

File No. 106169

Committee Item No. 9

Board Item No. 15

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Committee BUDGET AND FINANCE

Date 3/17/10

Board of Supervisors Meeting

Date 3/23/10

#### Cmte Board

- |                                     |                                     |  |
|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/>            | Motion                                       |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution                                   |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget Analyst Report                        |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Analyst Report                   |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Introduction Form (for hearings)             |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/>            | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Public Correspondence                        |

#### OTHER

(Use back side if additional space is needed)

- |                          |                          |   |
|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | <u>Preliminary Official Statement and</u> |
| <input type="checkbox"/> | <input type="checkbox"/> | <u>Related Supporting Documents*</u>      |
| <input type="checkbox"/> | <input type="checkbox"/> | _____                                     |
| <input type="checkbox"/> | <input type="checkbox"/> | _____                                     |
| <input type="checkbox"/> | <input type="checkbox"/> | _____                                     |

Completed by: Gail Johnson

Date 3/12/10

Completed by: [Signature]

Date 3/18/10

\* An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

21

el/esp

1 [Wastewater Revenue Bonds Issuance.]

2  
3 **Resolution approving the issuance of not to exceed \$282,400,000 in aggregate principal**  
4 **amount of wastewater revenue bonds to be issued by the Public Utilities Commission**  
5 **of the City and County of San Francisco; affirming covenants contained in the**  
6 **indenture pursuant to which the wastewater revenue bonds are issued; and authorizing**  
7 **the taking of appropriate actions in connection therewith; and related matters.**

8 WHEREAS, On November 5, 2002, the voters of the City and County of San Francisco  
9 (the "City") approved Proposition E, codified as Article VIII B of the Charter of the City (the  
10 "Charter"), which among other things, authorized the Commission to issue revenue bonds,  
11 including notes, commercial paper or other forms of indebtedness, when authorized by  
12 ordinance approved by a two-thirds vote of the Board of Supervisors (the "Board"), for the  
13 purpose of reconstructing, replacing, expanding, repairing or improving water facilities or  
14 clean water facilities, or combinations of water and clean water facilities under the jurisdiction  
15 of the Commission; and,

16 WHEREAS, The Commission adopted the Indenture dated as of January 1, 2003 (the  
17 "Indenture"), between the Commission and U. S. Bank National Association, as trustee (the  
18 "Trustee") and in connection therewith, issued the first series of Bonds (as defined in the  
19 Indenture) under the Indenture designated the "Public Utilities Commission of the City and  
20 County of San Francisco Clean Water Revenue Bonds, 2003 Refunding Series A", in the  
21 original principal amount of \$396,270,000 to finance projects of the Wastewater Enterprise,  
22 previously referred to from time to time as the "Clean Water Enterprise;" and,

23 WHEREAS, By Resolution No. 10-0022 adopted on February 10, 2010 (the  
24 "Commission Resolution"), the Commission has determined to issue one or more additional  
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BOARD OF SUPERVISORS

1 series of revenue bonds pursuant to the Indenture to finance certain capital projects  
2 benefitting the Wastewater Enterprise, as well as for the payment of costs of issuance and  
3 other incidental costs relating thereto, to be designated the "Public Utilities Commission of the  
4 City and County of San Francisco Wastewater Revenue Bonds, 2010 Series \_\_\_\_" (the  
5 "Wastewater Revenue Bonds") with the exact year of issuance, designation and series to be  
6 determined by the General Manager of the Commission as provided therein, in a principal  
7 amount not to exceed \$285,600,000, has approved a form of a First Amendment to Indenture  
8 (the " First Amendment"), by and between the Commission and the Trustee, which will amend  
9 and modify the Indenture, has approved a form or forms of a Supplemental Indenture  
10 (whether one or more, the "Supplemental Indenture"), by and between the Commission and  
11 the Trustee, which will supplement the Indenture, and has approved the forms of other  
12 documents relating to the issuance of the Wastewater Revenue Bonds; and,

13 WHEREAS, In the Commission Resolution, the Commission has formally requested  
14 this Board to authorize the issuance and sale of the Wastewater Revenue Bonds for the  
15 purposes herein described pursuant to Section 8B.124 of the Charter of the City (the  
16 "Charter"), such Commission Resolution and all such documents relating to the issuance of  
17 the Wastewater Revenue Bonds referenced therein being on file with the Clerk of the Board in  
18 File No. 100169, which is hereby declared to be a part of this resolution as if set forth fully  
19 herein; and,

20 WHEREAS, The Board has, concurrently with the adoption of this resolution, adopted  
21 an ordinance making certain findings relating to the issuance and sale of the Wastewater  
22 Revenue Bonds by the Commission pursuant to said Section 8B.124;

23 WHEREAS, The Board now desires, by this resolution, to authorize the issuance and  
24 sale of the Wastewater Revenue Bonds by the Commission pursuant to Section 8B.124 of the  
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BOARD OF SUPERVISORS

1 Charter and determines that this resolution shall take effect upon the effective date of said  
2 ordinance; now, therefore, be it

3 RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as  
4 follows:

5 Section 1. Recitals. All of the recitals herein are true and correct.

6 Section 2. Approval and Authorization of Wastewater Revenue Bonds. The Board  
7 hereby authorizes and approves the issuance by the Commission of the Wastewater Revenue  
8 Bonds in one or more series in an aggregate principal amount not to exceed \$285,600,000 at  
9 a maximum rate or rates of interest of not to exceed twelve percent (12%) per annum to  
10 finance a portion of the design, acquisition and construction of various capital projects  
11 benefitting the Wastewater Enterprise (the "Capital Projects"), as well as for the payment of  
12 costs of issuance and other incidental costs relating thereto, all as provided in the  
13 Commission Resolution and the documents referenced therein which are hereby approved.  
14 The forms of the Wastewater Revenue Bonds, in substantially the form presented to the  
15 Board, as set forth in one or more Exhibits to the Supplemental Indenture, are hereby  
16 approved. The Controller of the City or any deputy thereof is hereby authorized and directed  
17 to approve and to execute the Wastewater Revenue Bonds by manual or facsimile signature;  
18 with such changes, additions, amendments or modifications therein which he or she may  
19 deem necessary or desirable and as the City Attorney may require or approve, the approval of  
20 such additions or changes to be conclusively evidenced by the execution and delivery of the  
21 Wastewater Revenue Bonds.

22 Section 3. Affirmation of Existing Bond Covenants. The Board hereby confirms  
23 Section 5.01(c) of the Indenture, as amended by the First Amendment and as supplemented  
24 by the Supplemental Indenture (the term "Indenture" as used in this section refers to the  
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1 Indenture as so amended and supplemented), which set forth the disposition of Revenues (as  
2 defined in the Indenture) applicable to the Bonds (as defined in the Indenture) and covenants  
3 with the holders of the Bonds that the Revenues shall be appropriated and expended as set  
4 forth in Section 5.01(c) of the Indenture. The Board also hereby declares that the City will  
5 comply with all of the terms, provisions and covenants contained in the Indenture, including  
6 the covenants to establish, fix, prescribe and collect rates, fees and charges sufficient to  
7 enable the Commission to comply with the terms, conditions and covenants of the Indenture.

8 Section 4. Proposition P. Pursuant to Proposition P approved by the voters of the City  
9 in November 2002, this resolution and the Wastewater Revenue Bonds are subject to, and  
10 incorporate by reference, the provisions of Section 5A.30 et. seq. ("Public Utilities Revenue  
11 Bond Oversight Committee") of Chapter V of the San Francisco Administrative Code. In  
12 accordance with the requirements of Proposition P, to the extent permitted by law, one-  
13 twentieth of one percent of the gross proceeds of the Wastewater Revenue Bonds shall be  
14 deposited in a fund established by the Controller's Office and appropriated by the Board at the  
15 direction of the Public Utilities Revenue Bond Oversight Committee (RBOC) established by  
16 Proposition P to cover the costs of said committee; provided that any amounts so paid from  
17 the proceeds of Bonds that have not been spent by RBOC in connection with such Bonds (as  
18 contemplated by Article 5A.31(c) of the Administrative Code) within 36 months of the date of  
19 issuance of such Bonds shall be returned to the Commission for deposit into the Capital  
20 Project Fund and expended by the Commission to acquire and construct the Capital Projects.

21 Section 5. General Authority. The Controller of the City, the Treasurer of the City, the  
22 City Attorney, and all other appropriate officers, employees, representatives and agents of the  
23 City are hereby authorized and directed to do everything necessary or desirable to provide for  
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1 the issuance and security of the Wastewater Revenue Bonds, including, but not limited to,  
2 executing and delivering such certificates as they may deem necessary or advisable.

3 Section 6. Effective Date. This resolution shall take effect at such time as the  
4 ordinance of the Board which is referred to in the recitals of this resolution shall take effect.

5  
6 APPROVED AS TO FORM:

7 DENNIS J. HERRERA, City Attorney

8  
9 By: 

MARK BLAKE  
Deputy City Attorney

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BOARD OF SUPERVISORS





**Items 8 and 9-  
Files 10-0168  
and 10-0169**

**Department:  
Public Utilities Commission (PUC)**

## EXECUTIVE SUMMARY

### Legislative Objective

- The proposed ordinance (File 10-0168) and resolution (File 10-0169) would approve the issuance and sale of not-to-exceed \$285,600,000 in aggregate principal wastewater revenue bonds by the Public Utilities Commission (PUC) to finance various projects benefitting the PUC's Wastewater Enterprise.

### Legal Mandates

- Proposition E, approved by San Francisco voters in 2002, authorized the PUC to issue revenue bonds for reconstructing, replacing, expanding, repairing or improving water facilities or wastewater facilities under the jurisdiction of the PUC. Proposition E provides for unlimited PUC bonding authority. However, all bond issuances, such as the subject legislation, must be authorized by an ordinance approved by a two-thirds vote of the Board of Supervisors.

### Fiscal Impact

- Assuming a 6 percent fixed interest rate, a bond sale date of May 12, 2010 and a 30-year term, the estimated total debt service on the proposed \$285,600,000 wastewater revenue bonds would be approximately \$633,192,832, or approximately \$21,016,600 per year from 2012 through 2040. The PUC would capitalize the interest for the first two years, resulting in no net debt service for 2010 and 2011.
- \$137,500,000, or 48.1 percent, of the proposed bond issuance of \$285,600,000 would be used to refund outstanding commercial paper, and \$85,500,000, or 29.9 percent, would be used for project construction costs for the wastewater system. The total estimated bond issuance costs are \$700,000, or 0.2 percent, \$32,314,000, or 11.3 percent, would fund two years of interest-only debt service on the bonds. The remaining \$29,586,000, or 10.5 percent, includes funds for the original issue discount and underwriter's discount (\$8,568,000) and the funding of a Debt Service Reserve Fund (\$21,017,000).

### Policy Considerations

- An increase in customer wastewater rates is projected to be the major source of revenues to pay for the debt service costs. From the present through FY 2014-2015, the projected annual wastewater rate increase would range between five percent and nine percent annually, and from FY 2014-2015 to FY 2019-2020 the projected annual wastewater rate increases would be approximately 11.5%.

### Recommendations

- Because the PUC's estimated project construction costs are \$3,200,000 less than the amount budgeted in the proposed bond issuance, amend both the proposed resolution (File 10-0169) and the proposed ordinance (File 10-0168) to reduce the not-to-exceed amount of aggregate principal wastewater revenue bonds by \$3,200,000, or from the requested \$285,600,000 to the needed \$282,400,000.
- Approve the proposed ordinance (File 10-0168) and proposed resolution (File 10-0169), as amended.

## BACKGROUND/MANDATE STATEMENT

On November 5, 2002, the voters of San Francisco approved Proposition E, codified as Article VIII B of the City's Charter, which among other things, authorized the San Francisco Public Utilities Commission to issue revenue bonds for the purpose of reconstructing, replacing, expanding, repairing or improving water facilities or wastewater facilities, under the jurisdiction of the PUC. Proposition E provides the PUC with unlimited bonding authority. However, all bond issuances must be authorized by ordinance and approved by a two-thirds vote of the Board of Supervisors.

The PUC's Wastewater Enterprise is responsible for collecting, treating, and disposing of sanitary waste and storing water runoff and charges monthly rates to 171,902 customers in the Bay Area for providing these services. The Wastewater Enterprise operates, cleans and maintains 900 miles of City sewers, 17 pump stations and three wastewater treatment plants.

There are numerous existing wastewater and stormwater challenges and issues that need to be addressed by the Wastewater Enterprise. These issues include: (a) aging infrastructure, (b) system reliability and redundancy, (c) odor control, (d) stormwater control, (e) biosolids handling, and (f) regulatory compliance. In response, the Wastewater Enterprise of the PUC is implementing projects under (a) the PUC's Capital Improvement Program (CIP), which commenced in 2005, and (b) the longer-term PUC Sewer System Improvement Plan (SSIP), which is estimated to be implemented over approximately 20 years.

Mr. Carlos Jacobo, Budget Manager for the PUC, states that the PUC is currently in the process of defining the SSIP for purposes of further environmental review and planning and feasibility studies, and the process should be completed by June of 2010. The PUC developed its CIP in 2005 to address the short-term capital improvement needs of the PUC's wastewater system prior to implementation of the SSIP. According to Ms. Noreen Ambrose of the City Attorney Office, both the PUC and Board of Supervisors will approve the CIP and SSIP through their respective actions on related appropriations and bond issuances, such as the subject resolution and ordinance.

## DETAILS OF PROPOSED LEGISLATION

On February 10, 2010 the PUC adopted Resolution 10-0022, which authorized the issuance of up to \$285,600,000 in Wastewater Revenue Bonds under Proposition E to fund the Wastewater Enterprise CIP and a portion of the planning and design costs of the SSIP.<sup>1</sup>

<sup>1</sup> The PUC states that it is moving forward with the planning and design for two projects in the SSIP (the Biosolid Digester and Channel Tunnel Projects) because these two projects will provide much needed improvements to vital portions of the wastewater system. The existing biosolids facility is aging, has undergone major repairs and failure and now requires complete replacement. The Channel Tunnel Project will provide full redundancy to the existing 66-inch diameter Channel Force Main, which is a key artery in the City's sewer system. The Channel Force Main was taken out of service for emergency repair several times in the past, including during the Loma Prieta

The proposed ordinance (File 10-0168) would approve the issuance and sale of the not-to-exceed \$285,600,000 wastewater revenue bonds by the PUC to finance projects benefitting the Wastewater Enterprise, pursuant to Proposition E, approved by San Francisco voters on November 5, 2002. The proposed resolution (File 10-0169) would approve the issuance and sale of the not-to-exceed \$285,600,000 in aggregate principal wastewater revenue bonds by the PUC and affirm specific covenants contained in the indenture pursuant to which the wastewater bonds are issued.<sup>2</sup>

In accordance with Section 8B.124 of the City's Charter, issuance of revenue bonds or other forms of indebtedness by ordinance must be approved by at least two-thirds of the Board of Supervisors, such that approval of the proposed ordinance (File 10-0168) will require a minimum two-thirds approval vote by the Board of Supervisors.

## FISCAL ANALYSIS

Attachment I, provided by Mr. Jacobo, shows the sources and uses of funds of the proposed \$285,600,000 in aggregate principal wastewater revenue bonds. Attachment II, provided by the PUC, is the estimated debt service schedule based on a 6 percent average coupon rate. As shown in Attachment II, assuming a 6 percent interest rate and bond sale date of May 12, 2010 and a 30-year term, the total estimated debt service on the requested wastewater bond issuance of \$285,600,000 would be approximately \$633,173,900, including interest of \$347,573,900, or approximately \$21,016,600 per year from 2012 through 2040.

Mr. Hughes states that debt service for 2010 and 2011 is less, at \$6,616,400 and \$17,136,600, respectively, representing a partial year's debt service in 2010 and a full year in 2011, both with no principal amortization. The PUC intends to capitalize the interest for the first two years, resulting in no net debt service on the proposed bonds in these two years.

Table 1 below, based on information provided by the PUC, summarizes the PUC's proposed use of the \$285,600,000 aggregate principal wastewater revenue bond proceeds.

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earthquake. PUC is proposing that the planning and conceptual design for these two projects be expedited concurrent with their respective environmental reviews.

<sup>2</sup> According to Deputy City Attorney Mark Blake, a continuance of the proposed resolution will be requested at the March 17, 2010 Budget and Finance Committee in order to amend the resolution to provide for the approval of the preliminary official statement and other financing agreements.

**Table 1: Estimated Use of Proceeds from Wastewater Revenue Bonds, 2010 Series**

Use	Explanation	Amount	Percent
Commercial Paper Refunding	Refunds existing outstanding commercial paper used to fund Wastewater capital projects	\$137,500,000	48.1%
Project Construction Fund	Estimate of remaining CIP & SSIP project costs and contract encumbrances	85,500,000*	29.9%
Capitalized Interest Fund	Equal to two years of interest-only debt service on the bonds	32,314,000	11.3%
Debt Service Reserve Fund	Equal to maximum annual debt service (MADS), as required by current indenture	21,017,700**	7.4%
Underwriter's Discount	Differential between issue and offering price	2,856,100**	1.0%
Original Issue Discount	Cost to account for possibility bonds will be sold at a discount	5,712,200**	2.0%
Costs of Issuance	Costs of underwriting, legal and financial advice, trustee, RBOC <sup>3</sup> , printing, etc.	700,000	0.2%
<b>Total Uses of Funds</b>		<b>\$285,600,000</b>	<b>100%</b>

\*As seen in Attachment V, this amount is actually \$82,300,000, and therefore the Budget and Legislative Analyst is recommending reducing the not-to-exceed amount of aggregate principal wastewater revenue bonds by \$3,200,000.

\*\* Totals \$29,586,000 or 10.5%

As shown in Table 1 above, \$137,500,000, or 48.1 percent, of the proposed bond issuance of \$285,600,000 would be used to refund PUC's outstanding commercial paper. \$85,500,000, or 29.9 percent, would be used for project construction costs for the wastewater system.

Also as shown in Table 1 above, the PUC intends to use \$32,314,000, or 11.3 percent of the \$285,600,000 aggregate principal wastewater revenue bonds, to fund the first two years with interest-only debt service on the bonds. According to Mr. Marc Hughes, Debt Manager for the PUC, this approach is being taken "to help smooth rate increases and avoid rate spikes."

According to Mr. Hughes, and as shown in Table 1 above, the \$21,017,700 for Debt Service Reserve Fund is required per the terms of the Indenture, while the \$2,856,100 for Underwriter's Discount and \$5,712,200 for Original Issue Discount are conservative estimates of costs used for financial planning purposes. The total estimated bond issuance costs for the subject \$285,600,000, including fees for outside bond counsel, financial advisors, rating agency

<sup>3</sup> Proposition P established the Revenue Bond Oversight Committee (RBOC) with responsibility for evaluating all revenue bond proceeds expenditures by the PUC and mandates that such revenue bonds include 1/20<sup>th</sup> of 1 percent to fund certain activities of the RBOC.

advisors, financial printing, consulting engineer, trustee/verification, and City Attorney's Office, are \$700,000, or 0.2 percent.

Mr. Hughes advises that the issuance of the proposed revenue bonds will increase the Wastewater Enterprise's current outstanding debt to approximately \$602,300,000 as of June 30, 2010, with additional debt issuances needed to fund the SSIP, all of which would be subject to future Board of Supervisors approval.

Attachment III, prepared by the PUC, shows the cash flow summary of the PUC spending plan for the CIP and SSIP from FY 2009-2010 through FY 2019-2020. Attachment IV, prepared by Carollo Engineers as part of the Engineering Certificate for the subject wastewater revenue bond issuance, is an independent ten-year (FY 2010-2011 through FY 2019-2020) financial projection for the Wastewater Enterprise. As shown in Attachments III and IV, an increase in wastewater rates is projected to be the major source of revenues to cover debt service.

### **Prior CIP and SSIP Project Appropriations Approved by the Board of Supervisors**

On August 18, 2009, the Board of Supervisors approved Ordinance 0201-09 (File 09-0546) which appropriated \$119,800,000 for the PUC's CIP (\$100,800,000) and two projects, the Bio-Solid Digester Project and the Channel Tunnel Project, included in the SSIP (\$19,000,000), as shown in Table 2 below.

**Table 2: Sources and Uses of Funds, Ordinance 0201-09**

<b>SOURCES</b>	
Wastewater Commercial Paper <sup>4</sup>	\$36,700,000
Wastewater Revenue Bonds	78,800,000
Interest Earnings on Commercial Paper	4,300,000
<b>Total Sources</b>	<b>\$119,800,000</b>
<b>USES</b>	
<b>Interim Capital Improvement Program (Interim CIP)</b>	
Odor Control	\$6,200,000
Treatment Facility Improvements	17,200,000
Pump Station Improvements	8,950,000
Sewer/Collection System Improvements	68,450,000
Subtotal	\$100,800,000
<b>Final Sewer System Improvement Program (SSIP)</b>	
Bio-solid Digester	9,000,000
Channel Tunnel	10,000,000
Subtotal	\$19,000,000
<b>Total Uses</b>	<b>\$119,800,000</b>

<sup>4</sup> According to Mr. Jacobo, the Board of Supervisors previously authorized the PUC to issue up to \$150,000,000 of Wastewater Commercial Paper, of which the PUC had previously issued \$113,300,000 leaving \$36,700,000 in unused Commercial Paper issuance authority.

At the time the Board of Supervisors approved Ordinance 0201-09, as summarized in Table 2 above, the PUC anticipated using \$78,800,000 in proceeds from a future issuance of wastewater revenue bonds, \$36,700,000 from Commercial Paper and \$4,300,000 from interest earnings as a source of funds for the \$119,800,000 supplemental appropriation. Mr. Jacobo states that the actual proceeds from the Commercial Paper issuance, including interest earnings, was \$37,500,000, such that the balance of \$82,300,000 (\$119,800,000 less \$37,500,000) would be financed through the subject wastewater bond issuance.<sup>5</sup>

As shown in Attachment V, the PUC proposes to use \$82,300,000 of the proposed bond issuance for project construction costs for nine projects, including funding for seven CIP projects and for two SSIP projects (Biosolid Digester and Channel Tunnel projects). Attachment V also lists the commencement and completion dates and the environmental review status of the nine projects.

However, as shown in Attachment V, the total required project funding for the CIP and SSIP projects in the Wastewater Enterprise Fund is \$82,300,000, or \$3,200,000 less than the current request of \$85,500,000 as shown in Table 1 above. Therefore, the Budget and Legislative Analyst recommends reducing the not-to-exceed \$285,600,000 in the subject ordinance by \$3,200,000, to \$282,400,000.

## POLICY CONSIDERATIONS

### Impact of Debt Service Costs on Customer Wastewater Rates

On June 5, 2009, the PUC approved wastewater rate increases through FY 2013-2014<sup>6</sup>, which as shown in Attachment IV range between five percent and nine percent annually. The forecasts in Attachment IV also show the projected annual wastewater rate increases for a ten-year period, or through FY 2019-2020, such that from FY 2014-2015 to FY 2019-2020, the projected wastewater rate increases for PUC customers would be approximately 11.5 percent annually.

As noted above, and as shown in Attachment III, an increase in wastewater rates is projected to be the major source<sup>7</sup> of revenues to cover the debt service costs. In response to a Budget and Legislative Analyst question regarding what the portion of the wastewater rate increases are for

<sup>5</sup> Because at the time of the approval of Ordinance 0201-09, the PUC anticipated using \$78,800,000 in proceeds from a future issuance of Wastewater Revenue Bonds as a source of funds for the \$119,800,000 supplemental appropriation, \$78,800,000 was placed on Controller's reserve, pending the approval and sale of this subject wastewater revenue bond.

<sup>6</sup> According to Ms. Ambrose, pursuant to Charter Section 8B.125, after the PUC approves new wastewater service rates, the Board of Supervisors may elect to hold a public hearing within 30 days and reject the rate package based on a majority vote of the Board of Supervisors. The Board of Supervisors did not hold a hearing following the PUC's approval of wastewater rate increases for FY 2009-2010 through FY 2013-2014, and therefore that these wastewater rates went into effect on July 1, 2009.

<sup>7</sup> As shown in line 12 "Revenues from Rate Increase" of Attachment III, the annual revenues resulting from the rate increase will range from approximately \$14M in FY 2010-2011 to \$54M in FY 2019-2020. As previously stated, the total estimated debt service would be approximately \$21,016,600 per year from 2012 through 2040.

servicing the debt from the proposed bond issuance, Mr. Jacobo stated: "As noted previously with two years of capitalized interest on the proposed revenue bonds, the debt service costs related to these bonds will first impact rates in FY 2012-2013. Net debt service costs in that year are projected to reach approximately \$66,000,000, with \$21,016,600 related to the proposed revenue bonds. An estimated \$4.83 of the \$50.87 average monthly wastewater bill for retail customers in FY 2012-2013 is due to the proposed revenue bonds."


### **Future CIP and SSIP Appropriations and Bond Issuances**

The Budget and Legislative Analyst notes that additional appropriation approvals and bond issuances will be requested from the Board of Supervisors incrementally as the PUC's CIP and SSIP projects progress. Mr. Jacobo states that the next supplemental appropriation request for the Wastewater Enterprise for the CIP and SSIP in the amount of \$348,064,054 will be introduced on Tuesday March 16, 2010. According to Mr. Jacobo, the next anticipated wastewater bond issuance will be in the summer of 2011.

In response to a Budget and Legislative Analyst question as to why the PUC has previously, and in the future plans to, appropriate funds for wastewater projects prior to issuing the bonds to cover these projects, Mr. Jacobo states that PUC does this because it has the authority to issue commercial paper, and it is preferable to use commercial paper as the need arises for projects and then refund the commercial paper with bond revenues, rather than issue the wastewater revenue bonds outright and begin accumulating debt service costs on the entire amount prior to the funds being needed for the projects.

## **RECOMMENDATIONS**

1. Amend both the proposed resolution (File 10-0169) and the proposed ordinance (File 10-0168) to reduce the not-to-exceed amount of aggregate principal wastewater revenue bonds by \$3,200,000, or from the requested amount of \$285,600,000 to the needed amount of \$282,400,000.
2. Approve the proposed ordinance (File 10-0168) and resolution (File 10-0169), as amended.



Harvey M. Rose

cc: Supervisor Avalos  
Supervisor Mirkarimi  
Supervisor Elsbernd  
President Chiu  
Supervisor Alioto-Pier  
Supervisor Campos  
Supervisor Chu  
Supervisor Daly  
Supervisor Dufty  
Supervisor Mar  
Supervisor Maxwell  
Clerk of the Board  
Cheryl Adams  
Controller  
Greg Wagner



SAN FRANCISCO PUBLIC UTILITIES COMMISSION  
Wastewater Revenue Bonds, 2010 Series A  
Source and Uses of Funds

Sources of Funds

Par Amount of Bonds	285,600,000	
+Premium /-Discount		
Bond Proceeds		<u>285,600,000</u>

Use of Funds

Cost of Issuance		700,000
Underwriter Discount	(3.0000%)	8,568,300
Capitalized Interest		32,314,000
Debt Service Reserve		21,017,700
Net Construction Fund Amount		<u>223,000,000</u>
		285,600,000

PUBLIC UTILITIES COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO  
Wastewater Revenue Bonds, 2010 Series A (base case: all tax-exempt)

TABLE 5 – Net Debt Service Requirements

10/1 of	Principal	Coupon	Interest	Total D/S	DSRF & Cap. Int.	Net D/S
2010			6,616,400.00	6,616,400.00	6,616,400.00	0.00
2011			17,136,000.00	17,136,000.00	17,136,000.00	0.00
2012	3,880,000	6.00%	17,136,000.00	21,016,000.00	8,568,000.00	12,448,000.00
2013	4,110,000	6.00%	16,903,200.00	21,013,200.00		21,013,200.00
2014	4,360,000	6.00%	16,656,600.00	21,016,600.00		21,016,600.00
2015	4,620,000	6.00%	16,395,000.00	21,015,000.00		21,015,000.00
2016	4,895,000	6.00%	16,117,800.00	21,012,800.00		21,012,800.00
2017	5,190,000	6.00%	15,824,100.00	21,014,100.00		21,014,100.00
2018	5,500,000	6.00%	15,512,700.00	21,012,700.00		21,012,700.00
2019	5,830,000	6.00%	15,182,700.00	21,012,700.00		21,012,700.00
2020	6,180,000	6.00%	14,832,900.00	21,012,900.00		21,012,900.00
2021	6,550,000	6.00%	14,462,100.00	21,012,100.00		21,012,100.00
2022	6,945,000	6.00%	14,069,100.00	21,014,100.00		21,014,100.00
2023	7,360,000	6.00%	13,652,400.00	21,012,400.00		21,012,400.00
2024	7,805,000	6.00%	13,210,800.00	21,015,800.00		21,015,800.00
2025	8,270,000	6.00%	12,742,500.00	21,012,500.00		21,012,500.00
2026	8,770,000	6.00%	12,246,300.00	21,016,300.00		21,016,300.00
2027	9,295,000	6.00%	11,720,100.00	21,015,100.00		21,015,100.00
2028	9,850,000	6.00%	11,162,400.00	21,012,400.00		21,012,400.00
2029	10,445,000	6.00%	10,571,400.00	21,016,400.00		21,016,400.00
2030	11,070,000	6.00%	9,944,700.00	21,014,700.00		21,014,700.00
2031	11,735,000	6.00%	9,280,500.00	21,015,500.00		21,015,500.00
2032	12,440,000	6.00%	8,576,400.00	21,016,400.00		21,016,400.00
2033	13,185,000	6.00%	7,830,000.00	21,015,000.00		21,015,000.00
2034	13,975,000	6.00%	7,038,900.00	21,013,900.00		21,013,900.00
2035	14,815,000	6.00%	6,200,400.00	21,015,400.00		21,015,400.00
2036	15,705,000	6.00%	5,311,500.00	21,016,500.00		21,016,500.00
2037	16,645,000	6.00%	4,369,200.00	21,014,200.00		21,014,200.00
2038	17,645,000	6.00%	3,370,500.00	21,015,500.00		21,015,500.00
2039	18,705,000	6.00%	2,311,800.00	21,016,800.00		21,016,800.00
2040	<u>19,825,000</u>	6.00%	<u>1,189,500.00</u>	<u>21,014,500.00</u>	<u>21,016,800.00</u>	<u>(2,300.00)</u>
	\$285,600,000		\$347,573,900.00	\$633,173,900.00	\$53,337,200.00	\$579,836,700.00

5/12/10 Dated and delivery date  
6.00% Average coupon  
20.28 Average life (years)  
6.29% TIC (true interest cost)



Spending Plan for CIP and SSIP

	A	B	E	F	G	H	I	J	K	L	M	N	O	P
57	TOTAL EXISTING DEBT SERVICE		\$ 66,780,459	\$ 66,834,098	\$ 54,668,148	\$ 43,951,797	\$ 42,457,772	\$ 42,189,486	\$ 39,844,675	\$ 38,665,530	\$ 20,641,451	\$ 18,845,345	\$ 18,905,732	\$ 18,990,364
58	FUTURE DEBT SERVICE	2												
59	Alternative B	0												
60	Alternative A	0												
61	New Revenue Bond Par Amount		\$ -	\$ 250,000,000	\$ 79,007,231	\$ 144,076,550	\$ 297,664,072	\$ 1,204,694,953	\$ 230,402,038	\$ 437,790,231	\$ 284,987,979	\$ 217,458,535	\$ 183,936,018	\$ 202,437,247
62	Variable Cost		\$ -	\$ 3,063,627	\$ 988,195	\$ 3,647,727	\$ 14,782,821	\$ 5,864,904	\$ 2,824,463	\$ 5,364,904	\$ 3,492,360	\$ 2,664,852	\$ 2,466,325	\$ 2,480,769
63	Reserve Fund Deposit		\$ -	\$ 21,694,889	\$ 6,856,213	\$ 12,502,899	\$ 25,831,156	\$ 103,542,028	\$ 19,994,187	\$ 37,991,288	\$ 24,751,079	\$ 18,070,990	\$ 15,907,215	\$ 17,357,415
64	Capitalized Interest Fund Deposit		\$ -	\$ 31,620,167	\$ 9,987,631	\$ 18,215,677	\$ 37,629,000	\$ 152,292,258	\$ 29,126,658	\$ 55,343,984	\$ 36,097,155	\$ 27,490,434	\$ 23,177,936	\$ 25,591,442
65	Surety Bond Cost		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
66	Total Borrowed Funds All B		\$ -	\$ 306,362,683	\$ 96,819,469	\$ 176,558,714	\$ 364,772,654	\$ 1,476,282,071	\$ 282,346,347	\$ 536,450,384	\$ 349,237,935	\$ 266,485,212	\$ 224,624,494	\$ 248,076,872
67	TOTAL FUTURE DEBT SERVICE		\$ -	\$ -	\$ 19,512,483	\$ 27,000,383	\$ 47,597,508	\$ 100,318,169	\$ 152,968,866	\$ 190,036,464	\$ 228,299,920	\$ 251,706,914	\$ 272,216,282	\$ 290,084,936
68	TOTAL NEW DEBT SERVICE		\$ -	\$ -	\$ 19,512,483	\$ 27,000,383	\$ 47,597,508	\$ 100,318,169	\$ 152,968,866	\$ 190,036,464	\$ 228,299,920	\$ 251,706,914	\$ 272,216,282	\$ 290,084,936
69	Offsetting DS		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70	Capitalized Interest		\$ -	\$ -	\$ (18,758,799)	\$ (25,986,306)	\$ (21,539,115)	\$ (62,945,099)	\$ (95,167,645)	\$ (68,142,467)	\$ (45,064,928)	\$ (39,493,053)	\$ (29,765,471)	\$ (25,481,425)
71	Cash Flow From Reserve Funds		\$ -	\$ -	\$ (753,690)	\$ (1,944,077)	\$ (1,618,087)	\$ (5,574,653)	\$ (5,442,278)	\$ (6,312,510)	\$ (7,253,245)	\$ (7,907,376)	\$ (8,425,049)	\$ (8,931,168)
72	Total		\$ -	\$ -	\$ (18,512,489)	\$ (27,930,383)	\$ (23,157,202)	\$ (68,559,656)	\$ (100,610,513)	\$ (74,454,977)	\$ (52,318,173)	\$ (47,400,428)	\$ (37,691,470)	\$ (34,412,600)
73	TOTAL DEBT SERVICE		\$ 66,780,459	\$ 66,834,098	\$ 54,668,148	\$ 43,951,797	\$ 42,457,772	\$ 42,189,486	\$ 39,844,675	\$ 38,665,530	\$ 20,641,451	\$ 18,845,345	\$ 18,905,732	\$ 18,990,364
74	Bond Coverage Requirement		\$ 83,475,574	\$ 83,542,823	\$ 68,335,185	\$ 54,939,746	\$ 83,583,848	\$ 91,934,952	\$ 114,868,960	\$ 192,808,771	\$ 245,778,252	\$ 278,697,289	\$ 316,788,181	\$ 343,327,975
75	OTHER FUNDING SOURCES		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
76	Grants		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
77	Developer Contribution		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
78	Other		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
79	TOTAL FUNDING SOURCES		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
80	FINANCIAL MEASUREMENTS													
81	Debt Coverage Ratio for Revenue Bonds		2.00											
82	Debt Coverage Ratio		1.87	2.59	3.69	2.79	2.72	2.72	2.60	1.84	1.54	1.43	1.38	1.44
83	Available Net Revenues		\$ 101,873,124	\$ 94,333,918	\$ 121,554,546	\$ 160,228,188	\$ 182,046,046	\$ 222,620,795	\$ 274,649,456	\$ 298,070,315	\$ 315,784,063	\$ 346,693,730	\$ 392,840,947	\$ 392,840,947
84	Total Revenue Bond Debt Service		\$ 50,275,259	\$ 50,312,000	\$ 38,146,750	\$ 32,968,350	\$ 57,403,581	\$ 66,907,500	\$ 85,607,655	\$ 148,979,381	\$ 193,003,864	\$ 221,198,405	\$ 251,679,118	\$ 272,910,954
85	Bond Coverage Test		\$ 241,634,698	\$ 243,705,746	\$ 243,705,746	\$ 243,705,746	\$ 243,705,746	\$ 243,705,746	\$ 243,705,746	\$ 243,705,746	\$ 243,705,746	\$ 243,705,746	\$ 243,705,746	\$ 243,705,746
86	Revenues for Bond Coverage Test		\$ 294,427,358	\$ 241,856,385	\$ 230,014,131	\$ 226,029,115	\$ 260,030,944	\$ 278,342,331	\$ 304,923,574	\$ 389,735,821	\$ 449,811,867	\$ 491,761,352	\$ 538,917,812	\$ 576,934,937
87	Expenses for Bond Coverage Test		\$ 7,209,259	\$ 1,869,162	\$ 12,949,224	\$ 41,842,104	\$ 47,705,130	\$ 55,024,355	\$ 70,566,358	\$ 41,235,891	\$ 7,520,765	\$ (12,392,915)	\$ (22,079,385)	\$ (4,848,807)
88	Cash Flow Test		\$ 205,609,743	\$ 211,444,796	\$ 216,216,426	\$ 238,691,292	\$ 251,855,394	\$ 265,746,813	\$ 297,337,250	\$ 343,585,931	\$ 373,756,639	\$ 418,700,840	\$ 469,212,671	\$ 525,735,503
89	Expenses for Cash Flow Test		\$ 123,258,284	\$ 123,258,284	\$ 131,631,601	\$ 135,433,216	\$ 138,086,388	\$ 142,240,172	\$ 146,401,625	\$ 151,054,619	\$ 155,643,219	\$ 161,832,947	\$ 168,593,210	\$ 177,493,237
90	Operating Surplus (Deficiency)		\$ 82,651,459	\$ 88,216,512	\$ 84,584,825	\$ 103,257,566	\$ 117,769,866	\$ 123,660,425	\$ 151,186,125	\$ 192,531,314	\$ 218,113,460	\$ 256,867,913	\$ 300,819,461	\$ 348,242,267
91	Min or Rev. Surplus (Deficiency)		\$ 7,209,259	\$ 1,869,162	\$ 12,949,224	\$ 41,842,104	\$ 47,705,130	\$ 55,024,355	\$ 70,566,358	\$ 41,235,891	\$ 7,520,765	\$ (12,392,915)	\$ (22,079,385)	\$ (4,848,807)
92	User Rates		\$ 205,609,743	\$ 205,609,743	\$ 211,018,156	\$ 226,918,374	\$ 239,455,614	\$ 252,685,536	\$ 266,646,412	\$ 298,297,203	\$ 334,824,788	\$ 375,156,287	\$ 420,435,579	\$ 471,129,599
93	Calculated Rate Increase		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.30%	5.25%	1.03%
94	USER RATES		\$ 40.05	\$ 42.85	\$ 45.85	\$ 48.14	\$ 50.55	\$ 53.08	\$ 59.18	\$ 65.99	\$ 73.58	\$ 82.04	\$ 91.47	\$ 101.99
95	Avg Monthly Sewer Bill		9.00%	7.00%	7.00%	5.00%	5.00%	5.00%	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%
96	Projected Annual Increase		28.24%	37.22%	46.83%	54.17%	61.88%	69.97%	89.52%	111.31%	135.61%	162.71%	192.92%	226.60%
97	Cumulative Rate Increase													

Table 4.1 Cash Flow Forecast												
Certification of CIP and SSIP in Support of Series 2010 Wastewater Revenue Bonds												
City and County of San Francisco												
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	(Actual)	(Requested)										
<b>BEGINNING FUND BALANCE (1)</b>	\$35,100,000	\$23,904,365	\$10,936,839	\$20,850,819	\$49,051,997	\$63,481,591	\$76,972,129	\$100,876,011	\$91,933,128	\$74,096,485	\$66,744,905	\$70,891,277
<b>REVENUES</b>												
Sewer Service Charges	\$205,009,743	\$209,868,314	\$225,789,426	\$238,264,292	\$251,428,394	\$265,319,813	\$297,310,750	\$333,156,993	\$373,329,639	\$418,343,860	\$468,785,671	\$525,309,503
Rent and Misc. Revenue	800,000	1,506,482	427,000	427,000	427,000	427,000	427,000	427,000	427,000	427,000	427,000	427,000
Interest Income	728,865	685,738	2,163,253	2,669,656	2,950,626	3,207,973	3,760,837	3,825,568	3,776,349	3,921,061	4,281,213	5,071,376
<b>TOTAL REVENUES</b>	\$206,538,608	\$212,160,534	\$228,379,679	\$241,360,948	\$254,806,020	\$268,954,786	\$301,498,587	\$337,411,562	\$377,534,988	\$422,691,921	\$473,493,685	\$530,807,879
<b>EXPENSES</b>												
O&M	\$123,256,284	\$132,850,430	\$131,631,601	\$135,433,726	\$138,086,388	\$142,280,178	\$146,601,625	\$151,064,619	\$155,643,179	\$161,832,947	\$166,393,210	\$177,493,737
Total Debt Service	66,780,459	66,834,098	54,668,148	43,951,797	66,827,078	75,947,961	91,895,168	154,247,017	196,623,002	222,949,831	253,430,545	274,662,380
Revenue-Funded Capital Projects												
Revenue Funded R&R Requirement	25,500,000	25,443,532	32,165,950	33,774,248	35,462,960	37,236,108	39,097,913	41,052,809	43,105,449	45,260,722	47,523,758	49,899,846
<b>TOTAL EXPENSES</b>	\$215,538,743	\$225,128,060	\$218,465,699	\$213,159,770	\$240,376,426	\$255,464,248	\$277,594,706	\$346,354,445	\$395,371,631	\$430,043,500	\$469,347,513	\$502,056,063
<b>NET REVENUES</b>	(\$9,002,135)	(\$12,967,526)	\$9,913,980	\$28,201,177	\$14,429,594	\$13,490,539	\$23,903,882	(\$8,942,883)	(\$17,836,643)	(\$7,351,579)	\$4,146,371	\$28,751,816
<b>ENDING FUND BALANCE</b>	\$23,904,365	\$10,936,839	\$20,850,819	\$49,051,997	\$63,481,591	\$76,972,129	\$100,876,011	\$91,933,128	\$74,096,485	\$66,744,905	\$70,891,277	\$99,643,093
<b>USER RATES</b>												
Annual Rate Increases (2)	9.00%	7.00%	7.00%	5.00%	5.00%	5.00%	5.00%	11.50%	11.50%	11.50%	11.50%	11.50%
Rates After Annual Increases	\$40.05	\$42.85	\$45.85	\$48.14	\$50.55	\$53.08	\$59.18	\$65.99	\$73.58	\$82.04	\$91.47	\$101.99

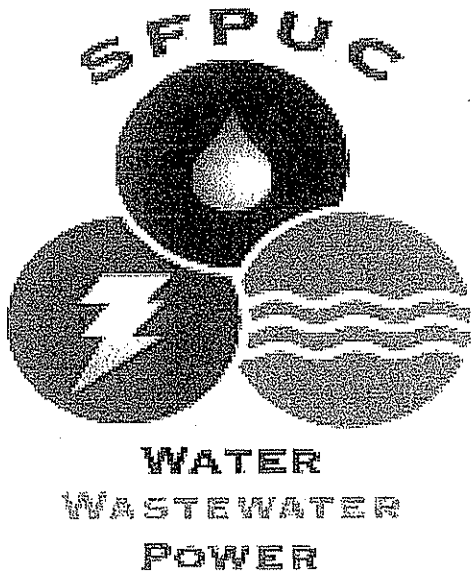
Notes:  
 (1) Expenses offset from capacity charge revenues are not considered in the analysis due to the unpredictable nature of growth.  
 (2) Annual rate increases through FY 2014 have been adopted per rate resolutions approved by the Public Utilities Commission on June 5, 2009.  
 (3) Source: Developed using data from SFPUC Financial Services.

Project	Project Title	Budget		SWCFF-00A	Environmental Review Status	Start/Completion Dates	Brief Description
		SWCFF-00X	SWCFF-001				
CENMSC101	VICENTE ST SEWER IMPROVEMENT	3,828,824	0	0	0	0	
CENMSC102	TERESITA BLVD SEWER IMPROVEMENT	2,081,065	0	0	0	0	
CENMSC103	SHOTWELL ST SEWER REPAIR	6,081,101	0	0	0	0	
CENMSC105	OCEANSIDE HVAC ASSESSMENT	18,515,218	0	0	0	0	
CENMSC106	SEWOP GAS HANDLING IMPROVEMENTS	11,007,576	0	0	0	0	
CENMSC107	CHEMICAL FEED SYSTEMS IMPROVEMENTS	547,368	0	0	0	0	
CENMSC108	SEWOP SECONDARY CLARIFIERS	1,776,637	0	0	0	0	
CENMSC109	SEWOP MIXED LIQUOR/LAS IMPROV	18,009	0	0	0	0	
CENMSC110	BROTHERHOOD WAY/ST CHARLES SEWER	2,276,197	0	0	0	0	
CENMSC111	MISSION/CESAR CHAVEZ IMPROVEMENTS	5,184,634	5,184,634	10,318,000	Mitigated Negative Declaration adopted in 1/10 and Approved August 2010 - October 2011	0	Install new sewer in Cesar Chavez from Valencia to US101 to mitigate localized storm flooding.
CENMSC112	VICENTE PHASE 1 CONSTRUCTION	2,851,995	0	0	0	0	
CENMSC113	MONTEREY/GRADEN SEWER REPAIR	778,790	0	0	0	0	
CENMSC114	MISSION/FOOT SEWER REPAIR	574,359	0	0	0	0	
CENMSC115	MISSION/ATVERNON SEWER IMPROVEMENT	10,270,282	0	0	0	0	
CENMSC116	WIS PS VFD REPLACEMENT	1,786,693	0	0	0	0	
CENMSC117	OPS V/S BAR SCREEN	5,373,615	0	0	0	0	
CENMSC118	JUSTIN DR SEWER IMPROVEMENT	1,372,540	0	0	0	0	
CENMSC119	TEMPERANCE PUMP STATION IMPROVEMENTS	183,117	0	0	0	0	
CENMSC120	CHEMICAL FEED SYSTEM IMPROVEMENTS	499,961	0	0	0	0	
CENMSC121	CHAS. FINE STATION IMPROVEMENTS	3,118,739	0	0	0	0	
CENMSC122	BAR/SCREEN DISPERSION ELEMENTS	362,364	0	0	0	0	
CENMSC123	BLANQUETE SEWER IMPROVEMENTS	2,462,000	2,720,000	44,700,000	Draft Mitigated Negative Declaration published in 2/10. August 2010 - February 2012	0	Install new sewer tunnel from Tabart Street in Valencita Valley to Sunnyvale Pump Station near Candlestick Park to mitigate localized storm flooding.
CENMSC124	TO ANDHAI/DESCARNELES IMPROVEMENTS	602,603	0	0	0	0	
CENMSC125	STAR/ESMAZEL/WOODMONT/EGO REPAIR	604,500	0	0	0	0	
CENMSC126	ALBANY/STICKLES SEWER IMPROVEMENT	52,078	0	0	0	0	
CENMSC127	OCEAN AVE SEWER REPAIR	59,714	0	0	0	0	
CENMSC128	SEWOP BLVD/DIG OBER CONTROL IMPROVE	1,178,300	6,820,000	0	0	0	
CENMSC129	SEWOP GAS HANDLING IMPROVEMENT PHASE 2	3,258,600	0	0	0	0	
CENMSC130	CHANNEL PLANK STATION IMPROVEMENTS PH2	20,248,000	0	0	0	0	
CENMSC131	SEWOP 020 & 080 DIGESTER COMPRESSOR	2,685,300	0	0	0	0	
CENMSC132	SPOT SEWER REPAIR CONTRACT #23	2,000,000	0	0	0	0	
CENMSC133	NORTHSHORE TO CHANNEL FORCE MAIN	8,125,665	0	0	0	0	
CENMSC134	FOLSOM ST SEWER REPLACEMENT	1,500,000	0	0	0	0	
CENMSC135	MINNAMONT/ARLUSS SEWER REPLACEMENT	1,500,000	0	0	0	0	
CENMSC136	WVW FACILITY SECURITY/EMERGENCY RESPONSE	703,000	0	0	0	0	
CENMSC137	WVW FACILITY RELIABILITY IMPROVEMENTS	830,000	0	0	0	0	
CENMSC138	SEP SOLIDS HANDLING IMPROVEMENTS	918,000	0	1,282,000	Anticipate categorical exemption under CEQA Guidelines Section 15301, Existing Facilities, Class 1 and Section 15302, Replacement or Reconstruction, Class 2	0	Aging Infrastructure, biogas cogeneration and collection
CENMSC139	OCEANSIDE SOLIDS HANDLING IMPROVEMENTS	498,000	0	0	0	0	
CENMSC140	MARIPOSA/NORTHSHORE RELIABILITY	500,000	0	0	0	0	
CENMSC141	SOUTHEAST ELECTRICAL RELIABILITY	288,000	0	0	0	0	
CENMSC142	SWOO STABILIZATION EMERGENCY WORK	1,580,000	0	0	0	0	
CENMSC143	RICHMOND DRAINAGE PHASE 2	1,000,000	0	0	0	0	
CENMSC144	CESAR CHAVEZ PHASE 2	750,000	0	0	0	0	
CENMSC145	OPS/FOG TO BIODIESEL	1,000,000	0	0	0	0	
CENMSC146	Sunnyvale Sewer Phase 2	0	0	700,000	Draft Mitigated Negative Declaration published in 2/10. July 2011 - February 2012	0	Install new sewers in Valencita Valley to mitigate localized storm flooding.
New Project	Low Impact Design	0	0	1,000,000	Anticipate categorical exemption under CEQA Guidelines Section 15301, Existing Facilities, Class 1 and Section 15302, Replacement or Reconstruction, Class 2	0	Street and sidewalk improvements on Cesar Chavez
New Project	CHS Improvements and 68" FM Replacement	0	625,000	825,000	Anticipate categorical exemption under CEQA Guidelines Section 15301, Existing Facilities, Class 1 and Section 15302, Replacement or Reconstruction, Class 2	0	Aging Infrastructure and Facility Reliability
New Project	Major Electrical/Mechanical Reliability	0	1,000,000	4,000,000	Anticipate categorical exemption under CEQA Guidelines Section 15301, Existing Facilities, Class 1 and Section 15302, Replacement or Reconstruction, Class 2	0	Aging Mechanical and Electrical Infrastructure and Reliability
New Project	Bayside Facility	0	0	9,000,000	Project is in the early planning stages. It is anticipated that an Environment Impact Report would be required.	0	Project includes planning, environmental review, design and construction of a redundant backup system to the existing 66-inch Channel Force Main. The Channel Force Main is aging and vulnerable to seismic damage. Channel Force Main is a key component sewer system infrastructure and conveys 80% of the Bayside wastewater flows.
New Project	Channel Tunnel	0	0	10,000,000	Project is in the early planning stages. It is anticipated that an Environment Impact Report would be required.	0	Project includes planning, environmental review, design and construction of a new facility replacing the existing disaster solid handling facility at the Southeast Wastewater Treatment Plant. The new facility will include state-of-the-art treatment processes producing a sludge/solids that can be reused for beneficial purposes. Constructed in the 1950s, the existing digester facility is operating well beyond its useful life and is prone to major maintenance repairs. The aging facility has become a known source of odor in the surrounding neighborhood.
New Project	FRANCHISE COSTS	5,622,238	0	0	0	0	
CENMSC139R	INFRASTRUCTURE REPAIR	332,970	0	0	0	0	
CENMSC139S	SEWER REPAIR	0	0	0	0	0	
Project Total		118,394,359	37,500,000	82,894,359			
Less Amount Funded by Reserve Fund		18,394,359	0	0			
Amount Funded by Bond Proceeds		190,000,000	37,500,000	62,300,000			



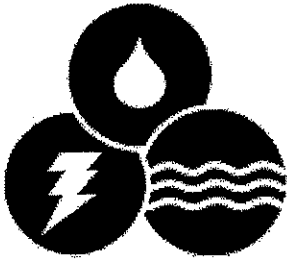
# San Francisco Public Utilities Commission

Wastewater 2010 Series A/B Bonds  
POS and Related Supporting Documents



Board of Supervisors

San Francisco  
Public Utilities  
Commission



2010  
Wastewater  
Bonds

1. SFPUC Agenda Item & Signed Resolution
2. Planning Certificate
3. Engineering Certificate
4. First Amendment to Indenture
5. Supplemental Indenture
6. Notice of Intention to Sell
7. Official Notice of Sale
8. Preliminary Official Statement





