

File No. 140481

Committee Item No. 7
Board Item No. 7

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date June 11, 2014

Board of Supervisors Meeting

Date 6/17/14

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
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| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
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| <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 |
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Completed by: Linda Wong Date June 6, 2014
Completed by: L.W. Date 6/12/14

1 [Appropriation - Proceeds from Revenue Bonds, Wastewater Revenues and Capacity Fees of
2 \$950,906,000 for Wastewater Capital Improvements, and Amending Ordinance No. 108-12 -
3 FYs 2014-2015 and 2015-2016]

4 **Ordinance appropriating \$950,906,000 of proceeds from revenue bonds, wastewater**
5 **revenue and capacity fees for the San Francisco Public Utilities Commission (SFPUC)**
6 **Wastewater Enterprise's Capital Improvement Program for FY2014-2015 at**
7 **\$342,775,000 and FY2015-2016 at \$608,131,000; and placing \$846,906,000 by functional**
8 **improvement area for the Sewer System Improvement Program (SSIP) at \$629,504,000**
9 **and the non-SSIP project at \$217,402,000 on Controller's reserve subject to SFPUC's**
10 **and the Board of Supervisors' approval following completion of project-related analysis**
11 **pursuant to the California Environmental Quality Act, where required; receipt of**
12 **proceeds of indebtedness; and amending Ordinance No. 108-12.**

13
14 **Note:** **Unchanged Code text and uncodified text** are in plain Arial font.
15 **Additions to Codes** are in *single-underline italics Times New Roman font*.
16 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
17 **Board amendment additions** are in double underlined Arial font.
18 **Board amendment deletions** are in ~~strikethrough Arial font~~.
19 **Asterisks (* * *)** indicate the omission of unchanged Code
20 subsections or parts of tables.

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

22 Section 1. The sources of funding outlined below are herein appropriated to reflect the
23 funding available for FY2014-2015.
24
25

1 **SOURCES Appropriation**

2	Fund	Index Code /	Subobject	Description	Amount
3		Project Code			
4	5C CPF 15A - WWE-	*CWP5CCPF15A /	80111	Proceeds Sale	\$292,775,000
5	Capital Projects-2015A	WWE30001		of Bonds	
6	Bond Fund				
8	5C CPF R&R – WWE	*CWWPZZZC505C /	9505C	Wastewater	\$39,000,000
9	Renewal &	CWWNRNCS00		Enterprise	
10	Replacement Fund			Revenue	
12	5C CPF CAP –	*CWP5CCPFCAP /	99999B	Wastewater	\$11,000,000
13	Wastewater Capacity	CWWNRNCS00		Capacity Fee	
14	Fee				
16	Total SOURCES Appropriation				\$342,775,000

17

18 Section 2. The uses of funding outlined below are herein appropriated by functional

19 improvement area in the designated functional Subobject 06700 Buildings Structures and

20 Improvements, 06R00 Capital Renewal Projects, 081C4 Internal Audits and 081XX Revenue

21 Bond Oversight Committee, and reflects the projected uses of funding to support the

22 Wastewater Capital Improvement Program at the San Francisco Public Utilities Commission

23 for FY2014-2015. The Controller may reallocate funds between projects within functional

24 improvement areas, and is authorized to recategorize projects in the functional improvement

25 areas as necessary to conform to Generally Accepted Accounting Principles. The Controller

1 shall report to the Board of Supervisors on any transfers of appropriation authority between
 2 projects within functional program areas that exceed the receiving project appropriation by
 3 more than 10%.

4
 5 **USES Appropriation**

6 **Functional Improvement Area - SSIP Program-Wide Management:**

Fund	Index Code / Project Code	Subobject	Description	Amount
5C CPF 15A - WWE- Capital Projects- 2015A Bond Fund	CWPX5CCPF15A / CWWSIPPR00	06700 Buildings, Structures, and Improvements	SSIP – Program- Wide Management	\$23,000,000
5C CPF 15A - WWE- Capital Projects- 2015A Bond Fund	CWPX5CCPF15A / CWWSIPPR00	06700 Buildings, Structures, and Improvements	SSIP – Land Reuse	\$5,000,000
Subtotal - SSIP Program-Wide Management				\$28,000,000

18
 19 **Functional Improvement Area - SSIP Treatment Facilities Program:**

Fund	Index Code / Project Code	Subobject	Description	Amount
5C CPF 15A - WWE- Capital Projects- 2015A Bond Fund	CWPX5CCPF15A / CWWSIPDP00	06700 Buildings, Structures, and Improvements	Biosolids/Digester Project	\$42,600,000

1	Fund	Index Code /	Subobject	Description	Amount
2		Project Code			
3					
4	5C CPF 15A - WWE-	CWPX5CCPF15A /	06700 Buildings,	Treatment Plant	\$42,420,000
5	Capital Projects-	CWWSIPSE00	Structures, and	Improvements -	
6	2015A Bond Fund		Improvements	Southeast	
7	5C CPF 15A - WWE-	CWPX5CCPF15A /	06700 Buildings,	Treatment Plant	\$22,100,000
8	Capital Projects-	CWWSIPTP00	Structures, and	Improvements	
9	2015A Bond Fund		Improvements		
10					
11	Subtotal - SSIP Treatment Facilities Program				\$107,120,000

13 **Functional Improvement Area - SSIP Sewer/Collection System Program:**

15	Fund	Index Code /	Subobject	Description	Amount
16		Project Code			
17	5C CPF 15A - WWE-	CWPX5CCPF15A /	06700 Buildings,	Central Bayside	\$14,000,000
18	Capital Projects-	CWWSIPCT00	Structures, and	System	
19	2015A Bond Fund		Improvements	Improvements	
20					
21	5C CPF 15A - WWE-	CWPX5CCPF15A /	06700 Buildings,	Collection System	\$16,500,000
22	Capital Projects-	CWWSIPCS00	Structures, and	Improvements	
23	2015A Bond Fund		Improvements		
24					
25					

1	Fund	Index Code /	Subobject	Description	Amount
2		Project Code			
3	5C CPF 15A - WWE-	CWPX5CCPF15A /	06700 Buildings,	Pump Stations /	\$1,300,000
4	Capital Projects-	CWWSIPCSPS00	Structures, and	Bayside & Westside	
5	2015A Bond Fund		Improvements		
6					
7	Subtotal - SSIP Sewer/Collection System Program				\$31,800,000
8					
9	Functional Improvement Area - SSIP Storm Water/Flood Control Program:				
10					
11	5C CPF 15A - WWE-	CWPX5CCPF15A /	06700 Buildings,	Storm Water	\$37,300,000
12	Capital Projects-	CWWSIPFC00	Structures, and	Management	
13	2015A Bond Fund		Improvements		
14					
15	5C CPF 15A - WWE-	CWPX5CCPF15A /	06700 Buildings,	Urban Watershed	\$3,000,000
16	Capital Projects-	CWWSIPUW00	Structures, and	Assessment	
17	2015A Bond Fund		Improvements		
18					
19	Subtotal - SSIP Storm Water/Flood Control Program				\$40,300,000
20					
21	Functional Improvement Area - Non SSIP WASTEWATER:				
22	5C CPF 15A - WWE-	CWPX5CCPF15A /	06700 Buildings,	Renewal &	\$40,422,000
23	Capital Projects-	CWWRNRCS00	Structures, and	Replacement -	
24	2015A Bond Fund		Improvements	Collection System	
25					

1	Fund	Index Code /	Subsubject	Description	Amount
2		Project Code			
3	5C CPF R&R – WWE	WWECS5CPFRNR /	06R00 Capital	Renewal &	\$23,858,000
4	Renewal &	CWWRNRC00	Renewal Projects	Replacement –	
5	Replacement Fund			Collection System	
6					
7	5C CPF CAP –	CWPX5CCPFCAP /	06R00 Capital	Renewal &	\$11,000,000
8	Capacity Fee	CWWRNRC00	Renewal Projects	Replacement –	
9				Collection System	
10					
11	5C CPF R&R – WWE	WWETF5CPFRNR /	06R00 Capital	Renewal &	\$12,442,000
12	Renewal &	CWWRNRTF00	Renewal Projects	Replacement –	
13	Replacement Fund			Treatment Facilities	
14					
15	5C CPF R&R – WWE	WWECS5CPFRNR/	06R00 Capital	Ocean Beach	\$2,700,000
16	Renewal &	CWWFAC01	Renewal Projects	Visioning Process	
17	Replacement Fund				
18					
19	5C CPF 15A - WWE-	CWPX5CCPF15A /	06700 Buildings,	Southeast	\$7,000,000
20	Capital Projects-	CWWFAC03	Structures, and	Community Center	
21	2015A Bond Fund		Improvements	Improvements	
22					
23	Subtotal - Non SSIP WASTEWATER				\$97,422,000
24					
25					

	Fund	Index Code / Project Code	Subobject	Description	Amount
3	5C CPF 15A - WWE-	CWPX5CCPF15A /	06700 Buildings,	Financing Costs	\$37,377,329
4	Capital Projects-	CWW30001	Structures, and		
5	2015A Bond Fund		Improvements		
7	5C CPF 15A - WWE-	CWPX5CCPF15A /	081C4 Internal	City Services	\$609,284
8	Capital Projects-	CWW30001	Audits	Auditor	
9	2015A Bond Fund				
11	5C CPF 15A - WWE-	CWPX5CCPF15A /	081XX	Revenue Bond	\$146,387
12	Capital Projects-	CWW30001		Oversight	
13	2015A Bond Fund			Committee	
15	Total USES Appropriation				<u>\$342,775,000</u>

Section 3: Of the above appropriated amount, \$609,284, representing 0.2% of the expenditure budget net of bond financing and audit costs, is to be allocated and available to support the Controller's Audit Fund, pursuant to Charter Appendix F1.113; and \$146,387, representing 0.05% of gross bond proceeds is to be allocated and available to support the Public Utilities Commission Revenue Bond Oversight Committee, pursuant to Administrative Code Section 5A.31. These appropriations may be increased or decreased by the Controller based on changes to expenditure appropriations or actual gross bond proceeds to conform to the applicable Charter and Administrative Code formulas.

1 Section 4: \$292,775,000 of the total appropriation is hereby placed on Controller's
2 Appropriation Reserve by program for the SSIP at \$207,220,000, and by non-SSIP project at
3 \$85,555,000. Release of appropriation reserves by the Controller is subject to the prior
4 occurrence of: 1) the SFPUC's and the Board of Supervisors' discretionary adoption of CEQA
5 findings for projects, following review and consideration of completed project-related
6 environmental analysis, where required, pursuant to CEQA, the State CEQA Guidelines, and
7 Chapter 31 of the San Francisco Administrative Code, and 2) the Controller's certification of
8 funds availability, including proceeds of indebtedness including Commercial Paper capacity.
9

10 Section 5: Associated Bond financing costs up to \$37,377,329 are also hereby
11 appropriated, including but not limited to, issuance costs, debt service reserve, capitalized
12 interest, rating agency, and disclosure costs. These costs shall be pleased on Controller's
13 reserve pending receipt of bond proceeds. To the extent that net available bond proceeds
14 after financing costs are more than budgeted, the Controller may approve the use of such
15 surplus bond proceeds as a substitute for other sources budgeted in this appropriation.
16

17 Section 6: The Controller is authorized to record transfers between funds and adjust
18 the accounting treatment of sources and uses appropriated in this ordinance as necessary to
19 conform to Generally Accepted Accounting Principles.
20

21 Section 7. The sources of funding outlined below are herein appropriated to reflect the
22 funding available for FY2015-2016.
23
24
25

1 **SOURCES Appropriation**

2	Fund	Index Code /	Subobject	Description	Amount
3		Project Code			
4	5C CPF 16A - WWE-	*CWP5CCPF16A /	80111	Proceeds Sale	\$554,131,000
5	Capital Projects-2016A	WWE30001		of Bonds	
6	Bond Fund				
7					
8	5C CPF R&R - WWE	CWWPZZZC505C /	9505C	Wastewater	\$41,000,000
9	Renewal &	CWWNRNRC00		Enterprise	
10	Replacement Fund			Revenue	
11					
12	5C CPF CAP -	*CWP5CCPF16A /	99999B	Wastewater	\$13,000,000
13	Wastewater Capacity	CWWNRNRC00		Capacity Fee	
14	Fee				
15					
16	Total SOURCES Appropriation				\$608,131,000

17

18 Section 8. The uses of funding outlined below are herein appropriated by project and

19 functional improvement area, in Subobject 06700 Buildings Structures and Improvements,

20 06R00 Capital Renewal Projects, 081C4 Internal Audits and 081XX Revenue Bond Oversight

21 Committee, and reflects the projected uses of funding to support the Wastewater Capital

22 Improvement Program at the San Francisco Public Utilities Commission for FY2015-2016.

23 The Controller may reallocate funds between projects within functional improvement areas,

24 and is authorized to recategorize projects in the functional improvement areas as necessary

25 to conform to Generally Accepted Accounting Principles. The Controller shall report to the

1 Board of Supervisors on any transfers of appropriation authority between projects within
 2 functional program areas that exceed the receiving project appropriation by more than 10%.

3
 4 **USES Appropriation**

Fund	Index Code / Project Code	Subobject	Description	Amount
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7 **Functional Improvement Area - SSIP Program-Wide Management:**

5C CPF 16A - WWE- Capital Projects- 2016A Bond Fund	CWPX5CCPF16A / CWWSIPPR00	06700 Buildings, Structures, and Improvements	SSIP – Program- wide Management	\$24,000,000
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5C CPF 16A - WWE- Capital Projects- 2016A Bond Fund	CWPX5CCPF16A / CWWSIPPR00	06700 Buildings, Structures, and Improvements	SSIP – Land Reuse	\$29,253,000
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Subtotal - SSIP Program-Wide Management				\$52,253,000
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18
 19 **Functional Improvement Area - SSIP Treatment Facilities Program:**

5C CPF 16A - WWE- Capital Projects- 2016A Bond Fund	CWPX5CCPF16A / CWWSIPDP00	06700 Buildings, Structures, and Improvements	Biosolids/Digester Project	\$122,600,000
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1	Fund	Index Code /	Subobject	Description	Amount
2		Project Code			
3	5C CPF 16A - WWE-	CWPX5CCPF16A /	06700 Buildings,	Treatment Plant	\$102,981,000
4	Capital Projects-	CWWSIPSE00	Structures, and	Improvements -	
5	2016A Bond Fund		Improvements	Southeast	
6					
7	5C CPF 16A - WWE-	CWPX5CCPF16A /	06700 Buildings,	Treatment Plant	\$45,280,000
8	Capital Projects-	CWWSIPTP00	Structures, and	Improvements	
9	2016A Bond Fund		Improvements		
10	Subtotal - SSIP Treatment Facilities Program				\$270,861,000
11					
12	Functional Improvement Area - SSIP Sewer/Collection System Program:				
13					
14	5C CPF 16A - WWE-	CWPX5CCPF16A /	06700 Buildings,	Central Bayside	\$24,800,000
15	Capital Projects-	CWWSIPCT00	Structures, and	System	
16	2016A Bond Fund		Improvements	Improvements	
17					
18	5C CPF 16A - WWE-	CWPX5CCPF16A /	06700 Buildings,	Collection System	\$41,100,000
19	Capital Projects-	CWWSIPCS00	Structures, and	Improvements	
20	2016A Bond Fund		Improvements		
21					
22	5C CPF 16A - WWE-	CWPX5CCPF16A /	06700 Buildings,	Pump Stations /	\$8,600,000
23	Capital Projects-	CWWSIPCSPS00	Structures, and	Bayside & Westside	
24	2016A Bond Fund		Improvements		
25	Subtotal - SSIP Sewer/Collection System Program				\$74,500,000

1	Fund	Index Code /	Subobject	Description	Amount
2		Project Code			
3	Functional Improvement Area - SSIP Storm Water/Flood Control Program:				
4					
5	5C CPF 16A - WWE-	CWPX5CCPF16A /	06700 Buildings,	Storm Water	\$23,670,000
6	Capital Projects-	CWWSIPFC00	Structures, and	Management	
7	2016A Bond Fund		Improvements		
8	Subtotal - SSIP Storm Water/Flood Control Program				\$23,670,000
9					
10	Functional Improvement Area – Non SSIP WASTEWATER:				
11					
12	5C CPF 16A - WWE-	CWPX5CCPF16A /	06700 Buildings,	Renewal &	\$40,351,000
13	Capital Projects-	CWWRNRCS00	Structures, and	Replacement –	
14	2016A Bond Fund		Improvements	Collection System.	
15					
16	5C CPF R&R – WWE	WWECS5CPFRNR /	06R00 Capital	Renewal &	\$24,637,000
17	Renewal &	CWWRNRCS00	Renewal Projects	Replacement –	
18	Replacement Fund			Collection System	
19					
20	5C CPF CAP –	CWPX5CCPFCAP /	06R00 Capital	Renewal &	\$13,000,000
21	Capacity Fee	CWWRNRCS00	Renewal Projects	Replacement –	
22				Collection System	
23					
24					
25					

1	Fund	Index Code /	Subobject	Description	Amount
2		Project Code			
3	5C CPF R&R – WWE	WWETF5CPFRNR /	06R00 Capital	Renewal &	\$13,063,000
4	Renewal &	CWWRNRTF00	Renewal Projects	Replacement –	
5	Replacement Fund			Treatment Facilities	
6					
7	5C CPF R&R – WWE	WWECS5CPFRNR /	06R00 Capital	Ocean Beach	\$3,300,000
8	Renewal &	CWWFAC01	Renewal Projects	Visioning Process	
9	Replacement Fund				
10					
11	5C CPF 16A - WWE-	CWPX5CCPF16A /	06700 Buildings,	Collection Division	\$20,000,000
12	Capital Projects-	CWWFAC02	Structures, and	Consolidation	
13	2016A Bond Fund		Improvements		
14	Subtotal - Non SSIP WASTEWATER				\$114,351,000
15					
16	5C CPF 16A - WWE-	CWPX5CCPF16A /	06700 Buildings,	Financing Costs	\$70,145,665
17	Capital Projects-	CWW30001	Structures, and		
18	2016A Bond Fund		Improvements		
19					
20	5C CPF 16A - WWE-	CWPX5CCPF16A /	081C4 Internal	City Service Auditor	\$1,073,270
21	Capital Projects-	CWW30001	Audits		
22	2016A Bond Fund				
23					
24					
25					

1	Fund	Index Code /	Subobject	Description	Amount
2	Project Code				
3	5C CPF 16A - WWE-	CWPX5CCPF16A /	081XX	Revenue Bond	\$277,065
4	Capital Projects-	CWW30001		Oversight	
5	2016A Bond Fund			Committee	
6					
7	Total USES Appropriation				<u>\$608,131,000</u>

8

9 Section 9: Of the above appropriated amount, \$1,073,270, representing 0.2% of the
10 expenditure budget net of bond financing and audit costs, is to be allocated and available to
11 support the Controller's Audit Fund, pursuant to Charter Appendix F1.113; and \$277,065,
12 representing 0.05% of gross bond proceeds is to be allocated and available to support the
13 Public Utilities Commission Revenue Bond Oversight Committee, pursuant to Administrative
14 Code Section 5A.31. These appropriations may be increased or decreased by the Controller
15 based on changes to expenditure appropriations or actual gross bond proceeds to conform to
16 the applicable Charter and Administrative Code formulas.

17

18 Section 10: \$554,131,000 of the total appropriation is hereby placed on Controller's
19 Appropriation Reserve by program for the SSIP at \$422,284,000 and for non-SSIP projects at
20 \$131,847,000. Release of appropriation reserves by the Controller is subject to the prior
21 occurrence of: 1) the SFPUC's and the Board of Supervisors' adoption of CEQA findings for
22 projects, following review and consideration of completed project-related environmental
23 analysis, where required, pursuant to CEQA, the State CEQA Guidelines, and Chapter 31 of
24 the San Francisco Administrative Code, and 2) the Controller's certification of funds
25 availability, including proceeds of indebtedness including Commercial Paper capacity.

1 Section 11: Associated Bond financing costs up to \$70,145,665 is also hereby
2 appropriated, including but not limited to, issuance costs, debt service reserve, capitalized
3 interest, rating agency, and disclosure costs, all on Controller's reserve pending receipt of
4 bond proceeds. To the extent that net available bond proceeds after financing costs are more
5 than budgeted, the Controller may approve the use of such surplus bond proceeds as a
6 substitute for other sources budgeted in this appropriation
7

8 Section 12: The Controller is authorized to record transfers between funds and adjust
9 the accounting treatment of sources and uses appropriated in this ordinance, including but not
10 limited to recategorization of projects within functional improvement areas, as necessary to
11 conform to Generally Accepted Accounting Principles.
12

13 Section 13. The funding below was previously appropriated and no additional funding is
14 requested in this supplemental appropriation ordinance.
15

16 Section 14. The uses of funding outlined below are herein re-appropriated in Subobject
17 06700 (Buildings, Structures, and Improvement Project-Budget) and reflects a reallocation of
18 funding previously approved in the FY 2013-14 Wastewater Supplemental Appropriation
19 Ordinance 108-12.
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25

1 **Uses De-appropriation**

2 Fund	3 Index Code / Project Code	Subobject	Description	Amount
4 5C CPF 13A - WWE- 5 Capital Projects- 6 2013A Bond Fund	CWPX5CCPF13A / CWWSIPDP00	06700 Buildings, Structures, and Improvements	SSIP -Biosolids / Digester Project	\$35,000,000
8 Total USES De-Appropriation				\$35,000,000

11 **Uses Re-Appropriation**

12 Fund	13 Index Code / Project Code	Subobject	Description	Amount
14 5C CPF 13A - WWE- 15 Capital Projects- 16 2013A Bond Fund	CWPX5CCPF13A / CWWSIPPR00	06700 Buildings, Structures, and Improvements	SSIP – Land Reuse	\$35,000,000
18 Total USES Re-Appropriation				\$35,000,000

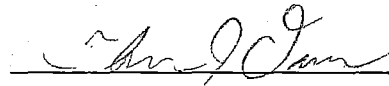
20 Section 15. PUC capital improvements for the Sewer System Improvement Program
 21 shall be budgeted and approved by functional improvement area (Program Wide
 22 Management, Treatment Facilities, Sewer/Collection System, Storm Water/Flood Control
 23 Management), and may be defined based on functional improvements. The Controller may
 24 reallocate funds between projects within functional improvement areas, and is authorized to
 25 recategorize projects in the functional improvement areas as necessary to conform to

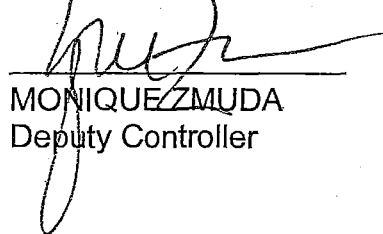
1 Generally Accepted Accounting Principles. The Controller shall report to the Board of
2 Supervisors on any transfers of appropriation authority between projects within functional
3 program areas that exceed the receiving project appropriation by more than 10%.

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

FUNDS AVAILABLE
BEN ROSENFELD, Controller

By: 
THOMAS OWEN
Deputy City Attorney

By: 
MONIQUE ZMUDA
Deputy Controller

Attachment A

Funding Source

Project	Index Code	SUB FUND	SUB-OBJ	Description of Appropriation or Fund	FY 2014-15	FY 2015-16	Amount
WWE30001	*CWP5CCPF15A	5CCPF15A	80111	Proceeds Sale of Bonds	292,775,000	0	292,775,000
WWE30001	*CWP5CCPF16A	5CCPF16A	80111	Proceeds Sale of Bonds	0	554,131,000	554,131,000
CWWRNRC00	CWWPZZC505C	5CCPFR&R	9505C	ITI from Wastewater Funds (Wastewater Revenue)	39,000,000	41,000,000	80,000,000
CWWRNRC00	*CWP5CCPFCAP	5CCPFCAP	99999B	Wastewater Capacity Fee	11,000,000	13,000,000	24,000,000
TOTAL					342,775,000	608,131,000	950,906,000

Use of Funds

Project	Index Code	SUB FUND	SUB-OBJ	Description of Appropriation or Fund	FY 2014-15	FY 2015-16	Amount
CWWSIPPR00	CWPX5CCPF15A	5CCPF15A	06700	SSIP - Program-Wide Management	23,000,000	0	23,000,000
CWWSIPPR00	CWPX5CCPF16A	5CCPF16A	06700	SSIP - Program-Wide Management	0	24,000,000	24,000,000
CWWSIPPR00	CWPX5CCPF15A	5CCPF15A	06700	SSIP - Land Reuse	5,000,000	0	5,000,000
CWWSIPPR00	CWPX5CCPF16A	5CCPF16A	06700	SSIP - Land Reuse	0	29,253,000	29,253,000
SSIP - Program-Wide Management					28,000,000	53,253,000	81,253,000
CWWSIPDP00	CWPX5CCPF15A	5CCPF15A	06700	Biosolids/Digester Project	42,600,000	0	42,600,000
CWWSIPDP00	CWPX5CCPF16A	5CCPF16A	06700	Biosolids/Digester Project	0	122,600,000	122,600,000
CWWSIPSE00	CWPX5CCPF15A	5CCPF15A	06700	Treatment Plant Improvements - Southeast	42,420,000	0	42,420,000
CWWSIPSE00	CWPX5CCPF16A	5CCPF16A	06700	Treatment Plant Improvements - Southeast	0	102,981,000	102,981,000
CWWSIPT00	CWPX5CCPF15A	5CCPF15A	06700	Treatment Plant Improvements	22,100,000	0	22,100,000
CWWSIPT00	CWPX5CCPF16A	5CCPF16A	06700	Treatment Plant Improvements	0	45,280,000	45,280,000
SSIP - Treatment Facilities Program					107,120,000	270,861,000	377,981,000
CWWSIPCT00	CWPX5CCPF15A	5CCPF15A	06700	Central Bayside System Improvements	14,000,000	0	14,000,000
CWWSIPCT00	CWPX5CCPF16A	5CCPF16A	06700	Central Bayside System Improvements	0	24,800,000	24,800,000
CWWSIPCS00	CWPX5CCPF15A	5CCPF15A	06700	Collection System Improvements	16,500,000	0	16,500,000
CWWSIPCS00	CWPX5CCPF16A	5CCPF16A	06700	Collection System Improvements	0	41,100,000	41,100,000
CWWSIPCS00	CWPX5CCPF15A	5CCPF15A	06700	Pump Stations/Bayside & Westside	1,300,000	0	1,300,000
CWWSIPCS00	CWPX5CCPF16A	5CCPF16A	06700	Pump Stations/Bayside & Westside	0	8,600,000	8,600,000
SSIP - Sewer/Collection System Program					31,800,000	74,500,000	106,300,000
CWWSIPFC00	CWPX5CCPF15A	5CCPF15A	06700	Storm Water Management	37,300,000	0	37,300,000
CWWSIPFC00	CWPX5CCPF16A	5CCPF16A	06700	Storm Water Management	0	23,670,000	23,670,000
CWWSIPUW00	CWPX5CCPF15A	5CCPF15A	06700	Urban Watershed Assessment	3,000,000	0	3,000,000
SSIP - Storm Water/Flood Control Program					40,300,000	23,670,000	63,970,000
SSIP Total					207,220,000	422,284,000	629,504,000
CWWRNRC00	CWPX5CCPF15A	5CCPF15A	06700	Renewal & Replacement-Collection System	40,422,000	0	40,422,000
CWWRNRC00	CWPX5CCPF16A	5CCPF16A	06700	Renewal & Replacement-Collection System	0	40,351,000	40,351,000
CWWRNRC00	WWECS5CPFRNR	5CCPFR&R	06R00	Renewal & Replacement-Collection System	23,858,000	24,637,000	48,495,000
CWWRNRC00	CWPX5CCPFCAP	5CCPFCAP	06R00	Renewal & Replacement-Collection System	11,000,000	13,000,000	24,000,000
CWWRNRTF00	WWETF5CPFRNR	5CCPFR&R	06R00	Renewal & Replacement-Treatment Facilities	12,442,000	13,063,000	25,505,000
CWWFAC01	WWECS5CPFRNR	5CCPFR&R	06R00	Ocean Beach Visioning Process	2,700,000	3,300,000	6,000,000
CWWFAC02	CWPX5CCPF16A	5CCPF16A	06700	Collection Division Consolidation	0	20,000,000	20,000,000
CWWFAC03	CWPX5CCPF15A	5CCPF15A	06700	Southeast Community Center Improvements	7,000,000	0	7,000,000
TOTAL - Non SSIP					97,422,000	114,351,000	211,773,000
TOTAL - Project Costs					304,642,000	536,635,000	841,277,000
CWW30001	CWPX5CCPF15A	5CCPF15A	06700	Financing Cost	37,377,329	0	37,377,329
CWW30001	CWPX5CCPF16A	5CCPF16A	06700	Financing Cost	0	70,145,665	70,145,665
CWW30001	CWPX5CCPF15A	5CCPF15A	081C4	City Services Auditor	609,284	0	609,284
CWW30001	CWPX5CCPF16A	5CCPF16A	081C4	City Services Auditor	0	1,073,270	1,073,270
CWW30001	CWPX5CCPF15A	5CCPF15A	081XX	Revenue Bond Oversight Committee	146,387	0	146,387
CWW30001	CWPX5CCPF16A	5CCPF16A	081XX	Revenue Bond Oversight Committee	0	277,065	277,065
TOTAL - Financing/Other Costs					38,133,000	71,496,000	109,629,000
TOTAL					342,775,000	608,131,000	950,906,000

Budget Transfer between Wastewater Projects

CWWSIPDP00	CWPX5CCPF13A	5CCPF13A	06700	SSIP - Biosolids/Digester Project	(35,000,000)	0	(35,000,000)
CWWSIPPR00	CWPX5CCPF13A	5CCPF13A	06700	SSIP - Land Reuse	35,000,000	0	35,000,000
Total					0	0	0

<p>Items 7 and 9 Files 14-0481 and 14-0483</p>	<p>Department: Public Utilities Commission (PUC)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p>	
<p>File 14-0481: The proposed ordinance appropriates (2) \$950,906,000 in revenues from revenue bond proceeds and other wastewater revenues; and (2) places \$846,906,000 in bond proceeds on Controller's reserve, pending Board of Supervisors' approval of California Environmental Quality Act (CEQA) findings and Controller's certification of available funds.</p>	
<p>File 14-0483: The proposed ordinance authorizes the Public Utilities Commission (PUC) to issue wastewater revenue bonds in the aggregate principal not-to-exceed amount of \$846,906,000 to fund various wastewater capital projects.</p>	
<p style="text-align: center;">Key Points</p>	
<ul style="list-style-type: none"> • Master planning for Sewer System Improvement Program (SSIP) began in 2004 with the goal of bringing the City's sewer system to a state of good repair and ensuring continued regulatory compliance and system reliability. The SSIP consists of approximately 20 capital improvement projects to be completed from 2011 through 2040, a period of approximately 30 years. The FY 2014-15 through FY 2023-24 Ten-Year Capital Plan was approved by the Public Utilities Commission on May 13, 2014 and includes \$5,547,358,000 in various capital Wastewater Enterprise projects including projects under the SSIP. • The Board of Supervisors has previously authorized \$820,566,235 in wastewater revenue bonds for the SSIP and other wastewater projects, of which \$331,585,000 has been sold, resulting in \$488,981,235 in bonds previously authorized but unissued • The PUC anticipates issuing the proposed revenue bonds in an aggregate principal amount not-to-exceed \$846,906,000 through multiple competitive or negotiated sales over the next two years with the first sale occurring in approximately Spring 2015. 	
<p style="text-align: center;">Fiscal Impact</p>	
<ul style="list-style-type: none"> • The anticipated interest rate for the bond payments is 5%. Total estimated debt service over the 30-year term of the bonds is \$1,591,701,272, consisting of \$846,906,000 in principal and \$744,795,272 in interest. The estimated average annual debt service payment is \$56,846,474 • In June 2013, the Board of Supervisors approved an ordinance (File 13-0365) that de-appropriated \$27,870,059 in wastewater revenue bond proceeds. The Budget and Legislative Analyst's Office recommends reducing the aggregate principal amount in the proposed ordinance (File 14-0483) by \$27,870,059 from \$846,906,000 to \$819,035,941. 	
<p style="text-align: center;">Recommendations</p>	
<ul style="list-style-type: none"> • Amend the proposed ordinance (File 14-0483) to reduce the principal aggregate not-to-exceed amount by \$27,870,059 from \$846,906,000 to \$819,035,941. • Approve the proposed ordinance (File 14-0483) as amended. • Approve the proposed ordinance (File 14-0481). 	

MANDATE STATEMENT / BACKGROUND**Mandate Statement**

Charter Section 8B.124 (Proposition E, November 2002) authorizes the San Francisco Public Utilities Commission (PUC) to issue revenue bonds, notes payable, commercial paper, and other forms of indebtedness for the purpose of reconstructing, replacing, expanding, repairing or improving water facilities or clean water facilities, subject to approval by two-thirds of the Board of Supervisors.

According to Charter Section 8B.124, authorization of revenue bonds is subject to certification (1) from an independent engineer that the projects to be financed by such debt meet utility standards; (2) that estimated net revenue will be sufficient to meet operating, maintenance, debt service coverage and other indenture or resolution requirements; and (3) by the Planning Department that facilities under the PUC's jurisdiction that are to be funded by such debt will comply with the California Environmental Quality Act (CEQA).

Charter Section 5A.31(d) states that one-twentieth of one percent from the proceeds of each issuance or sale of public utility revenue bonds must be set aside for use by the Public Utilities Commission Revenue Bond Oversight Committee to cover the costs of Committee activities.

Charter Appendix F1.113 states that 0.2 percent of the bond expenditures net of bond financing and auditing costs be allocated to the support the Controller's Audit Fund.

Charter Section 9.105 states that the Board of Supervisors shall approve by ordinance all amendments to the Annual Appropriation Ordinance after the Controller certifies the availability of funds.

Background

The PUC Wastewater Enterprise provides sanitary waste and stormwater collection, treatment and disposal services to residents in the City as well as residents of north San Mateo County. The service area encompasses 29,773 acres and provides a level of service that can accommodate approximately 990,449 people using approximately 40 billion gallons of water per year.

The PUC annually updates its ten-year capital improvement plan to renew and replace the Wastewater Enterprise's infrastructure. The FY 2014-15 through FY 2023-24 Ten-Year Capital Plan was approved by the Public Utilities Commission on May 13, 2014 and includes \$5,547,358,000 in various capital Wastewater Enterprise projects including projects under the Sewer System Improvement Program (SSIP).

Master planning for SSIP began in 2004 with the goal of bringing the City's sewer system to a state of good repair and ensuring continued regulatory compliance and system reliability. The SSIP consists of approximately 20 capital improvement projects to be completed from 2011 through 2040, a period of approximately 30 years.

Funding for capital projects in the Wastewater Enterprise is provided through wastewater revenue bonds issued by the PUC and through commercial paper, a short-term debt instrument issued by the PUC.

DETAILS OF PROPOSED LEGISLATION

File 14-0483: The proposed ordinance authorizes the Public Utilities Commission (PUC) to issue and sell wastewater revenue bonds in the aggregate principal not-to-exceed amount of \$846,906,000 to fund various capital projects in the Wastewater Enterprise capital improvement plan

File 14-0481: The proposed ordinance appropriates (2) \$950,906,000 in revenues from revenue bond proceeds, wastewater revenues, and capacity fee fund balance to fund various projects in the wastewater ten-year capital plan; and (2) places \$846,906,000 in bond proceeds on Controller’s reserve, pending PUC and Board of Supervisors’ approval of environmental review for wastewater projects under the California Environmental Quality Act (CEQA) and receipt of bond proceeds, as certified by the Controller.

FISCAL IMPACT

File 14-0483:

As shown in Table 1 below, the Board of Supervisors has previously authorized \$820,566,235 in wastewater revenue bonds, of which \$331,585,000 has been sold, resulting in \$488,981,235 in bonds previously authorized but unissued.

Table 1: Previously Authorized Wastewater Revenue Bonds

File	Amount Authorized	Amount Sold	Bonds
			Authorized But Unissued
10-0340	\$297,756,235	\$260,450,326	\$37,305,909
12-0469	522,810,000	71,134,674	451,675,326
Subtotal	\$820,566,235	\$331,585,000	\$488,981,235

According to Mr. Mike Brown, PUC Capital Finance, the PUC anticipates issuing the proposed revenue bonds in an aggregate principal amount not-to-exceed \$846,906,000 through multiple competitive or negotiated sales over the next two years with the first sale occurring in approximately Spring 2015.

The anticipated interest rate for the bond payments is 5%. Total estimated debt service over the 30-year term of the bonds is \$1,591,701,272, consisting of \$846,906,000 in principal and \$744,795,272 in interest. The estimated average annual debt service payment is \$56,846,474.

On May 13, 2014, the PUC approved its schedule of wastewater rates that are charged to retail customers in the City. According to Mr. Brown, PUC wastewater rates are increasing in part because the PUC assumes in its projections that the PUC will issue all previously authorized and requested bond amounts.

Public Utilities Commission Debt Policy

The PUC annually approves a set of debt policies and procedures that govern the PUC debt program. PUC has established a debt limit in which annual net operating income must be at least 1.25 times annual debt service (debt service coverage ratio). The PUC anticipates that debt service coverage ratios in the Wastewater Enterprise will range from 4.53 in FY 2014-15 to 1.43 in FY 2023-24, exceeding the minimum ration established by PUC's debt service ratio of 1.25.

File 14-0481:

The proposed ordinance would appropriate \$950,906,000 to wastewater capital projects, as shown in Table 2 below.

Table 2: Sources and Uses of Funds

Sources	FY 2014-15	FY 2015-16	Amount
Proceeds from the Sale of Bonds	\$292,775,000	\$554,131,000	\$846,906,000
Wastewater Revenues	39,000,000	41,000,000	80,000,000
Wastewater Capacity Fee Fund Balance	11,000,000	13,000,000	24,000,000
Total Sources	\$342,775,000	\$608,131,000	\$950,906,000
Uses	FY 2014-15	FY 2015-16	Amount
Biosolids Digester Phase I	42,600,000	122,600,000	165,200,000
Southeast Plant Improvements - Southeast	42,420,000	102,981,000	145,401,000
Renewal & Replacement-Collection System	40,422,000	40,351,000	80,773,000
Treatment Plant Improvements	22,100,000	45,280,000	67,380,000
Storm Water Management	37,300,000	23,670,000	60,970,000
Collection System Improvements	16,500,000	41,100,000	57,600,000
Renewal & Replacement-Collection System	23,858,000	24,637,000	48,495,000
SSIP - Program-Wide Management	23,000,000	24,000,000	47,000,000
Central Bayside System Improvements	14,000,000	24,800,000	38,800,000
SSIP - Land Reuse	5,000,000	29,253,000	34,253,000
Renewal & Replacement-Treatment Facilities	12,442,000	13,063,000	25,505,000
Renewal & Replacement-Collection System	11,000,000	13,000,000	24,000,000
Collection Division Consolidation	-	20,000,000	20,000,000
Pump Stations/Bayside & Westside	1,300,000	8,600,000	9,900,000
Southeast Community Center Improvements	7,000,000	-	7,000,000
Ocean Beach Visioning Process	2,700,000	3,300,000	6,000,000
Urban Watershed Assessment	3,000,000	-	3,000,000
Subtotal, Projects	304,642,000	536,635,000	841,277,000
Financing Cost	37,377,329	70,145,665	107,522,994
City Services Auditor	609,284	1,073,270	1,682,554
Revenue Bond Oversight Committee	146,387	277,065	423,452
Subtotal, Financing and Oversight	38,133,000	71,496,000	109,629,000
Total Uses	\$342,775,000	\$608,131,000	\$950,906,000

The two largest projects to be funded by the proposed appropriation include:

- The proposed \$165,200,000 for a replacement biosolids digester at the Southeast Water Pollution Control Plant (Southeast Plant). The existing biosolids digester was constructed in 1952 and currently treats 80 percent of City flows. According to Mr. Brown, the current biosolids digester is showing signs of corrosion. Additionally, the roofing on the digester does not adequately insulate the contents of the digester and the surrounding community has been complaining about the smell.

Total estimated projected costs are \$1.15 billion, of which \$196.4 million are planning, design and environmental review (including the requested \$165,200,000) and \$953.9 million are construction management and construction costs. The PUC anticipates construction to begin in 2018.

- The proposed \$145,401,000 for improvements to the Southeast Plant, which is the PUC's largest wastewater treatment facility. These improvements include seismic retrofits, process equipment upgrades, a new secondary effluent disinfection building and chemical systems, and new infrastructure for sludge co-thickening, screening and de-gritting.

Total estimated project costs are \$658.9 million, of which \$106.5 million are planning, design and environmental review, and \$552.4 million are construction management and construction.

De-Appropriated Bond Proceeds

In June 2013, the Board of Supervisors approved an ordinance (File 13-0365) that de-appropriated \$27,870,059 in wastewater revenue bonds. The Budget and Legislative Analyst's Office recommends reducing the authorization to issue and sell the not-to-exceed aggregate principal amount of wastewater revenue bonds under the proposed ordinance (File 14-0483) by \$27,870,059 from \$846,906,000 to \$819,035,941.

RECOMMENDATIONS

1. Amend the proposed ordinance (File 14-0483) to reduce the authorization to issue and sell the not-to-exceed principal aggregate amount of wastewater revenue bonds by \$27,870,059 from \$846,906,000 to \$819,035,941.
2. Approve the proposed ordinance (File 14-0483) as amended.
3. Approve the proposed appropriation ordinance (File 14-0481).

OFFICE OF THE MAYOR
SAN FRANCISCO



RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
EDWIN M. LEE
MAYOR
MAY - 1 PM 3:13

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *EW* Mayor Edwin M. Lee *EL*
RE: Appropriation - Proceeds from Revenue Bonds, Wastewater Revenues and Capacity Fees of \$950,906,000 for Wastewater Capital Improvements, and Amending Ordinance 108-12 - FY2014-2015 and FY2015-2016
DATE: May 1, 2014

Attached for introduction to the Board of Supervisors is the ordinance appropriating \$950,906,000 of Proceeds from Revenue Bonds, Wastewater Revenue and Capacity Fees for the San Francisco Public Utilities Commission (SFPUC) Wastewater Enterprise's Capital Improvement Program for Fiscal Year 2014-2015 at \$342,775,000 and Fiscal Year 2015-2016 at \$608,131,000; and placing \$846,906,000 by functional improvement area for the Sewer System Improvement Program (SSIP) at \$629,504,000, and the non-SSIP project at \$217,402,000 on Controller's reserve subject to SFPUC's and the Board of Supervisors' approval following completion of project-related analysis pursuant to the California Environmental Quality Act (CEQA), where required, and receipt of proceeds of indebtedness.

I request that this item be calendared in Budget and Finance Committee.

Should you have any questions, please contact Jason Elliott (415) 554-5105.

