

File No. 180449

Committee Item No. 10

Board Item No. 10

# COMMITTEE/BOARD OF SUPERVISORS

## AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date May 24, 2018

Board of Supervisors Meeting

Date 6/5/18

### Cmte Board

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

### OTHER

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Completed by: Linda Wong

Date May 18, 2014

Completed by: Linda Wong

Date 5/29/18

1 [Appropriation - Proceeds from Revenue Bonds, State Loans or Grants, Wastewater  
2 Revenues and Capacity Fees - Wastewater Capital Improvements at the Public Utilities  
3 Commission - FYs 2018-2019 and 2019-2020 - \$1,217,658,494]

4 Ordinance appropriating a total of \$1,217,658,494 of proceeds from revenue  
5 bonds, State of California Water Resources Control Board's revolving loan funds  
6 (State Loan Funds) or grant funds (State Grant Funds), wastewater revenue and  
7 capacity fees for the San Francisco Public Utilities Commission (SFPUC)  
8 Wastewater Enterprise's Capital Improvement Program for FY2018-2019 at  
9 \$706,606,351 and for FY2019-2020 at \$511,052,143 and placing \$987,414,494 in  
10 Revenue Bonds or State Loan or Grant Funds by project on Controller's reserve  
11 subject to the Controller's certification of funds availability, including proceeds of  
12 indebtedness, and for construction related expenditures (excluding program  
13 management, planning and design) for these projects, as applicable, also subject  
14 to the prior occurrence of the SFPUC's and the Board of Supervisors'  
15 discretionary adoption of California Environmental Quality Act (CEQA) findings  
16 for projects, following review and consideration of completed project related  
17 environmental analysis, where required.

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

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

Section 1. The sources of funding outlined below are herein appropriated to reflect the funding available for Fiscal Year 2018-2019.

**SOURCES Appropriation**

Fund / Department ID	Project & Activity / Authority	Account	Description	Amount
Wastewater Capital	10026508-0001 /	480111	Proceeds	\$593,841,351
Bond Fund (New) / 229267 WWE0101	17732 WW Bond- commercial Paper Exp	Proceeds from Sale of Bonds-	from Sale of Bonds	
Administration		Face Amount		
20550 WWE CPF	10031235-0001 /	495022	Wastewater	\$106,765,000
Repair & Replace / 229267 WWE0101	15722 WWE R&R Collection System	ITI Fr 5C- Cleanwater	Enterprise Revenue	
Administration		ProgramFd		
20530 WWE CPF	10031235-0001 /	479993	Wastewater	\$6,000,000
Capacity Fee Prog / 229267 WWE0101	15722 WWE R&R Collection System	Capacity Fees	Capacity Fee	
Administration				
<b>Total SOURCES Appropriation</b>				<b>\$706,606,351</b>

Section 2. The uses of funding outlined below are herein appropriated in Account 567000 (Buildings, Structures, and Improvements), 581130 (CON-Internal Audits), 573110 (Bond

1 Issuance Cost-Unamortized), and 567000 (Revenue Bond Oversight Committee) and  
 2 reflects the projected uses of funding to support the Wastewater Capital Improvement  
 3 Program at the San Francisco Public Utilities Commission for Fiscal Year 2018-2019.

4  
 5 **USES Appropriation**

6	Fund /	Project & Activity /	Account	Description	Amount
7	Department ID	Authority			
8	Wastewater Capital	10029731-0002 /	567000	SSIP –	\$16,500,000
9	Bond Fund (New) /	15733 WW SSIP	Blds; Structures	Program-Wide	
10	229267 WWE0101	Program-wide	& Improvements	Management	
11	Administration	Management			
12					
13	Wastewater Capital	10029731-0002 /	567000	SSIP – Land	\$483,000
14	Bond Fund (New) /	15733 WW SSIP	Blds; Structures	Reuse	
15	229267 WWE0101	Program-wide	& Improvements		
16	Administration	Management			
17					
18	Wastewater Capital	10001579-0001 /	567000	Biosolids/	\$181,201,650
19	Bond Fund (New) /	15728 WW SSIP	Blds; Structures	Digester	
20	229267 WWE0101	Biosolids-digester	& Improvements	Project	
21	Administration	Project			

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	Wastewater Capital	10026823-0001 /	567000	Treatment	\$90,133,139
4	Bond Fund (New) /	15735 WW	Blds; Structures	Plants	
5	229267 WWE0101	Treatment Plant	& Improvements	Headworks	
6	Administration	Improvement			
7					
8	Wastewater Capital	10026823-0001 /	567000	Treatment	\$45,168,983
9	Bond Fund (New) /	15735 WW	Blds; Structures	Plants -	
10	229267 WWE0101	Treatment Plant	& Improvements	Southeast	
11	Administration	Improvement			
12					
13	Wastewater Capital	10015813-0001 /	567000	Treatment	\$7,350,097
14	Bond Fund (New) /	15736 WW	Blds; Structures	Plants - North	
15	229267 WWE0101	Treatment Plant	& Improvements	Point	
16	Administration	Improvement			
17					
18	Wastewater Capital	10015813-0001 /	567000	Treatment	\$17,345,380
19	Bond Fund (New) /	15736 WW	Blds; Structures	Plants -	
20	229267 WWE0101	Treatment Plant	& Improvements	Oceanside	
21	Administration	Improvement			
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Fund /	Project & Activity /	Account	Description	Amount
Department ID	Authority			
Wastewater Capital	10015791-0001 /	567000	Collection	\$13,545,729
Bond Fund (New) /	15726 WW	Blds; Structures	System	
229267 WWE0101	Collection System	& Improvements	Improvements	
Administration	Improvement			
Wastewater Capital	10026827-0001 /	567000	Pump Station/	\$15,926,996
Bond Fund (New) /	15726 WW	Blds; Structures	Force Mains	
229267 WWE0101	Collection System	& Improvements		
Administration	Improvement			
Wastewater Capital	10015801-0001 /	567000	Flood	\$21,059,656
Bond Fund (New) /	15730 WW Flood	Blds; Structures	Resilience	
229267 WWE0101	Resilience-hydraulic	& Improvements		
Administration				
Wastewater Capital	10002780-0001 /	567000	Green	\$24,317,718
Bond Fund (New) /	15729 WW	Blds; Structures	Infrastructure	
229267 WWE0101	Stormwater	& Improvements	Projects	
Administration	Management			

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	20550 WWE CPF	10031235-0001 /	584030	R & R	\$83,765,000
4	Repair & Replace /	15722 WWE R & R	Capital Renewal	Collection	
5	229267 WWE0101	Collection System	Projects	System	
6	Administration				
7					
8	20530 WWE CPF	10031235-0001 /	584030	R & R	\$6,000,000
9	Capacity Fee Prog /	15722 WWE R & R	Capital Renewal	Collection	
10	229267 WWE0101	Collection System	Projects	System	
11	Administration				
12					
13	20550 WWE CPF	10031247-0001 /	584030	R & R	\$23,000,000
14	Repair & Replace /	15724 WWE R & R	Capital Renewal	Treatment	
15	229267 WWE0101	Treatment Facilities	Projects	Facilities	
16	Administration				
17					
18	Wastewater Capital	10015546-0001 /	567000	Treasure Island	\$6,373,000
19	Bond Fund (New) /	15707 WW	Blds; Structures	Improvements	
20	229267 WWE0101	Treasure Island	& Improvements		
21	Administration	Capital Imp			
22					
23	Wastewater Capital	10015554-0001 /	567000	Ocean Beach	\$8,149,557
24	Bond Fund (New)/	15714 WW Ocean	Blds; Structures	Project	
25	229267	Beach Project	& Improvements		

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	Wastewater Capital	10015556-0001 /	567000	Southeast	\$66,000,000
4	Bond Fund (New)/	15716 WW	Blds; Structures	Community	
5	229267	Southeast	& Improvements	Center	
6		Community Center			
7					
8	Wastewater Capital	10015557-0001 /	567000	Islais Creek	\$5,000,000
9	Bond Fund (New)/	15717 WW Islais	Blds; Structures	Outlet	
10	229267	Creek Outfall	& Improvements		
11					
12	Wastewater Capital	XXXXXXXX-XXXX /	567000	Southeast	\$1,056,277
13	Bond Fund (New)/	XXXXX New	Blds; Structures	Outfall	
14	229267	Authority	& Improvements	Rehabilitation	
15					
16	Wastewater Capital	10026508-0001 /	573110	Financing	\$72,894,026
17	Bond Fund (New)/	17732 WW Bond-	Bond Issuance	Costs	
18	229267	commercial Paper	Cost-		
19		Exp	Unamortized		
20					
21	Wastewater Capital	10026508-0001 /	581130	CSA 0.2%	\$1,039,222
22	Bond Fund (New)/	17732 WW Bond-	GF-CON-Internal	Controller's	
23	229267	commercial Paper	Audits	Audit Fund	
24		Exp			
25					



1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	Wastewater Capital	10026508-0001 /	567000	Revenue Bond	\$296,921
4	Bond Fund (New)/	17732 WW Bond-	Blds; Structures	Oversight	
5	229267	commercial Paper	& Improvements	Committee	
6		Exp		0.05%	
7					
8	<b>Total USES Appropriation</b>				<u><u>\$706,606,351</u></u>

9

10 Section 3. Of the above appropriated amount, \$1,039,222 representing 0.2% of the

11 expenditure budget net of bond financing and audit costs, is to be allocated and available

12 to support the Controller's Audit Fund, pursuant to Charter Appendix F1.113; and

13 \$296,921 representing 0.05% of gross bond proceeds is to be allocated and available to

14 support the Public Utilities Commission Revenue Bond Oversight Committee, pursuant

15 to Administrative Code Section 5A.31. These appropriations may be increased or

16 decreased by the Controller based on changes to expenditure appropriations or actual

17 gross bond proceeds to conform to the applicable Charter and Administrative Code

18 formulas.

19

20 Section 4. \$593,841,351 of the total appropriation is hereby placed on Controller's

21 Appropriation Reserve by project. Release of appropriation reserves by the Controller is

22 subject to the Controller's certification of funds availability, including proceeds of

23 indebtedness, and for construction related expenditures (excluding program

24 management, planning and design) for these projects, as applicable, is also subject to

25 the prior occurrence of the SFPUC's and the Board of Supervisors' discretionary adoption

1 of California Environmental Quality Act (CEQA) Findings for projects, following review  
2 and consideration of completed project related environmental analysis, where required.

3  
4 Section 5. Associated Bond financing costs up to \$72,894,026 is also hereby  
5 appropriated, including but not limited to, issuance costs, debt service reserve, capitalized  
6 interest, rating agency, and disclosure costs, all on Controller's reserve pending receipt  
7 of bond proceeds. To the extent that net available bond proceeds after financing costs  
8 are more than budgeted, the Department may use such surplus bond proceeds as a  
9 substitute for other sources budgeted in this appropriation.

10  
11 Section 6. The Controller is authorized to record transfers between funds and adjust the  
12 accounting treatment of sources and uses appropriated in this ordinance as necessary to  
13 conform to Generally Accepted Accounting Principles.

14  
15 Section 7. The sources of funding outlined below are herein appropriated to reflect the  
16 funding available for Fiscal Year 2019-2020.

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25 **SOURCES Appropriation**

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	Wastewater Capital	10026508-0001 /	480111	Proceeds Sale of	\$393,573,143
4	Bond Fund (New) /	17732 WW Bond-	Proceeds from	Bonds	
5	229267 WWE0101	commercial Paper Exp	Sale of Bonds-		
6	Administration		Face Amount		
7					
8	20550 WWE CPF	10031235-0001 /	495022	Wastewater	\$112,979,000
9	Repair & Replace /	15722 WWE R&R	ITI Fr 5C-	Enterprise	
10	229267 WWE0101	Collection System	Cleanwater	Revenue	
11	Administration		ProgramFd		
12					
13	20530 WWE CPF	10031235-0001 /	479993	Wastewater	\$4,500,000
14	Capacity Fee Prog /	15722 WWE R&R	Capacity Fees	Capacity Fee	
15	229267 WWE0101	Collection System			
16	Administration				
17					
18	<b>Total SOURCES Appropriation</b>				<b>\$511,052,143</b>

21 Section 8. The uses of funding outlined below are herein appropriated in Account 567000  
22 (Buildings, Structures, and Improvements), 581130 (CON-Internal Audits), 573110 (Bond  
23 Issuance Cost-Unamortized), and 567000 (Revenue Bond Oversight Committee) and  
24 reflects the projected uses of funding to support the Wastewater Capital Improvement  
25 Program at the San Francisco Public Utilities Commission for Fiscal Year 2019-2020.

1 **USES Appropriation**

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Fund /	Project & Activity /	Account	Description	Amount
Department ID	Authority			
Wastewater Capital	10029731-0002 /	567000	SSIP –	\$16,590,000
Bond Fund (New) /	15733 WW SSIP	Blds; Structures	Program-Wide	
229267 WWE0101	Program-wide	& Improvements	Management	
Administration	Management			
Wastewater Capital	10026823-0001 /	567000	Treatment	\$92,204,646
Bond Fund (New) /	15735 WW	Blds; Structures	Plants	
229267 WWE0101	Treatment Plant	& Improvements	Headworks	
Administration	Improvement			
Wastewater Capital	10026823-0001 /	567000	Treatment	\$20,267,522
Bond Fund (New) /	15735 WW	Blds; Structures	Plants –	
229267 WWE0101	Treatment Plant	& Improvements	Southeast	
Administration	Improvement			
Wastewater Capital	10015813-0001 /	567000	Treatment	\$8,416,672
Bond Fund (New) /	15736 WW	Blds; Structures	Plants – North	
229267 WWE0101	Treatment Plant	& Improvements	Point	
Administration	Improvement			

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1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	Wastewater Capital	10015813-0001 /	567000	Treatment	\$48,219,969
4	Bond Fund (New) /	15736 WW	Blds; Structures	Plants –	
5	229267 WWE0101	Treatment Plant	& Improvements	Oceanside	
6	Administration	Improvement			
7					
8	Wastewater Capital	10015793-0001 /	567000	Central	\$20,350,000
9	Bond Fund (New) /	15727 WW Central	Blds; Structures	Bayside	
10	229267 WWE0101	Bayside System	& Improvements	System	
11	Administration	Improvements			
12					
13	Wastewater Capital	10015791-0001 /	567000	Collection	\$27,367,509
14	Bond Fund (New) /	15726 WW	Blds; Structures	System	
15	229267 WWE0101	Collection System	& Improvements	Improvements	
16	Administration	Improvement			
17					
18	Wastewater Capital	10026827-0001 /	567000	Pump Station/	\$21,567,369
19	Bond Fund (New) /	15726 WW	Blds; Structures	Force Mains	
20	229267 WWE0101	Collection System	& Improvements		
21	Administration	Improvement			
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	Fund /	Project & Activity /	Account	Description	Amount
	Department ID	Authority			
3	Wastewater Capital	10015801-0001 /	567000	Flood	\$30,762,194
4	Bond Fund (New) /	15730 WW Flood	Blds; Structures	Resilience	
5	229267 WWE0101	Resilience-hydraulic	& Improvements		
6	Administration				
8	Wastewater Capital	10002780-0001 /	567000	Green	\$9,693,772
9	Bond Fund (New) /	15729 WW	Blds; Structures	Infrastructure	
10	229267 WWE0101	Stormwater	& Improvements	Projects	
11	Administration	Management			
13	20550 WWE CPF	10031235-0001 /	584030	R & R	\$88,829,000
14	Repair & Replace /	15722 WWE R & R	Capital Renewal	Collection	
15	229267 WWE0101	Collection System	Projects	System	
16	Administration				
18	20530 WWE CPF	10031235-0001 /	584030	R & R	\$4,500,000
19	Capacity Fee Prog /	15722 WWE R & R	Capital Renewal	Collection	
20	229267 WWE0101	Collection System	Projects	System	
21	Administration				

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	20550 WWE CPF	10031247-0001 /	584030	R & R	\$24,150,000
4	Repair & Replace /	15724 WWE R & R	Capital Renewal	Treatment	
5	229267 WWE0101	Treatment Facilities	Projects	Facilities	
6	Administration				
7					
8	Wastewater Capital	10015546-0001 /	567000	Treasure Island	\$23,957,000
9	Bond Fund (New) /	15707 WW	Blds; Structures	Improvements	
10	229267 WWE0101	Treasure Island	& Improvements		
11	Administration	Capital Imp			
12					
13	Wastewater Capital	10015554-0001 /	567000	Ocean Beach	\$5,381,319
14	Bond Fund (New) /	15714 WW Ocean	Blds; Structures	Project	
15	229267 WWE0101	Beach Project	& Improvements		
16	Administration				
17					
18	Wastewater Capital	10015556-0001 /	567000	Southeast	\$3,500,000
19	Bond Fund (New) /	15716 WW	Blds; Structures	Community	
20	229267 WWE0101	Southeast	& Improvements	Center	
21	Administration	Community Center			
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Fund /	Project & Activity /	Account	Description	Amount
Department ID	Authority			
Wastewater Capital	10015557-0001 /	567000	Islais Creek	\$15,000,000
Bond Fund (New) /	15717 WW Islais	Blds; Structures	Outlet	
229267 WWE0101	Creek Outfall	& Improvements		
Administration				
Wastewater Capital	XXXXXXXX-XXXX /	567000	Southeast	\$1,098,528
Bond Fund (New) /	XXXXX New	Blds; Structures	Outfall	
229267 WWE0101	Authority	& Improvements	Rehabilitation	
Administration				
Wastewater Capital	10026508-0001 /	573110	Financing	\$48,311,103
Bond Fund (New) /	17732 WW Bond-	Bond Issuance	Costs	
229267 WWE0101	commercial Paper	Cost-		
Administration	Exp	Unamortized		
Wastewater Capital	10026508-0001 /	581130	CSA 0.2%	\$688,753
Bond Fund (New) /	17732 WW Bond-	GF-CON-Internal	Controller's	
229267 WWE0101	commercial Paper	Audits	Audit Fund	
Administration	Exp			



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Fund / Department ID	Project & Activity / Authority	Account	Description	Amount
Wastewater Capital	10026508-0001 /	567000	Revenue Bond	\$196,787
Bond Fund (New) / 229267 WVE0101	17732 WW Bond- commercial Paper	Blds; Structures & Improvements	Oversight Committee	
Administration	Exp		0.05%	
<b>Total USES Appropriation</b>				<u>\$511,052,143</u>

Section 9. Of the above appropriated amount, \$688,753 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 \$196,787, 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.

Section 10. \$393,573,143 of the total appropriation is hereby placed on Controller's Appropriation Reserve by project. Release of appropriation reserves by the Controller is subject to the Controller's certification of funds availability, including proceeds of indebtedness, and for construction related expenditures (excluding program

1 management, planning and design) for these projects, as applicable, is also subject to  
2 the prior occurrence of the SFPUC's and the Board of Supervisors' discretionary adoption  
3 of California Environmental Quality Act (CEQA) Findings for projects, following review  
4 and consideration of completed project related environmental analysis, where required.  
5

6 Section 11. Associated Bond financing costs up to \$48,311,103 is also hereby  
7 appropriated, including but not limited to, issuance costs, debt service reserve, capitalized  
8 interest, rating agency, and disclosure costs, all on Controller's reserve pending receipt  
9 of bond proceeds. To the extent that net available bond proceeds after financing costs  
10 are more than budgeted, the Department may use such surplus bond proceeds as a  
11 substitute for other sources budgeted in this appropriation.  
12

13 Section 12. The Controller is authorized to record transfers between funds and adjust the  
14 accounting treatment of sources and uses appropriated in this ordinance as necessary to  
15 conform to Generally Accepted Accounting Principles.  
16

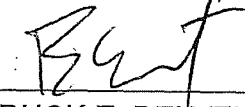
17 Section 13. This Board, by Ordinance No. 89-15, authorized the SFPUC to enter into one  
18 or more State of California State Water Resources Control Board Installment Sale  
19 Agreements under the Clean Water State Revolving Fund (State Loan Funds), and  
20 amended and supplemented Ordinance No. 107-14 to authorize, in addition to the  
21 issuance of Wastewater revenue bonds, the execution and delivery of State Loan Funds  
22 to finance projects, provided that any such indebtedness shall not exceed in an aggregate  
23 principal amount \$819,035,941. The Board is concurrently considering with this  
24 Ordinance a SFPUC Wastewater Revenue Bond issuance, including authorization to  
25 obtain one or more State Revolving Fund (SRF) and Water Infrastructure Finance and

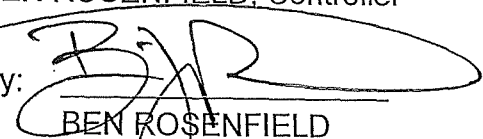
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Innovation Act (WIFIA) loans, not to exceed \$987,414,494. The Sources of Funds herein appropriated in Section 1 and Section 7 of this Ordinance, or previously appropriated by Ordinance 105-14, may include State Loan Funds or State Grant Funds when available, subject to compliance with the terms of the authorizing legislation for such Funds. The Controller is authorized to record substitution of the source of funds appropriated with State Loan Funds or State Grant Funds, as necessary to conform to Generally Accepted Accounting Principles.

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

FUNDS AVAILABLE  
BEN ROSENFELD, Controller

By:   
BUCK E. DELVENTHAL  
Deputy City Attorney

By:   
BEN ROSENFELD  
Controller

<p><b>Items 10 and 13</b>  <b>Files 18-0449 and 18-0452</b></p>	<p><b>Department:</b>                  Public Utilities Commission</p>
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**EXECUTIVE SUMMARY**

**Legislative Objectives**

**File 18-0449** is an ordinance appropriating \$1,217,658,494 in Wastewater Revenue Bond proceeds, State Water Resources Control Board revolving loan or grant funds, Wastewater Enterprise revenues and capacity fees to the San Francisco Public Utilities Commission (SFPUC) Wastewater Enterprise capital improvement program.

**File 18-0452** is an ordinance authorizing SFPUC to issue \$987,414,494 in tax-exempt and taxable Wastewater Revenue Bonds and other forms of debt.

**Key Points**

- The Board of Supervisors has previously authorized the SFPUC to sell up to \$3,034,603,456 in Wastewater Revenue Bonds. The proposed ordinance would authorize SFPUC to sell an additional \$987,414,494, totaling \$4,022,017,950 in Wastewater Revenue Bond authorization.
- The 10-Year Capital Plan provides for \$5.6 billion in Wastewater Enterprise projects, of which \$4.0 billion are Sewer System Improvement Program (SSIP) projects and \$1.6 billion are other Wastewater Enterprise capital projects.

**Fiscal Impact**

- According to the SFPUC's 10-Year Financial Plan for FY 2018-19 to FY 2027-28, annual debt service on Water Revenue Bonds and other Water Enterprise debt is within the SFPUC's debt service coverage policy requirements.
- Average monthly residential sewer bill will increase by \$4 in FY 2018-19, from \$58 in FY 2017-18 to \$62 in FY 2018-19; and by \$5 in FY 2019-20 to \$67.

**Policy Consideration**

- As of June 30, 2017, the Board of Supervisors authorized \$3.0 billion in Wastewater Revenue Bonds under Proposition E. To date, \$879.6 million of the Wastewater Revenue Bonds have been sold with approximately \$2.1 billion in authorized and unsold bonds. The proposed ordinance (File 18-0452) authorizes an additional \$987.4 million in Power Revenue Bonds and other forms of debt. The SFPUC's policy is to request authorization for bonds and other forms of debt to fund new capital appropriations. Because capital projects occur over a long period of time, projects and project financing change, which may result in previously authorized bonds no longer being needed.

**Recommendations**

- Amend the proposed ordinance (File 18-0452) to request the SFPUC General Manager to provide a written report to the Board of Supervisors as part of the two year budget review detailing the total amount of Water Revenue Bonds authorized under Proposition E, the total amount sold, the total amount authorized and unsold, and the amount of authorized bonds that are no longer needed due to changes in projects and project financing, beginning in May 2020.
- Approve File 18-0452 as amended, and File 18-0449.

## MANDATE STATEMENT

Charter Section 8B.124 states that the Public Utilities Commission is authorized to issue revenue bonds and other forms of indebtedness, when authorized by two-thirds vote of the Board of Supervisors, for Water Enterprise and Wastewater Enterprise capital projects.

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 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 San Francisco Public Utilities Commission (SFPUC) Wastewater Enterprise provides wastewater treatment, sewer, and storm water collection 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.

## DETAILS OF PROPOSED LEGISLATION

**File 18-0452** is an ordinance authorizing SFPUC to issue and sell tax-exempt or taxable Wastewater Revenue Bonds and other forms of indebtedness (such as commercial paper<sup>1</sup> or State Revolving Fund loans) in an aggregate principal amount not to exceed \$987,414,494.

**File 18-0449** is an ordinance appropriating \$1,217,658,494 in Wastewater Revenue Bond proceeds, State Water Resources Control Board revolving loan fund or grant funds, wastewater revenue, and capacity fees to the SFPUC's Wastewater Enterprise's capital improvement program. \$706,606,351 is appropriated in FY 2018-19 and \$511,052,143 is appropriated in FY 2019-20; of which \$987,414,494 in Wastewater Revenue Bond proceeds is placed on Controller's Reserve.

### File 18-0452: Wastewater Revenue Bonds

The Board of Supervisors has previously authorized the SFPUC to sell up to \$3,034,603,456 in Wastewater Revenue Bonds. The proposed ordinance would authorize SFPUC to sell an additional \$987,414,494, totaling \$4,022,017,950 in Wastewater Revenue Bond authorization.

Approval of the proposed ordinance (File 18-0452) would:

<sup>1</sup> Commercial paper is short-term interim debt financing that SFPUC may issue prior to issuing revenue bonds. The Board of Supervisors previously authorized the Wastewater Enterprise's Commercial Paper Program of \$300 million (File 12-0354)

- Authorize SFPUC to sell \$987,414,494 in Wastewater Revenue Bonds at a maximum interest rate of 12 percent per year. SFPUC could sell the bonds in series at a time and in an amount and manner (competitive or negotiated sale) determined by SFPUC.
- Authorize SFPUC to sell refunding bonds to refund outstanding Wastewater Revenue Bonds without further Board of Supervisors approval. According to the proposed ordinance, SFPUC could only sell the refunding bonds if they achieved at least 3 percent net present value debt service savings. Authorization to sell refunding bonds would expire on June 30, 2020.
- Authorize SFPUC to enter into future agreements with the State Water Resources Control Board to obtain State Revolving Fund Loans in lieu of selling Wastewater Revenue Bonds
- Provide for SFPUC to reimburse prior capital project expenditures with bond proceeds as allowed by federal income tax principles.
- Ratifies actions taken by the SFPUC and other City officials in connection with the issuance of the Wastewater Revenue Bonds.

**Table 1: Allocation of \$987,414,494 in Wastewater Revenue Bonds**

<b>Use</b>	<b>Total</b>
Capital Project Appropriation	\$863,987,682
Financing Costs (14%)	121,205,129
City Services Auditor (0.2%)	1,727,975
Revenue Bond Oversight Committee (0.05%)	493,708
<b>Total</b>	<b>\$987,414,494</b>

Financing costs of \$121,205,129, equal to 14 percent of the bond allocation to capital projects, are for issuance costs, debt service reserve, capitalized interest<sup>2</sup>, bond counsel, and other costs.

File 18-0449: Appropriation to Wastewater Capital Improvement Program

The Public Utilities Commission approved the SFPUC 10-Year Capital Plan for FY 2018-19 through FY 2027-28 in January 2018. The 10-Year Capital Plan provides for \$5.6 billion in Wastewater Enterprise projects, of which \$4.0 billion are Sewer System Improvement Program (SSIP) projects and \$1.6 billion are other Wastewater Enterprise capital projects.

The total appropriation to Wastewater Enterprise capital projects in FY 2018-19 and FY 2019-20 is \$1,217,658,494, as shown in Table 1 below:

<sup>2</sup> Capitalized interest is the accrual of interest prior to the receipt of revenues to repay the bonds.

**Table 1: Capital Appropriation FY 2016-17 and FY 2017-18**

	FY 2016-17	FY 2017-18	Total
<b>Source of Funds</b>			
<u>Appropriation</u>			
Wastewater Bond Proceeds	\$593,841,351	\$393,573,143	\$987,414,494
Renewal and Replacement Fund	106,765,000	112,979,000	219,744,000
Capacity Fees	6,000,000	4,500,000	10,500,000
<b>Total Sources</b>	<b>\$706,606,351</b>	<b>\$511,052,143</b>	<b>\$1,217,658,494</b>
<b>Uses of Funds</b>			
<u>Sewer System Improvement Program</u>			
SSIP Program Wide Management	\$16,500,000	\$16,590,000	\$33,090,000
SSIP Land Reuse	483,000		483,000
Biosolids Digester Project	181,201,650		181,201,650
Treatment Plant Headworks	90,133,139	92,204,646	182,337,785
Southeast Treatment Plant	45,168,983	20,267,522	65,436,505
Northpoint Treatment Plant	7,350,097	8,416,672	15,766,769
Oceanside Treatment Plant	17,345,380	48,219,969	65,565,349
Central Bayside Improvements		20,350,000	20,350,000
Collection System Improvements	13,545,729	27,367,509	40,913,238
Pump Station and Force Main	15,926,996	21,567,369	37,494,365
Flood Resilience	21,059,656	30,762,194	51,821,850
Green Infrastructure Projects	24,317,718	9,693,772	34,011,490
<b>SSIP Subtotal</b>	<b>433,032,348</b>	<b>295,439,653</b>	<b>728,472,001</b>
Collection System Renewal and Replacement	89,765,000	93,329,000	183,094,000
Treatment Facilities Renewal and Replacement	23,000,000	24,150,000	47,150,000
Southeast Community Center	66,000,000	3,500,000	69,500,000
Ocean Beach Protection	8,149,557	5,381,319	13,530,876
Islais Creek Outlet	5,000,000	15,000,000	20,000,000
Southeast Outfall	1,056,277	1,098,528	2,154,805
Treasure Island	6,373,000	23,957,000	30,330,000
<b>Capital Plan Total</b>	<b>199,343,834</b>	<b>166,415,847</b>	<b>365,759,681</b>
Bond Issuance and Oversight	74,230,169	49,196,643	123,426,812
<b>Total Uses</b>	<b>\$706,606,351</b>	<b>\$511,052,143</b>	<b>\$1,217,658,494</b>

\$593,841,351 of the FY 2018-19 appropriation and \$393,573,143 of the FY 2019-20 appropriation are placed on Controller's Reserve pending receipt of the Wastewater Revenue Bond proceeds.

Descriptions of the proposed projects are included in the attachment.

**FISCAL IMPACT****SFPUC Debt Service Coverage Policy and Financial Plan**

According to the SFPUC's CAFR, as of June 30, 2017 the SFPUC's Wastewater Enterprise had \$987 million in outstanding debt, including \$957 million in Wastewater Revenue Bonds and \$30 million in Certificates of Participation. The Wastewater Enterprise's annual debt payments in FY 2017-18 and FY 2018-19 are \$50.5 million, increasing to \$63.1 million in FY 2019-20.

According to SFPUC's bond covenants with bondholders and debt service coverage policy, the ratio of net revenues to annual debt service must meet the following minimum coverage:

- Indenture coverage<sup>3</sup>: net revenues equal to a minimum of 1.35 times annual debt service
- Current coverage<sup>4</sup>: net revenues equal to a minimum of 1.10 times annual debt service

According to the SFPUC's 10-Year Financial Plan for FY 2018-19 to FY 2027-28, annual debt service on Water Revenue Bonds and other Water Enterprise debt is within the SFPUC's debt service coverage policy requirements.

**Sewer Rate Increases in FY 2018-19 and FY 2019-20**

The SFPUC bills residential customers for a combined water and sewer bill. The average monthly residential combined water and sewer bill in FY 2017-18 is \$106, of which \$48 is water and \$58 is sewer. According to the FY 2018-19 to FY 2027-28 Financial Plan, adopted by Commission on February 13, 2018, the SFPUC planned a 7 percent increase in sewer rates in FY 2018-19 and 7 percent increase in sewer rates in FY 2019-20 to cover the Wastewater Enterprise's operating and capital costs. The SFPUC 10 Year Financial Plan estimates that the average monthly residential sewer bill will increase by \$4 in FY 2018-19, from \$58 in FY 2017-18 to \$62 in FY 2018-19; and by \$5 in FY 2019-20, from \$62 in FY 2018-19 to \$67 in FY 2019-20.

On April 10, 2018, the SFPUC adopted wastewater rate increases that were consistent with the planned rate increases in the adopted 10 Year Financial Plan. In accordance with Charter Section 8B.125, the SFPUC is responsible for setting the rates, fees and other charges for water and sewer. The SFPUC's action on all rates, fees and charges is subject to rejection, within 30 days of submission, by resolution of the Board of Supervisors. If the Board of Supervisors does not act within 30 days, the SFPUC proposed rates become effective without further Board of Supervisors action.

**POLICY CONSIDERATION**

As of June 30, 2017, the Board of Supervisors authorized \$3.0 billion in Wastewater Revenue Bonds under Proposition E. To date, \$879.6 million of the Wastewater Revenue Bonds have been sold with approximately \$2.1 billion in authorized and unsold bonds. The proposed ordinance (File 18-0452) authorizes an additional \$987.4 million in Power Revenue Bonds and

<sup>3</sup> Indenture coverage is the ratio of Net Revenues + Unappropriated Fund Balance to Annual Debt Service; indenture = 1.25x; SFPUC policy is 1.35x

<sup>4</sup> Current coverage is the ratio of Net Revenues to Annual Debt Service; indenture = 1.00x; SFPUC policy is 1.25x



other forms of debt. The SFPUC's policy is to request authorization for bonds and other forms of debt to fund new capital appropriations. Because capital projects occur over a long period of time, projects and project financing change, which may result in previously authorized bonds no longer being needed. In order for the Board of Supervisors to have full information on the total amount of authorized bonds that have been sold, have not been sold but are needed to complete the projects for which the bonds were authorized, or have not been sold but are no longer needed due to other financing sources or changes in the projects, the SFPUC should provide a written report to the Board of Supervisors with the two-year budget on the status of the bonds, beginning in May 2020.

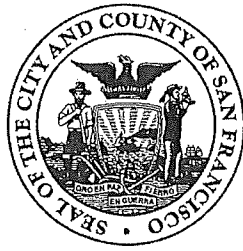
### RECOMMENDATIONS

1. Amend the proposed ordinance (File 18-0452) to request the SFPUC General Manager to provide a written report to the Board of Supervisors as part of the two year budget review detailing the total amount of Water Revenue Bonds authorized under Proposition E, the total amount sold, the total amount authorized and unsold, and the amount of authorized bonds that are no longer needed due to changes in projects and project financing, beginning in May 2020.
2. Approve File 18-0452 as amended, and File 18-0449.

Attachment

Project	Description
SSIP Program Wide Management	<ul style="list-style-type: none"> <li>Series of capital improvement projects focused on improving the wastewater system to meet present and future needs of the city.</li> </ul>
SSIP Land Reuse	<ul style="list-style-type: none"> <li>Addresses long-term planning and ongoing needs for physical space to support SSIP Projects.</li> </ul>
Biosolids Digester Project	<ul style="list-style-type: none"> <li>Provide a new digester/solids handling facility, replacing the existing facility at the Southeast Plant.</li> </ul>
Southeast Treatment Plant and Headworks	<ul style="list-style-type: none"> <li>Address the liquid treatment portion of the improvements at SEP with upgrades to the existing digester facilities, until the new biosolids facility is constructed.</li> <li>Construction of a new all-weather 250 MGD Headworks facility, with new pumping, screening, grit removal and odor control.</li> </ul>
Northpoint Treatment Plant	<ul style="list-style-type: none"> <li>Includes improvements and upgrades to North Shore pump Station, NPF Clarifier &amp; Maintenance Facilities Relocation.</li> </ul>
Oceanside Treatment Plant	<ul style="list-style-type: none"> <li>Improvements are focused on increasing reliability by replacing equipment and improving treatment process efficiency.</li> </ul>
Central Bayside Improvements	<ul style="list-style-type: none"> <li>Provide system enhancement to the Channel &amp; Islais Creek urban watersheds, infrastructure improvements to sewers/pump stations, and storm water management.</li> </ul>
Collection System	<ul style="list-style-type: none"> <li>Improvements/replacements of sewer interceptors and tunnels.</li> </ul>
Reliability Program	<ul style="list-style-type: none"> <li>Address structural and corrosion protection improvements to Combined Sewer Discharge and Transport Storage structures.</li> </ul>
Pump Station and Force Main	<ul style="list-style-type: none"> <li>Rehabilitation/Replacement of existing pump station and inspection and repair of force mains.</li> </ul>
Flood Resilience	<ul style="list-style-type: none"> <li>Address combined sewer flooding caused by heavy rain. Includes construction of green infrastructure to use permeable surfaces and engineered subsurface systems to manage storm water.</li> </ul>
Green Infrastructure Projects	<ul style="list-style-type: none"> <li>Construction of green infrastructure to use permeable surfaces and engineered subsurface systems to manage storm water.</li> </ul>
Collection System Renewal/ Replacement	<ul style="list-style-type: none"> <li>Address long-term planning and immediate/ongoing needs to support the sewer collection system.</li> </ul>
Southeast Outfall	<ul style="list-style-type: none"> <li>Assessment and rehabilitation of pipeline from Southeast Treatment Plant to Bay</li> </ul>
Southeast Community Center	<ul style="list-style-type: none"> <li>Improvements to functionality and operational reliability of the facility. Also, infrastructure improvements will be provided.</li> </ul>
Ocean Beach Protection	<ul style="list-style-type: none"> <li>Facilitate the development of a comprehensive shoreline management and protection plan.</li> </ul>
Islais Creek Outlet	<ul style="list-style-type: none"> <li>Improvements to pipelines and modifications to the Booster Pump Station at Islais Creek.</li> </ul>
Treasure Island	<ul style="list-style-type: none"> <li>Replacement of the wastewater treatment facility at Treasure Island/Yerba Buena Island.</li> </ul>

RECEIVED  
BOARD OF SUPERVISORS  
President, District 5  
BOARD of SUPERVISORS  
2018 MAY 17 PM 4:59



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-7630  
Fax No. 554-7634  
TDD/TTY No. 544-5227

BY \_\_\_\_\_

London Breed

**PRESIDENTIAL ACTION**

Date: 5/17/18

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,

Pursuant to Board Rules, I am hereby:

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

File No. 180449 Mayor  
(Primary Sponsor)

Title. Appropriation - Proceeds from Revenue Bonds, State Loans or Grants, Wastewater Revenues and Capacity Fees - Wastewater Capital #

Transferring (Board Rule No 3.3)

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

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

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

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

Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor \_\_\_\_\_

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

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

London Breed, President  
Board of Supervisors

OFFICE OF THE MAYOR  
SAN FRANCISCO



MARK E. FARRELL  
MAYOR

May 1, 2018

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

Dear Ms. Calvillo:

Attached is the Mayor's proposed May 1 Budget comprised of the following 13 departments: Airport Commission, Board of Appeals, Child Support Services, Environment, Law Library, the Public Library, Municipal Transportation Agency, Port, Public Utilities Commission, Rent Board, Retirement System, and Office of County Education. Also attached are an Interim Exception letter, a budget memo for the Municipal Transportation Agency (MTA) from the Controller, and the following ten pieces of legislation:

- Three supplemental appropriation ordinances for the Two-Year Capital Budgets of each of the Public Utilities Commission (PUC) Enterprises – Water, Wastewater, and Hetch Hetchy
- Three resolutions approving the issuance and sale of Power, Water, and Wastewater revenue bonds by the PUC
- One Accept and Expend Grant from the Friends of San Francisco Public Library (LIB)
- One Resolution transferring unclaimed, overpaid parking tickets to the General Fund (MTA)
- One Resolution authorizing the MTA to issue Commercial Paper Notes with the concurrence of the Board of Supervisors (MTA)
- One Proposition J Contract/Certification resolution of Specified Contracted-Out Services Previously Approved for Enterprise Departments (MTA, PUC, Airport, and Port)

If you have any questions please feel free to contact me at 554-6125.

Sincerely,

A handwritten signature in black ink, appearing to read "Kelly Kirkpatrick".

Kelly Kirkpatrick  
Acting Mayor's Budget Director

cc: Members of the Board of Supervisors  
Harvey Rose  
Controller

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2018 MAY - 1 PM 12:05  
BY [Signature]

OFFICE OF THE MAYOR  
SAN FRANCISCO



MARK FARRELL  
MAYOR RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO

180449.

2018 MAY -1 PM 12:07

BY \_\_\_\_\_

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: Mayor Farrell  
RE: Appropriation - Proceeds from Revenue Bonds, State loans or grants,  
Wastewater Revenues and Capacity Fees of \$1,217,658,494 for  
Wastewater Capital Improvements at the Public Utilities Commission for  
Fiscal Year 2018-2019 and Fiscal Year 2019-2020  
DATE: May 1, 2018

Attached for introduction to the Board of Supervisors is an ordinance appropriating a total of \$1,217,658,494 of proceeds from revenue bonds, State of California Water Resources Control Board's revolving loan funds (State Loan Funds) or grant funds (State Grant Funds), wastewater revenue and capacity fees for the San Francisco Public Utilities Commission (SFPUC) Wastewater Enterprise's Capital Improvement Program for Fiscal Year 2018-2019 at \$706,606,351 and for Fiscal Year 2019-20 at \$511,052,143, and placing \$987,414,494 in Revenue Bonds or State Loan or Grant Funds by project on Controller's reserve subject to the Controller's certification of funds availability, including proceeds of indebtedness, and for construction related expenditures (excluding program management, planning and design) for these projects, as applicable, is also subject to the prior occurrence of the SFPUC's and the Board of Supervisors' discretionary adoption of California Environmental Quality Act (CEQA) Findings for projects, following review and consideration of completed project related environmental analysis, where required.

Should you have any questions, please contact Andres Power (415) 554-5168.

1 DR. CARLTON B. GOODLETT PLACE, ROOM 200  
SAN FRANCISCO, CALIFORNIA 94102-4681  
TELEPHONE: (415) 554-6141

