

File No. 150244

Committee Item No. 3

Board Item No. \_\_\_\_\_

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Sub-Committee

Date April 15, 2015

Board of Supervisors Meeting

Date \_\_\_\_\_

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

OTHER (Use back side if additional space is needed)

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Completed by: Linda Wong Date April 10, 2015

Completed by: \_\_\_\_\_ Date \_\_\_\_\_

1 [Appropriation - Developer Contributions and Reimbursement - Public Works - \$6,354,478 -  
2 FY2014-2015]

3 **Ordinance appropriating \$6,354,478 of Developer Contributions and Reimbursements**  
4 **to Public Works in FY2014-2015 for necessary repairs and seismic improvements in**  
5 **order to better prepare San Francisco for a major earthquake or natural disaster, and**  
6 **placing \$2,338,024 of Series Earthquake Safety and Emergency Response (ESER 2010)**  
7 **General Obligation Bond Proceeds on Budget and Finance Committee Reserve**  
8 **pending future re-appropriation.**

9

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

14

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

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17 Section 1. The sources of funding outlined below are herein appropriated and de-  
18 appropriated to reflect funding available for FY2014-2015.

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1 **SOURCES Appropriation**

2	Fund	Index Code /	Subobject	Description	Amount
3		Project Code			
4	3C XCF PVT	XXXXXXXXXX	49CAP	Developer	\$6,238,024
5	CITY FAC IMPVT	CESER1PS10XX	Capital	Construction	
6	PROJECTS-PRIVATE		Contribution	Contribution	
7	FUND				
8	3C XCF PVT	XXXXXXX	49CAP	Developer	\$116,454
9	CITY FAC IMPVT	XXX	Capital	Construction	
10	PROJECTS-PRIVATE	CESER1P	Contribution	Reimbursement	
11	FUND	S10XX			
12					
13	<b>Total SOURCES Appropriation</b>				<b><u>\$6,354,478</u></b>

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16 Section 2. The uses of funding outlined below are herein appropriated in Subobject

17 06700 (Buildings, Structures, and Improvement Project-Budget) and reflect the projected uses

18 of funding for the necessary repairs and seismic improvements that are needed in order to

19 better prepare San Francisco for a major earthquake or natural disaster in FY2014-2015.

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25 **USES Appropriation**

	<b>Fund</b>	<b>Index Code / Project Code</b>	<b>Subobject</b>	<b>Description</b>	<b>Amount</b>
3	3C XCF PVT	XXXXXXXXXX	06700	Earthquake Safety	\$6,238,024
4	CITY FAC IMPVT	CESER1PS10XX	Buildings, Structures	& Emergency	
5	PROJECTS-		& Improvement	Response - Public	
6	PRIVATE FUND		Project-Budget	Safety Building	
7	3C XCF PVT	XXXXXXXXXX	06700	Earthquake Safety	\$116,454
8	CITY FAC IMPVT	CESER1PS10XX	Buildings, Structures	& Emergency	
9	PROJECTS-		& Improvement	Response - Public	
10	PRIVATE FUND		Project-Budget	Safety Building	
12	<b>Total USES Appropriation</b>				<b><u>\$6,354,478</u></b>

Section 3. \$2,338,024 of Series Earthquake Safety and Emergency Response (ESER 2010) General Obligation Bond proceeds shall be placed on Budget and Finance Committee Reserve pending future reallocation to an alternate ESER 2010 bond program.

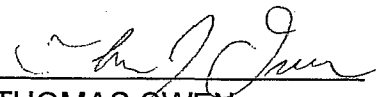
Section 4. The Controller is authorized to record transfers between funds and adjust the accounting treatment of sources and uses appropriated in this ordinance as necessary to conform with Generally Accepted Accounting Principles.

APPROVED AS TO FORM: FUNDS AVAILABLE

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

FUNDS AVAILABLE  
BEN ROSENFELD, Controller

By:   
THOMAS OWEN  
Deputy City Attorney

By:   
BEN ROSENFELD  
Controller

<p><b>Item 3</b> <b>File 15-0244</b></p>	<p><b>Department:</b> Department of Public Works</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objective</b></p>	
<ul style="list-style-type: none"> <li>• The proposed ordinance would (1) appropriate \$6,354,478 from Mission Bay Developer contribution funds to partially reimburse the City for the construction costs for a new fire station and police station as part of the Public Safety Building project, and (2) place \$2,338,024 in 2010 Earthquake Safety and Emergency Response (ESER 2010) General Obligation Bond proceeds, previously appropriated by the Board of Supervisors for the Public Safety Building, on Budget and Finance Committee Reserve.</li> </ul>	
<p style="text-align: center;"><b>Key Points</b></p>	
<ul style="list-style-type: none"> <li>• The former Redevelopment Agency entered into the Mission Bay South Owner Participation Agreement in 1998 with Catellus Development Corporation and its successor FOCIL-MB, LLC (Mission Bay Developer), to implement the Mission Bay South Redevelopment Plan (Agreement). The Agreement stipulates the donation of land and an initial contribution of \$3,900,000 to partially pay the costs to construct a police and fire station after at least 1,000 residential units have been made available for occupancy by the Mission Bay Developer. As of May 2014, 1,082 units were made available, triggering the contribution.</li> <li>• The Agreement further stipulates that the contribution of \$3,900,000 shall increase in proportion to the Engineering News &amp; Record Index. The final payment amount is calculated at \$6,238,024. Total Developer contributions are \$6,354,478, including the required \$6,238,024, and \$116,454 to reimburse the City's costs for sidewalk and street landscape improvements.</li> <li>• The new fire and police stations are part of the Public Safety Building Project, funded by \$239,000,000 in 2010 Earthquake Safety and Emergency Response (ESER 2010) Bond proceeds.</li> </ul>	
<p style="text-align: center;"><b>Fiscal Impact</b></p>	
<ul style="list-style-type: none"> <li>• The final Public Safety Building Project budget is \$243,016,454, consisting of \$236,661,976 in ESER 2010 Bonds and \$6,354,478 in Development contributions. The final ESER 2010 Bond amount of \$236,661,976 is \$2,338,024 less than the appropriation of \$239,000,000; therefore, the proposed ordinance places \$2,338,024 on Budget and Finance Committee Reserve to be re-allocated to other ESER 2010 projects.</li> </ul>	
<p style="text-align: center;"><b>Recommendation</b></p>	
<ul style="list-style-type: none"> <li>• Approve the proposed ordinance.</li> </ul>	

**MANDATE STATEMENT & BACKGROUND****Mandate Statement**

According to Charter Section 9.105, amendments to the annual appropriation ordinance, as finally adopted by the Board of Supervisors, may be initiated by a member of the Board of Supervisors and adopted in the same manner as other ordinances.

**Background**

The Board of Supervisors approved a redevelopment plan for the Mission Bay South Redevelopment Project (Ordinance No. 335-98) adopted on November 2, 1998 (Mission Bay South Redevelopment Plan). The Mission Bay South Redevelopment Plan provides for the redevelopment, rehabilitation, and revitalization of the area generally bounded by Seventh Street, Mariposa Street, relocated Terry Francois Boulevard and China Basin Channel, and contains approximately 238 acres of land (Mission Bay South Plan Area).

The City entered into the Mission Bay South Owner Participation Agreement (Agreement) with Catellus Development Corporation in 1998 to implement the Mission Bay South Redevelopment Plan. FOCIL-MB, LLC (Developer) succeeded Catellus Development Corporation as the developer in 2004 through purchase of the remaining undeveloped residential parcels in Mission Bay South. The Mission Bay South Owner Participation Agreement stipulates the donation of land and an initial contribution of \$3,900,000 by the Developer to the Department of Public Works to construct a police and fire station after the Developer has constructed and made available at least 1,000 residential units for occupancy. The Developer's initial \$3,900,000 contribution includes \$1,420,000 for partial reimbursement of costs of construction of the police station and \$2,480,000 for reimbursements of costs of construction of the fire station<sup>1</sup>.

According to a May 13, 2014 memorandum to the Developer from Mr. Charles Higuera, Department of Public Works Project Manager, 462 residential units were completed in February 2014 and added to the previous count of 620 completed residential units for a total of 1,082 residential units made available for occupancy. The Department of Public Works noted that the units were available for lease, and thus the 1,082 units triggered the transfer of the developer construction contribution funds to the Department of Public Works in the amount of \$3,900,000.

The Agreement further stipulates that the contribution of \$3,900,000 shall increase in proportion to the Engineering News & Record Index (EN&R Index),<sup>2</sup> which is an index used to adjust costs for building and construction projects, from the effective date of the Agreement to the date of final payment for construction of the police and fire stations. The date of final

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<sup>1</sup> Community Facilities District No. 6 was established in 2000 in Mission Bay South to fund public improvements, and is authorized to issue up to \$200 million in tax increment bonds to finance infrastructure and other public improvements.

<sup>2</sup> The building and construction cost indexes for EN&R's individual cities use the same components and weighting as those for the 20-city national indexes. The city indexes use local prices for portland cement and 2 X 4 lumber and the national average price for structural steel. The city's building cost index uses local union wages, plus fringes, for carpenters, bricklayers and iron workers.

payment was November 1, 2014, and was estimated at \$6,238,024, as shown in Table 1 below.<sup>3</sup>

**Table 1: Increase in the Initial \$3,900,000 in Developer Contribution**

Date	Building Construction Index	Contribution Amount by the Mission Bay Developer to the Department of Public Works, Adjusted by the Building Construction Index
12/1/1997	\$3,809	-
11/1/1998	\$3,918 <sup>4</sup>	\$3,900,000
12/1/1998	\$ 3,927	-
...	...	...
8/1/2014	\$6,230	-
11/1/2014	\$6,266 <sup>5</sup>	\$6,238,024

Source: Department of Public Works, EN&R Index

The Department of Public Works constructed the police and fire stations as part of the construction of the Public Safety Building, located at Third Street and Mission Rock in the Mission Bay South Plan Area. Construction of the police and fire stations was substantially completed in March 2015. The police station opened on March 28, 2015, and the fire station opened on March 30, 2015.

The Public Safety Building is funded from 2010 Earthquake Safety and Emergency Response (ESER 2010) General Obligation Bond proceeds, as shown in Table 2 below.

**Table 2: Allocation of 2010 ESER General Obligation Bonds**

ESER 2010 Bond Components	Budget
Public Safety Building	\$239,000,000
Neighborhood Fire Stations	64,000,000
Auxiliary Water Supply System	102,400,000
Oversight, accountability, and cost of issuance	6,900,000
<b>TOTAL</b>	<b>\$412,300,000</b>

Source: Department of Public Works

<sup>3</sup> According to Mr. Samuel Chui, Project Manager at the Department of Public Works, substantial completion of the Public Safety Building occurred during the last week of March 2015, but the final payment date was November 1, 2014. The costs are not expected to be altered from this estimate.

<sup>4</sup> Prior to January 2005, the EN&R Index was generated on an annual basis in December. The effective date of the Agreement was November 16, 1998; thus, the Department had to interpolate the base index amount of \$3,918 from the Building Construction Indices available in December 1997 and December 1998 in order to calculate the escalation cost.

<sup>5</sup> The latest EN&R Index was published in August 2014. Thus, the Department used the latest EN&R Index in order to extrapolate to November 2014 costs. The Department multiplied the \$3,900,000 by the ratio between the November 2014 Building Construction Index amount of \$6,266 and the interpolated November 1998 Building Construction Index amount of \$3,918 to obtain the \$6,238,024 construction amount shown in the table above.



**DETAILS OF PROPOSED LEGISLATION**

The proposed ordinance would (1) appropriate \$6,354,478 from Mission Bay Developer contribution funds to partially reimburse the City for the construction costs for a new fire station and police station as part of the Public Safety Building project, and (2) place \$2,338,024 in 2010 Earthquake Safety and Emergency Response (ESER 2010) General Obligation Bond proceeds, previously appropriated by the Board of Supervisors for the Public Safety Building, on Budget and Finance Committee Reserve.

**FISCAL IMPACT**

The Board of Supervisors originally appropriated \$239,000,000 in 2010 ESER Bond proceeds to the Public Safety Building project, as shown in Table 2 above. The final Public Safety Building project budget is \$243,016,454, an increase of \$4,016,454, as shown in Table 3 below.

The proposed ordinance:

- Appropriates \$6,354,478 from the Mission Bay Developer contribution to the Public Safety Building project to partially pay the costs for a new fire station and police station. The \$6,354,478 contribution includes \$6,238,024 (see Table 1 above) in required contributions under the Agreement between the City and the Mission Bay Developer, plus \$116,454 to reimburse the City's costs for sidewalk and street landscape improvements performed by the City on behalf of the Mission Bay Developer.
- Places \$2,338,024 in 2010 ESER bond proceeds on Budget and Finance Committee Reserve, which are surplus funds previously appropriated by the Board of Supervisors for the Public Safety Building in Mission Bay South, as shown in Table 3 below.

**Table 3: Public Safety Building Project Appropriation**

	Previous Appropriation by the Board of Supervisors	Revised Appropriation Request	Balance
ESER 2010 General Obligation Bond proceeds	\$239,000,000	\$236,661,976	(\$2,338,024)
Developer Construction Contribution*	\$0	\$6,238,024	\$6,238,024
Developer Reimbursement for	\$0	\$116,454	\$116,454
Total Mission Bay Developer contribution (subject of this request)	\$0	\$6,354,478	\$6,354,478
<b>Public Safety Building total</b>	<b>\$239,000,000</b>	<b>\$243,016,454</b>	<b>\$4,016,454</b>

Source: Department of Public Works

\*See Table 1 above.

The \$2,338,024 in 2010 ESER General Obligation bond proceeds to be placed on Budget and Finance Committee Reserve can only be applied to project categories within the scope of the 2010 ESER bond, either for Neighborhood Fire Stations or the Auxiliary Water Supply System. The Department of Public Works is currently uncertain as to which program will be funded and is thus requesting these funds to be placed on reserve. The \$2,338,024 in 2010 ESER General Obligation bond funds will be reviewed first by the Capital Planning Committee and then will be subject to release by the Budget and Finance Committee.

**RECOMMENDATION**

Approve the proposed ordinance.

President, District 5  
BOARD of SUPERVISORS



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

BOS II, Aides, B+F,  
COB, Dep

London Breed

PRESIDENTIAL ACTION

Date: 3/25/15  
To: Angela Calvillo, Clerk of the Board of Supervisors

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
APR 26 AM 10:34

Madam Clerk,  
Pursuant to Board Rules, I am hereby:

Waiving 30-Day Rule (Board Rule No. 3.23)  
File No. 150244 Tang  
(Primary Sponsor)  
Title. Appropriation - Developer Contributions and

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

# Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp  
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee.  
An ordinance, resolution, motion, or charter amendment.
- 2. Request for next printed agenda without reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning "Supervisor [ ] inquires"
- 5. City Attorney request.
- 6. Call File No. [ ] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. [ ]
- 9. Request for Closed Session (attach written motion).
- 10. Board to Sit as A Committee of the Whole.
- 11. Question(s) submitted for Mayoral Appearance before the BOS on [ ]

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission     Youth Commission     Ethics Commission
- Planning Commission     Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative**

**Sponsor(s):**

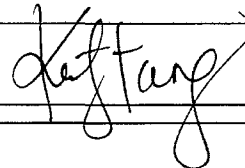
Katy Tang

**Subject:**

Appropriation - Developer Contributions and Reimbursement - Public Works - \$6,354,478 - FY 2014-2015

**The text is listed below or attached:**

[Empty box for text listing]

Signature of Sponsoring Supervisor: 

For Clerk's Use Only:

150244