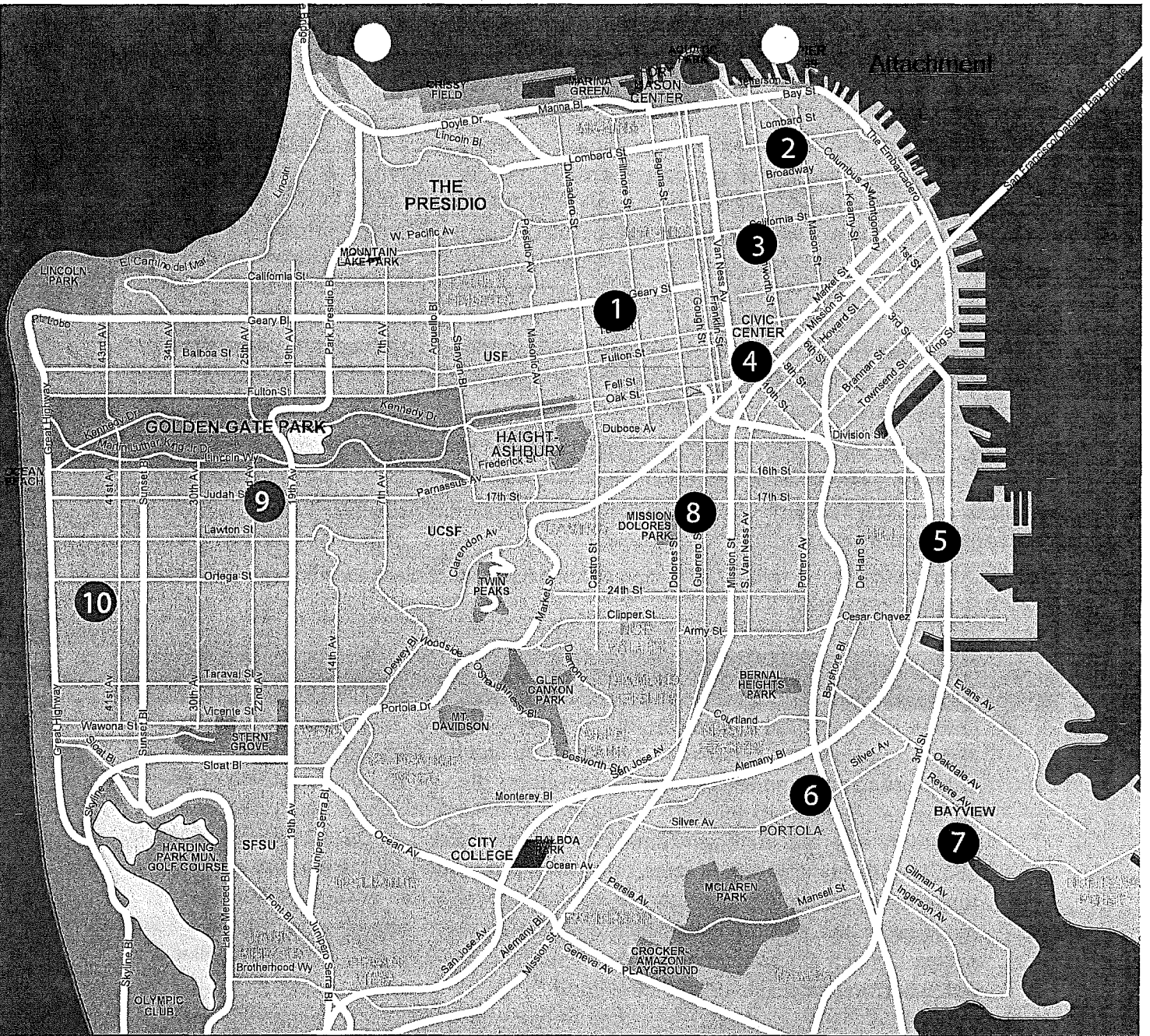
Rather, the Ten Year Capital Plan generally addresses the City's existing Earthquake Safety and Emergency Response Bond (ESER) Program, previously funded with a (a) \$412.3 million voter-approved 2010 GO Bond, which included \$65 million to improve 23 neighborhood fire stations, and (b) an additional \$400 million voter-approved 2014 GO Bond, which included another \$85 million for 21 neighborhood fire stations. Together, these two prior ESER GO Bonds funded \$150 million to improve neighborhood fire stations. Mr. Charles Higuera, Program Manager for ESER advises that recent assessments reflect a \$580 million cost to address the remaining needs at City fire stations. As noted above, the proposed GO bond would fund an additional \$14 million for neighborhood fire stations.

In addition, one of the emerging needs identified in the Ten Year Capital Plan is the Department of Public Health's (DPH) clinic expansion. However, the Plan does not identify any specific details or costs. The Ten Year Capital Plan does not address or specify any homeless shelter or services capital projects.

In total, \$54 million of the total \$350 million GO bond are not project specific nor identified in the City's Ten Year Capital Plan.

RECOMMENDATIONS

- Amend the proposed ordinance and resolution to add, "On January 26, 2016, the Planning Department determined that the Bond funding program for the improvement of high demand community health centers across the City and the expansion of access to mental health, urgent care, substance abuse, dental and social services was statutorily exempt from environmental review under CEQA Guidelines, Section 15273(a)(4)-establishment of rates, tolls, fares, and charges for the purpose of obtaining funds for capital projects necessary to maintain service within existing service areas."
- Approval of the proposed ordinance and resolution, as amended, to submit a \$350 million General Obligation bond to San Francisco voters for the June 2016 ballot is a policy decision for the Board of Supervisors.



- 1 Maxine Hall Health Center
1301 Pierce Street
- 2 Chinatown Public Health Center
1490 Mason Street
- 3 Curry Senior Center
333 Turk Street
- 4 Tom Waddell Urban Health
50 Tom Waddell
- 5 Potrero Hill Health Center
1050 Wisconsin Street
- 6 Silver Avenue Family Health Center
1525 Silver Avenue
- 7 Southeast Health Center
2401 Keith Street
- 8 Castro Mission Health Center
3850 17th Street
- 9 Ocean Park Health Center*
1351 24th Ave.
- 10 Sunset Mental Health*
1990 41st Ave

*Recent renovation projects integrating Behavioral Health with Primary Care services. At Sunset Mental Health, Primary Care services were integrated with existing Mental Health services and at Ocean Park, Mental Health services were integrated with existing Primary Care Services.



**CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER**

BOS-11
CO13 ~~10/15~~ matrix

B+F clerk
File 151275

**Ben Rosenfield
Controller
Todd Rydstrom
Deputy Controller**

January 26, 2016

The Honorable Board of Supervisors
City and County of San Francisco
Room 244, City Hall

Angela Calvillo
Clerk of the Board of Supervisors
Room 244, City Hall

RECEIVED
CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER
JAN 26 11:10:09 AM '16
AK

Re: Office of Economic Analysis Impact Report for File Number 151275

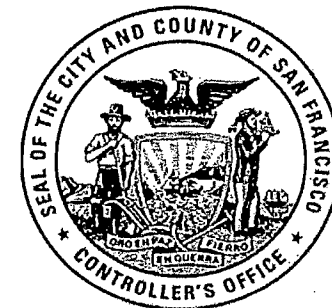
Dear Madam Clerk and Members of the Board:

The Office of Economic Analysis is pleased to present you with its economic impact report on file number 151275, "General Obligation Bond for Public Health and Safety: Economic Impact Report." If you have any questions about this report, please contact me at (415) 554-5268.

Best Regards,

Ted Egan
Chief Economist

cc Linda Wong, Committee Clerk, Budget and Finance Committee



General Obligation Bond for Public Health and Safety : Economic Impact Report

Office of Economic Analysis

Item # 151275

January 26th, 2016

Introduction

- On December 15, 2015, Mayor Lee introduced a resolution placing a \$350 million General Obligation bond on the June 2016 ballot.
- General Obligation (GO) bonds are debt instruments backed by a property tax surcharge. GO bonds must be approved by the voters with a two-third majority.
- The \$350 million bond would improve the earthquake safety of community health, emergency response and safety, and animal care facilities.
- The City has determined that many of these facilities are deteriorating and are seismically inadequate to ensure public health and safety in the event of a major earthquake.
- As with all general obligation debt issued by the City, the resolution provides that landlords may pass-through 50% of the resulting property tax increase to residential tenants in rent-controlled units.
- The OEA is issuing this report as the proposal could have material economic impact on the city, if it were approved by the voters.

Proposed Uses of the GO Bond Proceeds

According to the Department of Public Works in December, 2015, the uses of the bond proceeds would be as follows. The uses may be amended; however, if the total size of the bond does not change, any such amendment would not affect the conclusions of this report.

- \$222 million would go towards essential seismic retrofit and improvements at the Zuckerberg San Francisco General Hospital and Trauma Center.
- \$30 million would go towards renovation, expansion and modernization of fire response systems of Southeast Health Center at 2401 Keith St. in the Bayview-Hunter's Point Neighborhood.
- \$44 million will be used to construct a seismically safe San Francisco Fire Department Ambulance Deployment Facility.
- \$54 million would be dedicated to construct a seismically safe Animal Care and Control (ACC) shelter. The new multi-story animal shelter will be constructed within the envelope of an historic Municipal Railway Overhead Lines building at 1401-1419 Bryant St. The new facility would replace the existing seismically-vulnerable ACC building at 1200 15th St.

Economic Impact Factors

- **Construction Spending:** Approval of the ballot measure would lead to \$350 million in construction spending in the local economy.
- **Higher Property Taxes:** Although the City's Capital Plan introduces new general obligation debt only when older debt is retired, ensuring that property taxes do not rise, if the voters reject this proposal, the property tax rate would fall. Thus, the bond would result in a higher property tax rate than would otherwise be in effect.
- **Safer Facilities:** Improvement in the safety of vital public health infrastructure would reduce injuries, fatalities, and property damage, given the likelihood of an earthquake. However, given uncertainties in earthquake probabilities, the OEA is not able to quantify these benefits at this time.

Economic Impact Assessment

- The REMI model is a system of econometric models that represent important relationships in the city's economy. The OEA uses REMI to simulate the impact of policy changes.
- For this proposed legislation, the REMI model was used to assess the impact of:
 - A \$350 million increase in construction spending over a 5-year period, from 2017 to 2021, or \$70 million annually on average.
 - An increase in property taxes equivalent \$350 million in principal, plus interest rate financed at a 6% rate over a 20 year term, or about \$30.5 million annually, on average.
- Although the debt service costs exceed the construction spending, the net economic impact is projected to be positive. This is because the positive multiplier effects of construction spending outweigh the negative multiplier effects of higher property taxes.
- The net impact, however, is relatively small. Based on the REMI model simulation, the city's economy is expected to add an average of 90 jobs and grow by \$13.5 million, over the 20 year forecast horizon.
- Although the actual interest rate, and the timing of the expenditures, are subject to uncertainty, the finding of a positive net economic impact is not sensitive to reasonable alternative assumptions.

Staff Contacts

Ted Egan, Ph.D., Chief Economist

ted.egan@sfgov.org

(415) 554-5268

Asim Khan, Ph.D., Principal Economist

asim.khan@sfgov.org

(415) 554-5369



SAN FRANCISCO PLANNING DEPARTMENT

General Plan Referral

Date: January 26, 2016

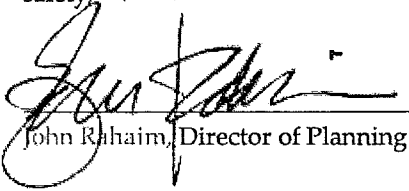
Case 2016-001101GPR
2016 Public Health & Safety Bond

Block/Lot No.: Various, Citywide

Project Sponsor: Jim Buker – (415) 557-4758
jim.buker@sfdpw.org
San Francisco Public Works
30 Van Ness Ave., 4th floor
San Francisco, CA 94102

Staff Contact: Nicholas Perry – (415) 575-9066
nicholas.perry@sfgov.org

Recommendation: Finding the proposed 2016 Public Health & Safety Bond, on balance, in conformity with the General Plan. The bond would provide up to \$350 million for improvements to community health, emergency response and safety.

Recommended
By: 
John Rahaim, Director of Planning

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

JAN 26 2016 11:55 AM
 PLANNING DEPARTMENT
 1650 MISSION ST.

PROJECT DESCRIPTION

The City and County of San Francisco is proposing a \$350 million Public Health & Safety Bond for the June 2016 ballot. The proposed bond will fund essential projects and improvements to City infrastructure in two areas: health and safety. Projects which have been identified for funding by the Public Health & Safety Bond are summarized in the table below. This General Plan Referral is for the Bond itself. If approved, Bond-funded projects that meet the following criteria should be referred to the Planning Department to determine whether they require separate Environmental Review or General Plan referral(s), pursuant to Section 4.105 of the Charter and Sections 2A.52 and 2A.53 of the Administrative Code, or other authorization:

- Demolition of buildings / structures
- Construction of new buildings / structures
- Additions to existing structures (enlargement)

GENERAL PLAN REFERRAL

CASE NO. 2016-001101GPR
PUBLIC HEALTH & SAFETY BOND

| | Project | Address | Description | Cost |
|---|---|---------------------|--|---------------|
| 1 | San Francisco Department of Public Health San Francisco General Hospital, Building No. 5 | 1001 Potrero Avenue | Make earthquake safety improvements and modernize fire response and life safety systems to the existing 1970's era hospital building. Renovate the interior to provide outpatient healthcare services. | \$222 Million |
| 2 | San Francisco Department of Public Health Southeast Health Center | 2401 Keith Street | Renovate the existing health center and construct a 20,000 gsf addition to provide primary care health services and comprehensive behavioral health services | \$30 Million |
| 3 | San Francisco Fire Department Emergency Medical Services Facility | 2245 Jerrold Avenue | Construct a modern, seismically safe ambulance and paramedic deployment facility consisting of a three-story, approx. 30,000 gsf building and a three-level approx. 55,000 gsf parking structure. | \$44 Million |
| 4 | Homeless Shelters and Homeless Service Sites | Various | Modernization and expansion of existing City-owned homeless shelters and homeless service sites. | \$20 Million |
| 5 | San Francisco Department of Public Health Neighborhood Public Health Clinics | Various | Renovation to neighborhood public health clinics that provide primary care and behavioral health across the City | \$20 Million |
| 6 | San Francisco Fire Department Neighborhood Fire Stations | Various | Repairs and modernization of San Francisco Fire Department's neighborhood fire stations. | \$14 Million |

ENVIRONMENTAL REVIEW

The projects listed on the previous page and their funding under the bond have received environmental review, summarized below:

(1) San Francisco Department of Public Health, San Francisco General Hospital, Building No. 5, 1001 Potrero Avenue. On April 4, 2015, the Planning Department determined the project categorically exempt from environmental review under Class 1 of CEQA Guidelines Section 15301 (Planning Case No. 2014-002709ENV).

(2) San Francisco Department of Public Health, Southeast Health Center, 2401 Keith Street. On June 16, 2015, the Planning Department determined that renovation of and a two-story horizontal addition to the Southeast Health Center (2401 Keith Street) was categorically exempt from environmental review under Class 32 of the CEQA Guidelines, Section 15332 (Planning Case No. 2014.0500E).

(3) San Francisco Fire Department Emergency Medical Services Facility, 2245 Jerrold Avenue. On December 11, 2015, the Planning Department determined that the demolition of two small structures and construction of a 30,334 gross square foot San Francisco Fire Department (“SFFD”) Emergency Medical Services Facility and 62,000 gross square foot parking structure behind SFFD Fire Station No. 9 at 2245 Jerrold Avenue was categorically exempt from environmental review under Class 32 of the CEQA Guidelines, Section 15332 (Planning Case No. 2015-011249ENV).

(4) Homeless Shelters & Homeless Service Sites, (5) Neighborhood Public Health Clinics, and (6) Neighborhood Fire Stations. Bond funding for improvements to these facilities are statutorily exempt from CEQA under CEQA Guidelines Section 15273 – establishment of rates, tolls, fares, and charges for the purpose of obtaining funds for capital projects necessary to maintain service within existing service areas. If approved, these Bond-funded projects would be referred to the Planning Department for environmental review.

GENERAL PLAN COMPLIANCE AND BASIS FOR RECOMMENDATION

The proposed Bond to fund Public Health and Safety improvements is, on balance, **in conformity** with the General Plan, as described in the body of this Case Report. If the Bond is approved and funds for improvements become available, **projects may require project-level General Plan referrals**, as required by San Francisco Charter §4.105 and § 2A.53 of the Administrative Code and/or other discretionary actions by the Planning Department.

Note: General Plan Objectives are shown in **BOLD UPPER CASE** font; Policies are in **Bold** font; staff comments are in *italic* font.

HOUSING ELEMENT**OBJECTIVE 6****REDUCE HOMELESSNESS AND THE RISK OF HOMELESSNESS****POLICY 6.1**

Prioritize permanent housing and service-enriched solutions while pursuing both short- and long-term strategies to eliminate homelessness

GENERAL PLAN REFERRAL

POLICY 6.3

Aggressively pursue other strategies to prevent homelessness and the risk of homelessness by addressing its contributory factors.

Comment: The Bond would provide funds which would be directed toward the modernization of the City's homeless shelters and homeless services sites and provide expanded services to an at-risk population.

COMMUNITY FACILITIES ELEMENT

OBJECTIVE 7

DISTRIBUTION THROUGHOUT THE CITY OF DISTRICT PUBLIC HEALTH CENTERS TO MAKE THE EDUCATIONAL AND PREVENTIVE SERVICES OF THE DEPARTMENT OF PUBLIC HEALTH CONVENIENT TO THE PEOPLE, THEREBY HELPING TO ACHIEVE THE GOALS OF THE PUBLIC HEALTH PROGRAM IN SAN FRANCISCO.

Comment: The Bond would provide funds for renovation of the existing Southeast Health Center and construct a 20,000 gsf addition to provide primary care health services and comprehensive behavioral health service. The Bond would also fund renovations to neighborhood public health clinics across the City.

COMMUNITY HEALTH & SAFETY ELEMENT

OBJECTIVE 1

REDUCE STRUCTURAL AND NON-STRUCTURAL HAZARDS TO LIFE SAFETY AND MINIMIZE PROPERTY DAMAGE RESULTING FROM FUTURE DISASTERS.

POLICY 1.15

Abate structural and non-structural hazards in City-owned structures.

POLICY 1.18

Identify and replace vulnerable infrastructure and critical service lifelines in high-risk areas.

Comment: The Bond would provide funds for renovations, additions, and seismic safety improvements to a variety of City-owned structure that provide critical public health functions such as San Francisco General Hospital, the Southeast Health Center, the San Francisco Fire Department Emergency Medical Services Facility and neighborhood fire stations.

RECOMMENDATION:

Finding the 2016 Public Health & Safety Bond, on balance, in-conformity with the General Plan

If the Bond is approved and funds for improvements become available, future projects may require project-level General Plan referrals, as required by San Francisco Charter §4.105 and § 2A.53 of the Administrative Code and/or other discretionary actions by the Planning Department.

GENERAL PLAN REFERRAL

PROPOSITION M FINDINGS – PLANNING CODE SECTION 101.1

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies. The Project, the proposed \$350,000,000 General Obligation Bond for Public Health and Safety, proposed to be placed on the June 2016 ballot, is found to be consistent with the Eight Priority Policies as set forth in Planning Code Section 101.1 for the following reasons:

Eight Priority Policies Findings

The subject project is found to be consistent with the Eight Priority Policies of Planning Code Section 101.1 in that:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced.

The project will not displace or restrict access to any existing neighborhood-serving or restrict future opportunities.

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhood.

The project will not displace any existing housing.

3. That the City's supply of affordable housing be preserved and enhanced.

The project will not adversely impact the City's supply of affordable housing and existing neighborhood housing will be preserved.

4. That commuter traffic not impede Muni transit service or overburden our streets or neighborhood parking.

The project will not impede Muni transit service or overburden streets or neighborhood parking.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for residential employment and ownership in these sectors be enhanced.

The project will not displace any individual businesses.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

The project would fund improvements to City facilities which will enhance the City's ability to protect against injury and loss of life in an earthquake.

7. That landmarks and historic buildings be preserved.

The project would not have an adverse effect on landmarks or historic buildings. Projects funded by the Bond will be evaluated individually for any impacts to historic buildings.

8. That our parks and open space and their access to sunlight and vistas be protected from development.

The project will not impact parks and open spaces.

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *for* Mayor Edwin M. Lee *EL*
RE: Public Health and Safety General Obligation Bonds
DATE: December 15, 2015

Attached for introduction to the Board of Supervisors is a resolution determining and declaring that the public interest and necessity demand the construction, acquisition, improvement and betterment of critical community health, emergency response and safety, and animal care facilities for earthquake safety and the payment of related costs necessary or convenient for the foregoing purposes; finding that the estimated cost of \$350,000,000 for such improvements is and will be too great to be paid out of the ordinary annual income and revenue of the City and County and will require incurring bonded indebtedness; finding that a portion of the proposed bond is not a project under the California Environmental Quality Act ("CEQA") and adopting findings under CEQA, CEQA Guidelines, and San Francisco Administrative Code Chapter 31 for the remaining portion of the proposed bond; finding the proposed bond is in conformity with the priority policies of Planning Code Section 101.1(b) and with the General Plan consistency requirement of Charter Section 4.105 and Administrative Code Section 2A.53; and waiving the time limits set forth in Administrative Code Section 2.34.

I respectfully request that this item be calendared in the Special Budget & Finance Committee meeting on January 11th, 2016.

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

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

January 6, 2016

File No. 151275

Sarah Jones
Environmental Review Officer
Planning Department
1650 Mission Street, 4th Floor
San Francisco, CA 94103

Dear Ms. Jones:

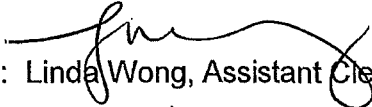
On December 15, 2015, Mayor Lee introduced the following legislation:

File No. 151275

Resolution determining and declaring that the public interest and necessity demand the construction, acquisition, improvement and betterment of critical community health, emergency response and safety, and animal care facilities for earthquake safety and the payment of related costs necessary or convenient for the foregoing purposes; finding that the estimated cost of \$350,000,000 for such improvements is and will be too great to be paid out of the ordinary annual income and revenue of the City and County and will require incurring bonded indebtedness; finding that a portion of the proposed bond is not a project under the California Environmental Quality Act ("CEQA") and adopting findings under CEQA, CEQA Guidelines, and San Francisco Administrative Code, Chapter 31, for the remaining portion of the proposed bond; finding the proposed bond is in conformity with the priority policies of Planning Code, Section 101.1(b) and with the General Plan consistency requirement of Charter, Section 4.105, and Administrative Code, Section 2A.53; and waiving the time limits set forth in Administrative Code, Section 2.34.

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

By:  Linda Wong, Assistant Clerk

Attachment

c: Joy Navarrete, Environmental Planning
Jeanie Poling, Environmental Planning

Not a project under CEQA sections 15378 and 15060(c)(2) because it does not result in a physical change in the environment.
1/13/16
M. Wong

1 [General Obligation Bonds - Public Health and Safety - Estimated Cost of \$350,000,000]

2
3 **Resolution determining and declaring that the public interest and necessity demand**
4 **the construction, acquisition, improvement and betterment of critical community**
5 **health, emergency response and safety, and animal care facilities for earthquake safety**
6 **and the payment of related costs necessary or convenient for the foregoing purposes;**
7 **finding that the estimated cost of \$350,000,000 for such improvements is and will be**
8 **too great to be paid out of the ordinary annual income and revenue of the City and**
9 **County and will require incurring bonded indebtedness; finding that a portion of the**
10 **proposed bond is not a project under the California Environmental Quality Act**
11 **("CEQA") and adopting findings under CEQA, CEQA Guidelines, and San Francisco**
12 **Administrative Code, Chapter 31, for the remaining portion of the proposed bond;**
13 **finding the proposed bond is in conformity with the priority policies of Planning Code,**
14 **Section 101.1(b) and with the General Plan consistency requirement of Charter,**
15 **Section 4.105, and Administrative Code, Section 2A.53; and waiving the time limits set**
16 **forth in Administrative Code, Section 2.34.**

17
18 WHEREAS, The City and County of San Francisco (the "City") owns and operates a
19 number of facilities and maintains infrastructure whose primary purpose is to provide critical
20 public health and emergency services for City residents and businesses; and

21 WHEREAS, The City has determined that many of such public health facilities and
22 infrastructure are deteriorating and seismically inadequate to ensure public health and safety
23 in the event of an earthquake occurring in or near the City; and

24 WHEREAS, The Working Group on California Earthquake Probabilities (a collaborative
25 effort of the United States Geological Survey (the "U.S.G.S."), the California Geological

1 Society and the Southern California Earthquake Center) estimates a 72% chance that one or
2 more earthquakes of a magnitude of 6.7 or larger will occur in the Bay Area in the next 30
3 years; and

4 WHEREAS, The U.S.G.S. predicts that a magnitude 7.5 earthquake occurring today on
5 the Hayward Fault would likely cause hundreds of deaths and significant property damage,
6 with estimates as high as \$200 billion; and

7 WHEREAS, A large magnitude earthquake would damage critical City public health
8 facilities and infrastructure, thereby compromising the capacity of health care workers and first
9 responders, including fire and police personnel, to respond effectively; and

10 WHEREAS, The Public Health and Safety (the "Bond") will provide funding for critical
11 public health and safety facilities as further described below; and

12 WHEREAS, With adequate funding the City can make essential seismic retrofits and
13 improvements at the Zuckerberg San Francisco General Hospital and Trauma Center campus
14 and neighborhood clinic, including but not limited to the modernization of fire response
15 systems and the renovation of the Southeast Health Center (collectively the "Public Health
16 Project"), and

17 WHEREAS, With adequate funding the City can renovate and seismically upgrade the
18 San Francisco Fire Department Ambulance Deployment Facility, which includes the
19 construction of a modern, seismically safe ambulance and paramedic deployment facility
20 (collectively, the "Safety Project"); and

21 WHEREAS, With adequate funding the City can construct an Animal Care and Control
22 Shelter in Mission Bay a Public Safety Building, which includes the construction of seismically
23 safe building to care for displaced animals and prevent the spread of communicable diseases
24 in the event of an earthquake (collectively the "Animal Rescue Project"); and

1 WHEREAS, The Board recognizes the need to seismically strengthen and safeguard
2 the City's critical public health, safety and animal care facilities to better secure the health,
3 safety and welfare of City residents; now, therefore, be it

4 RESOLVED, By the Board of Supervisors:

5 Section 1. The Board determines and declares that the public interest and necessity
6 demand the rehabilitation and seismic upgrade of public health and emergency facilities,
7 including making seismic upgrades and improvements to the Zuckerberg San Francisco
8 General Hospital campus, the construction of a new addition to the South East Health Center,
9 the construction of a seismically safe ambulance deployment and emergency medical
10 services facility, and the construction of a seismically safe Animal Care & Control Center, and
11 the payment of related costs necessary or convenient for the foregoing purposes.

12 Section 2. The estimated cost of \$350,000,000 of the Bond is and will be too great to
13 be paid out of the ordinary annual income and revenue of the City, will require an expenditure
14 greater than the amount allowed by the annual tax levy, and will require the incurrence of
15 bonded indebtedness in an amount not to exceed \$350,000,000.

16 Section 3. The Board, having reviewed the proposed legislation, makes the following
17 findings in compliance with the California Environmental Quality Act ("CEQA"), California
18 Public Resources Code, Sections 21000, et seq., the CEQA Guidelines, 15 Cal.
19 Administrative Code, Sections 15000, et seq., ("CEQA Guidelines"), and San Francisco
20 Administrative Code, Chapter 31 ("Chapter 31"). Each of the facilities proposed to be funded
21 with this Bond have been reviewed as required by CEQA. The Environmental Review Officer
22 has determined that the proposed facilities are either exempt from CEQA or have been
23 analyzed in an environmental document and are consistent with such analysis. The Board
24 affirms the determinations, for the reasons set forth in the analyses contained in Board of
25 Supervisors File No. _____, incorporated herein by this reference thereto.

1 Section 4. The Board finds and declares that the proposed Bond is (i) in conformity
2 with the priority policies of Section 101.1(b) of the San Francisco Planning Code, (ii) in
3 accordance with Section 4.105 of the San Francisco Charter and Section 2A.53(f) of the
4 San Francisco Administrative Code, and (iii) consistent with the City's General Plan, and
5 adopts the findings of the Planning Department, as set forth in the General Plan Referral
6 Report dated December __, 2015, a copy of which is on file with the Clerk of the Board in File
7 No. _____ and incorporates such findings by reference.

8 Section 5. The time limit for approval of this resolution specified in Section 2.34 of the
9 San Francisco Administrative Code is waived.

10 Section 6. Under Section 2.40 of the San Francisco Administrative Code, the
11 ordinance submitting this proposal to the voters shall contain a provision authorizing landlords
12 to pass-through 50% of the resulting property tax increases to residential tenants in
13 accordance with Chapter 37 of the San Francisco Administrative Code.

14 Section 7. Documents referenced in this resolution are on file with the Clerk of the
15 Board of Supervisors in File No. _____, which is hereby declared to be a part of
16 this resolution as if set forth fully herein.

17
18 APPROVED AS TO FORM:
19 DENNIS J. HERRERA
20 City Attorney

21
22 By: _____
23 Mark D. Blake
24 Deputy City Attorney
25 n:\egana\as2015\1600364\01068699.doc

