

File No. 140480

Committee Item No. 6
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date June 11, 2014

Board of Supervisors Meeting

Date _____

Cmte Board

- | | | |
|-------------------------------------|--------------------------|--|
| <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 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)

| | | |
|--------------------------|--------------------------|-------|
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |

Completed by: Linda Wong Date June 6, 2014
Completed by: _____ Date _____

1 [Appropriation - Proceeds from Revenue Bonds, Hetch Hetchy Revenue, Cap and Trade
2 Allowance of \$215,108,836 for Hetch Hetchy Water and Power Capital Improvements
3 Amending- Ordinance Nos. 110-12, 123-12, and 200-12 - FYs 2014-2015 and 2015-2016]

4 Ordinance appropriating \$215,108,836 of Hetch Hetchy revenue, Cap and Trade
5 Allowance, Power and Water Revenue Bonds for the San Francisco Public Utilities
6 Commission (SFPUC) Hetch Hetchy Capital Improvement Program for FY 2014-2015 at
7 \$103,508,198 and FY 2015-2016 at \$111,600,638; and placing \$172,735,378 on
8 Controller's reserve by project, subject to SFPUC and Board of Supervisors' approval
9 following completion of project-related analysis pursuant to the California
10 Environmental Quality Act , where required, and receipt of proceeds of indebtedness
11 and loan funds; amending adopted capital appropriation Ordinances 110-12, 123-12,
12 and 200-12 for the San Francisco Public Utilities Commission including de-
13 appropriation and re-appropriation \$16,269,463 of Bond Proceeds and Cap and Trade
14 Allowance Revenue; de-appropriating and re-appropriating \$18,769,463 of the Hetch
15 Hetchy Capital Improvement Program Projects; and de-appropriating and re-
16 appropriating \$19,500,000 of the CleanPowerSF Community Choice Aggregation
17 Program.

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.

23 ///

24 ///

25 ///

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

2
3 Section 1. The sources of funding outlined below are herein appropriated to reflect the
4 funding available for FY2014-2015.

5
6 **SOURCES Appropriation**

| Fund | Index Code / | Subobject | Description | Amount |
|------------------------------------|----------------|-----------|----------------|----------------------|
| | Project Code | | | |
| 5T CPF 15B – 2015B | *HHP5TCPF15B / | 80111 | Proceeds From | \$41,984,314 |
| Power Enterprise | CUH30000 | | Sale of Bonds | |
| Revenue Bonds | | | | |
| 5T CPF 15A – 2015A | *HHP5TCPF15A / | 80111 | Proceeds From | \$38,204,088 |
| Hetchy Water Revenue | CUH30000 | | Sale of Bonds | |
| Bonds | | | | |
| 5T AAA ACP – Hetchy | UHUHZZZ505T / | 9505T | Hetch Hetchy | \$21,901,796 |
| Continuing Capital | CUHZZZ00 | | Revenue | |
| Project Fund | | | | |
| 5T AAA ACP – Hetchy | HHPCAPAAAACP / | 99999B | Hetchy Cap and | \$1,418,000 |
| Continuing Capital | PUHCAP00 | | Trade | |
| Project Fund | | | Allowance | |
| Total SOURCES Appropriation | | | | \$103,508,198 |

1 Section 2. The uses of funding outlined below are herein appropriated in Subobject
 2 06700 Buildings Structures and Improvements, 081C4 Internal Audits and 081XX Revenue
 3 Bond Oversight Committee, and reflects the projected uses of funding to support the Hetch
 4 Hetchy Capital Improvement Program at the San Francisco Public Utilities Commission for
 5 FY2014-2015.

6
 7 **USES Appropriation**

| Fund | Index Code / Project Code | Subobject | Description | Amount |
|---|------------------------------|---|-----------------------------------|-------------|
| 5T AAA ACP – Hetchy Continuing Capital Project Fund | 539721 / CUH97201 | 06700 - Buildings Structures and Improvements | Load Meter Program | \$1,000,000 |
| 5T AAA ACP – Hetchy Continuing Capital Project Fund | HHPCAPAAAACP / CUHCAP00 | 06700 - Buildings Structures and Improvements | Generation – Small Renewables | \$1,000,000 |
| 5T AAA ACP – Hetchy Continuing Capital Project Fund | HHPCAPAAAACP / CUHCAP00 | 06700 - Buildings Structures and Improvements | Generation – Small Hydro | \$200,000 |
| 5T AAA ACP – Hetchy Continuing Capital Project Fund | 519831 / CUH98301 | 06700 - Buildings Structures and Improvements | Civic Center Energy Efficiency | \$162,000 |

| | Fund | Index Code / Project Code | Subsubject | Description | Amount |
|----|----------------------|------------------------------|-------------------|---------------------|--------------|
| 1 | | | | | |
| 2 | | | | | |
| 3 | 5T AAA ACP – | 519861 / | 06700 - Buildings | General Fund | \$70,000 |
| 4 | Hetchy Continuing | CUH98601 | Structures and | Energy Efficiency | |
| 5 | Capital Project Fund | | Improvements | | |
| 6 | | | | | |
| 7 | 5T AAA ACP – | 519951 / | 06700 - Buildings | Energy Efficiency – | \$120,000 |
| 8 | Hetchy Continuing | CUH99501 | Structures and | All Others | |
| 9 | Capital Project Fund | | Improvements | | |
| 10 | | | | | |
| 11 | 5T AAA ACP – | HHPCAPAAAACP / | 06700 - Buildings | Energy Efficiency – | \$218,000 |
| 12 | Hetchy Continuing | CUHCAP00 | Structures and | All Others | |
| 13 | Capital Project Fund | | Improvements | | |
| 14 | | | | | |
| 15 | 5T AAA ACP – | 519801 - | 06700 - Buildings | Treasure Island | \$3,050,000 |
| 16 | Hetchy Continuing | CUH98001 | Structures and | Capital | |
| 17 | Capital Project Fund | | Improvements | Improvements | |
| 18 | | | | | |
| 19 | 5T CPF 15A – 2015A | HHPX5TCPF15A / | 06700 - Buildings | Hetchy Water – | \$1,720,000 |
| 20 | Hetchy Water | CUH10000 | Structures and | Water Only Project | |
| 21 | Revenue Bonds | | Improvements | | |
| 22 | | | | | |
| 23 | 5T CPF 15A – 2015A | HHPX5TCPF15A / | 06700 - Buildings | Hetchy Water – | \$18,100,000 |
| 24 | Hetchy Water | CUH10000 | Structures and | Lower Cherry | |
| 25 | Revenue Bonds | | Improvements | Aqueduct | |

| 1 | Fund | Index Code / | Subobject | Description | Amount |
|----|----------------------|----------------|-------------------|---------------------|--------------|
| 2 | | Project Code | | | |
| 3 | 5T AAA ACP – | 511010 | 06700 - Buildings | Hetchy Water – | \$2,967,696 |
| 4 | Hetchy Continuing | CUH10100 | Structures and | Power Only Projects | |
| 5 | Capital Project Fund | | Improvements | | |
| 6 | | | | | |
| 7 | 5T CPF 15B – 2015B | HHPX5TCPF15B / | 06700 - Buildings | Hetchy Water – | \$33,040,304 |
| 8 | Hetchy Water | CUH10100 | Structures and | Power Only Projects | |
| 9 | Revenue Bonds | | Improvements | | |
| 10 | | | | | |
| 11 | 5T CPF 15A – 2015A | HHPX5TCPF15A / | 06700 - Buildings | Hetchy Joint | \$11,889,900 |
| 12 | Hetchy Water | CUH10200 | Structures and | Projects – Water | |
| 13 | Revenue Bonds | | Improvements | | |
| 14 | | | | | |
| 15 | 5T AAA ACP Hetchy | 511021 / | 06700 - Buildings | Hetchy Joint | \$14,532,100 |
| 16 | Continuing Capital | CUH10200 | Structures and | Projects – Power | |
| 17 | Project Fund | | Improvements | | |
| 18 | | | | | |
| 19 | 5T CPF 15A – 2015A | HHPX5TCPF15A / | 06700 - Buildings | Hetchy Water | \$6,411,666 |
| 20 | Hetchy Water | CUH30000 | Structures and | Financing Costs | |
| 21 | Revenue Bonds | | Improvements | | |
| 22 | | | | | |
| 23 | 5T CPF 15B – 2015B | HHPX5TCPF15B / | 06700 - Buildings | Hetchy Power | \$8,771,298 |
| 24 | Power Enterprise | CUH30000 | Structures and | Financing Costs | |
| 25 | Revenue Bonds | | Improvements | | |

| | Fund | Index Code / Project Code | Subobject | Description | Amount |
|----|---------------------------------|--------------------------------------|------------------|--------------------|-----------------------------|
| 3 | 5TCPF15A – 2015A | HHPX5TCPF15A / | 081C4 Internal | Hetchy Water City | \$63,420 |
| 4 | Hetchy Water | CUH30000 | Audits | Services Auditor | |
| 5 | Revenue Bonds | | | | |
| 7 | 5T CPF 15B – 2015B | HHPX5TCPF15B / | 081C4 Internal | Hetchy Power City | \$151,720 |
| 8 | Power Enterprise | CUH30000 | Audits | Services Auditor | |
| 9 | Revenue Bonds | | | | |
| 11 | 5T CPF 15A – 2015A | HHPX5TCPF15A / | 081XX | Hetchy Water | \$19,102 |
| 12 | Water Enterprise | CUH30000 | | Revenue Bond | |
| 13 | Revenue Bonds | | | Oversight | |
| 14 | | | | Committee | |
| 16 | 5T CPF 15B – 2015B | HHPX5TCPF15B / | 081XX | Hetchy Power | \$20,992 |
| 17 | Power Enterprise | CUH30000 | | Revenue Bond | |
| 18 | Revenue Bonds | | | Oversight | |
| 19 | | | | Committee | |
| 21 | Total USES Appropriation | | | | <u>\$103,508,198</u> |

Section 3: Of the above appropriated amount, \$176,140, 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 \$40,094,

1 representing 0.05% of gross bond proceeds is to be allocated and available to support the
2 Public Utilities Commission Revenue Bond Oversight Committee, pursuant to Administrative
3 Code Section 5A.31. These appropriations may be increased or decreased by the Controller
4 based on changes to expenditure appropriations or actual gross bond proceeds to conform to
5 the applicable Charter and Administrative Code formulas.

6 Section 4: \$80,188,402 of the total appropriation is hereby placed on Controller's
7 Appropriation Reserve by project. Release of appropriation reserves by the Controller is
8 subject to the prior occurrence of: 1) the SFPUC's and the Board of Supervisors' discretionary
9 adoption of CEQA findings for projects, following review and consideration of completed
10 project-related environmental analysis, where required, pursuant to CEQA, the State CEQA
11 Guidelines, and Chapter 31 of the San Francisco Administrative Code, and 2) the Controller's
12 certification of funds availability, including proceeds of indebtedness including Commercial
13 Paper capacity.

14 Section 5: Associated Bond financing costs up to \$15,438,198 is also hereby
15 appropriated, including but not limited to, issuance costs, debt service reserve, capitalized
16 interest, rating agency, and disclosure costs, all on Controller's reserve pending receipt of
17 bond proceeds. To the extent that net available bond proceeds after financing costs are more
18 than budgeted, the Controller may approve the use of such surplus bond proceeds as a
19 substitute for other sources budgeted in this appropriation.

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

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

1 **SOURCES Appropriation**

| 2 | Fund | Index Code / | Subobject | Description | Amount |
|----|------------------------------------|----------------|-----------|---------------|----------------------|
| 3 | | Project Code | | | |
| 4 | 5T CPF 16B – 2016B | *HHP5TCPF16B / | 80111 | Proceeds From | \$69,342,528 |
| 5 | Power Enterprise | CUH30000 | | Sale of Bonds | |
| 6 | Revenue Bonds | | | | |
| 7 | | | | | |
| 8 | 5T CPF 16A – 2016A | *HHP5TCPF16A / | 80111 | Proceeds From | \$23,204,448 |
| 9 | Hetchy Water Revenue | CUH30000 | | Sale of Bonds | |
| 10 | Bonds | | | | |
| 11 | | | | | |
| 12 | 5T AAA ACP – Hetchy | UHUHZZZ505T / | 9505T | Hetch Hetchy | \$17,353,662 |
| 13 | Continuing Capital | CUHZZZ00 | | Revenue | |
| 14 | Project Fund | | | | |
| 15 | | | | | |
| 16 | 5T AAA ACP – | HHPCAPAAAACP / | 99999B | Cap and Trade | \$1,700,000 |
| 17 | Hetchy Continuing | CUHCAP00 | | Allowance | |
| 18 | Capital Project Fund | | | | |
| 19 | Total SOURCES Appropriation | | | | \$111,600,638 |

20 Section 8. The uses of funding outlined below are herein appropriated in Subobject
 21 06700 Buildings Structures and Improvements, 081C4 Internal Audits and 081XX Revenue
 22 Bond Oversight Committee, and reflects the projected uses of funding to support the Hetch
 23 Hetchy Capital Improvement Program at the San Francisco Public Utilities Commission for
 24 FY2015-2016.

1 **USES Appropriation**

| 2 | Fund | Index Code / | Subobject | Description | Amount |
|----|----------------------|----------------|-------------------|--------------------|-------------|
| 3 | | Project Code | | | |
| 4 | 5T AAA ACP – | 518961 / | 06700 - Buildings | Streetlight | \$7,653,662 |
| 5 | Hetchy Continuing | CUH89601 | Structures and | Improvement | |
| 6 | Capital Project Fund | | Improvements | Program | |
| 7 | | | | | |
| 8 | 5T CPF 16B – 2016B | HHPX5TCPF16B / | 06700 - Buildings | Streetlight | \$4,292,338 |
| 9 | Hetchy Water | CUH89601 | Structures and | Improvement | |
| 10 | Revenue Bonds | | Improvements | Program | |
| 11 | | | | | |
| 12 | 5T AAA ACP – | 519851 / | 06700 - Buildings | Transbay Transit | \$1,250,000 |
| 13 | Hetchy Continuing | CUH98501 | Structures and | Center | |
| 14 | Capital Project Fund | | Improvements | | |
| 15 | | | | | |
| 16 | 5T AAA ACP – | HHPCAPAAAACP / | 06700 - Buildings | Generation – Small | \$1,000,000 |
| 17 | Hetchy Continuing | CUHCAP00 | Structures and | Renewables | |
| 18 | Capital Project Fund | | Improvements | | |
| 19 | 5T AAA ACP – | HHPCAPAAAACP / | 06700 - Buildings | Generation – Small | \$200,000 |
| 20 | Hetchy Continuing | CUHCAP00 | Structures and | Hydro | |
| 21 | Capital Project Fund | | Improvements | | |
| 22 | | | | | |
| 23 | 5T AAA ACP – | 519473 / | 06700 - Buildings | SF Go Solar | \$5,000,000 |
| 24 | Hetchy Continuing | CUH94763 | Structures and | | |
| 25 | Capital Project Fund | | Improvements | | |

| 1 | Fund | Index Code / | Subobject | Description | Amount |
|----|----------------------|----------------|-------------------|---------------------|-------------|
| 2 | | Project Code | | | |
| 3 | | | | | |
| 4 | 5T AAA ACP – | 519831 / | 06700 - Buildings | Civic Center Energy | \$162,000 |
| 5 | Hetchy Continuing | CUH98301 | Structures and | Efficiency | |
| 6 | Capital Project Fund | | Improvements | | |
| 7 | | | | | |
| 8 | 5T AAA ACP – | 519861 / | 06700 - Buildings | General Fund | \$500,000 |
| 9 | Hetchy Continuing | CUH98601 | Structures and | Energy Efficiency | |
| 10 | Capital Project Fund | | Improvements | | |
| 11 | | | | | |
| 12 | 5T AAA ACP – | HPCAPAAAACP / | 06700 - Buildings | Energy Efficiency – | \$338,000 |
| 13 | Hetchy Continuing | CUHCAP00 | Structures and | All Others | |
| 14 | Capital Project Fund | | Improvements | | |
| 15 | | | | | |
| 16 | 5T AAA ACP – | 519801 - | 06700 - Buildings | Treasure Island | \$2,950,000 |
| 17 | Hetchy Continuing | CUH98001 | Structures and | Capital | |
| 18 | Capital Project Fund | | Improvements | Improvements | |
| 19 | 5T CPF 16A – 2016A | HHPX5TCPF16A / | 06700 - Buildings | Hetchy Water – | \$3,960,000 |
| 20 | Hetchy Water | CUH10000 | Structures and | Water Only Project | |
| 21 | Revenue Bonds | | Improvements | | |
| 22 | | | | | |
| 23 | | | | | |
| 24 | | | | | |
| 25 | | | | | |

| 1 | Fund | Index Code / | Subobject | Description | Amount |
|----|--------------------|----------------|-------------------|---------------------|--------------|
| 2 | | Project Code | | | |
| 3 | 5T CPF 16B – 2016B | HHPX5TCPF16B / | 06700 - Buildings | Hetchy Water – | \$31,578,000 |
| 4 | Hetchy Water | CUH10100 | Structures and | Power Only Projects | |
| 5 | Revenue Bonds | | Improvements | | |
| 6 | | | | | |
| 7 | 5T CPF 16A – 2016A | HHPX5TCPF16A / | 06700 - Buildings | Hetchy Joint | \$15,300,000 |
| 8 | Hetchy Water | CUH10200 | Structures and | Projects – Water | |
| 9 | Revenue Bonds | | Improvements | | |
| 10 | | | | | |
| 11 | 5T CPF 16A – 2016A | HHPX5TCPF16B / | 06700 - Buildings | Hetchy Joint | \$18,700,000 |
| 12 | Hetchy Water | CUH10200 | Structures and | Projects – Power | |
| 13 | Revenue Bonds | | Improvements | | |
| 14 | | | | | |
| 15 | 5T CPF 16A – 2016A | HHPX5TCPF16A / | 06700 - Buildings | Hetchy Water | \$3,894,326 |
| 16 | Hetchy Water | CUH30000 | Structures and | Financing Costs | |
| 17 | Revenue Bonds | | Improvements | | |
| 18 | | | | | |
| 19 | 5T CPF 16B – 2016B | HHPX5TCPF16B / | 06700 - Buildings | Hetchy Power | \$14,590,271 |
| 20 | Power Enterprise | CUH30000 | Structures and | Financing Costs | |
| 21 | Revenue Bonds | | Improvements | | |
| 22 | 5TCPF16A – 2016A | HHPX5TCPF16A / | 081C4 Internal | Hetchy Water City | \$38,520 |
| 23 | Hetchy Water | CUH30000 | Audits | Services Auditor | |
| 24 | Revenue Bonds | | | | |
| 25 | | | | | |

| 1 | Fund | Index Code / | Subobject | Description | Amount |
|----|---------------------------------|----------------|----------------|-------------------|-----------------------------|
| 2 | | Project Code | | | |
| 3 | 5T CPF 16B – 2016B | HHPX5TCPF16B / | 081C4 Internal | Hetchy Power City | \$147,248 |
| 4 | Power Enterprise | CUH30000 | Audits | Services Auditor | |
| 5 | Revenue Bonds | | | | |
| 6 | | | | | |
| 7 | 5T CPF 16A – 2016A | HHPX5TCPF16A / | 081XX | Hetchy Water | \$11,602 |
| 8 | Water Enterprise | CUH30000 | | Revenue Bond | |
| 9 | Revenue Bonds | | | Oversight | |
| 10 | | | | Committee | |
| 11 | | | | | |
| 12 | 5T CPF 15B – 2015B | HHPX5TCPF15B / | 081XX | Hetchy Power | \$34,671 |
| 13 | Power Enterprise | CUH30000 | | Revenue Bond | |
| 14 | Revenue Bonds | | | Oversight | |
| 15 | | | | Committee | |
| 16 | | | | | |
| 17 | Total USES Appropriation | | | | <u><u>\$111,600,638</u></u> |

19 Section 9: Of the above appropriated amount, \$185,768, representing 0.2% of the
20 expenditure budget net of bond financing and audit costs, is to be allocated and available to
21 support the Controller's Audit Fund, pursuant to Charter Appendix F1.113; and \$46,273
22 representing 0.05% of gross bond proceeds is to be allocated and available to support the
23 Public Utilities Commission Revenue Bond Oversight Committee, pursuant to Administrative
24 Code Section 5A.31. These appropriations may be increased or decreased by the Controller
25

1 based on changes to expenditure appropriations or actual gross bond proceeds to conform to
2 the applicable Charter and Administrative Code formulas.

3 Section 10: \$92,546,979 of the total appropriation is hereby placed on Controller's
4 Appropriation Reserve by project. Release of appropriation reserves by the Controller is
5 subject to the prior occurrence of: 1) the SFPUC and the Board of Supervisors discretionary
6 adoption of CEQA findings for projects, following review and consideration of completed
7 project-related environmental analysis, where required, pursuant to CEQA, the State CEQA
8 Guidelines, and Chapter 31 of the San Francisco Administrative Code, and 2) the Controller's
9 certification of funds availability, including proceeds of indebtedness including Commercial
10 Paper capacity.

11 Section 11: Associated Bond financing costs up to \$18,716,638 is also hereby
12 appropriated, including but not limited to, issuance costs, debt service reserve, capitalized
13 interest, rating agency, and disclosure costs, all on Controller's reserve pending receipt of
14 bond proceeds. To the extent that net available bond proceeds after financing costs are more
15 than budgeted, the Controller may approve the use of such surplus bond proceeds as a
16 substitute for other sources budgeted in this appropriation.

17 Section 12: The Controller is authorized to record transfers between funds and adjust
18 the accounting treatment of sources and uses appropriated in this ordinance as necessary to
19 conform to Generally Accepted Accounting Principles.

20 Section 13. Ordinance re-appropriating a total of \$16,269,463, consisting of re-
21 appropriation of \$15,099,665 Bond Proceeds from Fiscal Year 2013-14 issuance to Fiscal
22 Year 2014-15 issuance, and reallocation of \$1,169,798 Hetchy Power Cap and Trade
23 Allowance revenue from programmatic project PUHCAP to capital project CUHCAP, approved
24 by Ordinance 110-12 and 123-12 to support the Hetch Hetchy Capital Improvement Program
25 at the San Francisco Public Utilities Commission in FY2014-15.

1 **SOURCES De-Appropriation**

| 2 | Fund | Index Code / | Subobject | Description | Amount |
|----|--------------------|----------------|-----------|------------------|----------------|
| 3 | | Project Code | | | |
| 4 | 5T CPF 14A – 2014A | *HHP5TCPF14A / | 80111 | Hetchy Power | (\$15,099,665) |
| 5 | Power Enterprise | CUH30000 | | Revenue Bonds | |
| 6 | Revenue Bonds | | | | |
| 7 | | | | | |
| 8 | 5T AAA ACP – | 548249 / | 99999B | Hetchy Power Cap | (\$1,169,798) |
| 9 | Hetchy Power | PUHCAP00 | | and Trade | |
| 10 | Continuing Capital | | | Allowance | |
| 11 | Project Fund | | | | |

12

13 **Total SOURCES De-Appropriation** (\$16,269,463)

14 **SOURCES Re-Appropriation**

| 15 | Fund | Index Code / | Subobject | Description | Amount |
|----|--------------------|-----------------|-----------|------------------|--------------|
| 16 | | Project Code | | | |
| 17 | 5T CPF 15B – 2015B | *HHPX5TCPF15B / | 80111 | Hetchy Power | \$15,099,665 |
| 18 | Power Enterprise | CUH30000 | | Revenue Bonds | |
| 19 | Revenue Bonds | | | | |
| 20 | | | | | |
| 21 | 5T AAA ACP – | HHPCAPAAAACP / | 99999B | Hetchy Power Cap | \$1,169,798 |
| 22 | Hetchy Power | CUHCAP00 | | and Trade | |
| 23 | Continuing Capital | | | Allowance | |
| 24 | Project Fund | | | | |

25 **Total SOURCES Re-Appropriation** \$16,269,463

1 Section 14. The uses of funding outlined below are herein de-appropriated and re-
 2 appropriated in Subobject 06700 Buildings Structures and Improvements, 081C4 Internal
 3 Audits, 06B00 Revenue Bond Oversight Committee, and 097GR General Reserve, and
 4 reflects the projected uses of funding approved by Ordnances 110-12, 123-12, and 200-12 to
 5 support the Hetch Hetchy Capital Improvement Program at the San Francisco Public Utilities
 6 Commission in FY2014-15.

7
 8 **USES De-appropriation**

| Fund | Index Code / Project Code | Subobject | Description | Amount |
|---|------------------------------|---|---|----------------|
| 5T CPF 14A – 2014A Water Enterprise Revenue Bonds | HHPX5TCPF14A / CUH10100 | 06700 - Buildings Structures and Improvements | Hetchy Water – Upcountry Power Infrastructure Projects | (\$12,276,150) |
| 5T CPF 14A – 2014A Water Enterprise Revenue Bonds | HHPX5TCPF14A / CUH30000 | 06700 - Buildings Structures and Improvements | Hetchy Power Financing Cost | (\$2,625,188) |
| 5T CPF 14A – 2014A Water Enterprise Revenue Bonds | HHPX5TCPF14A / CUH30000 | 081C4 Internal Audits | Hetchy Power - City Services Auditor | (\$190,777) |

| | | | | | |
|----|----------------------|---------------------|-------------------|--------------------|---------------|
| 1 | 5T CPF 14A – 2014A | HHPX5TCPF14A / | 081XX | Hetchy Power | (\$7,550) |
| 2 | Water Enterprise | CUH30000 | | Revenue Bond | |
| 3 | Revenue Bonds | | | Oversight | |
| 4 | | | | Committee | |
| 5 | | | | | |
| 6 | 5T AAA ACP – Hetchy | 519941 / | 06700 | Generation – Small | (\$169,798) |
| 7 | Power Continuing | CUH99401 | | Hydro | |
| 8 | Capital Project Fund | | | | |
| 9 | Fund | Index Code / | Subobject | Description | Amount |
| 10 | | Project Code | | | |
| 11 | 5T AAA ACP – Hetchy | 519931 / | 06700 - Buildings | Generation – Small | (\$1,000,000) |
| 12 | Power Continuing | CUH99301 | Structures and | Renewables | |
| 13 | Capital Project Fund | | Improvements | | |
| 14 | | | | | |
| 15 | 5T AAA ACP – Hetchy | 518911 / | 06700 - Buildings | Telemetry | (\$2,500,000) |
| 16 | Power Continuing | CUH89101 | Structures and | Municipal Load | |
| 17 | Capital Project Fund | | Improvements | | |
| 18 | | | | | |
| 19 | 5T AAA CCA – | *HHP5TAAACCA / | 06700 - Buildings | CCA Program | (\$6,000,000) |
| 20 | Community Choice | CUH97801 | Structures and | | |
| 21 | Aggregation Reserve | | Improvements | | |
| 22 | Fund | | | | |
| 23 | | | | | |
| 24 | | | | | |
| 25 | | | | | |

| | | | | | |
|----|------------------------------------|----------------|-----------------|------------------|-----------------------|
| 1 | 5T AAA CCA – | *HHP5TAAACCA / | 097GR – General | Working Capital | (\$6,500,000) |
| 2 | Community Choice | CUH97801 | Reserve | Reserves | |
| 3 | Aggregation Reserve | | | | |
| 4 | Fund | | | | |
| 5 | | | | | |
| 6 | 5T TAF CCA – | *HHP5TAAFCCA / | 097GR – General | Security Reserve | (\$7,000,000) |
| 7 | Community Choice | CUH97801 | Reserve | | |
| 8 | Aggregation Customer | | | | |
| 9 | Fund | | | | |
| 10 | Total USES De-Appropriation | | | | (\$38,269,463) |

USES Re-Appropriation


| | Fund | Index Code / Project Code | Subobject | Description | Amount |
|----|--------------------|------------------------------|-------------------|-----------------|--------------|
| 15 | 5T CPF 15B – 2015B | HHPX5TCPF15B / | 06700 - Buildings | Hetchy Water – | \$12,276,150 |
| 16 | Power Enterprise | CUH10100 | Structures and | Upcountry Power | |
| 17 | Revenue Bonds | | Improvements | Infrastructure | |
| 18 | | | | Projects | |
| 19 | | | | | |
| 20 | 5T CPF 15B – 2015B | HHPX5TCPF15B / | 06700 - Buildings | Hetchy Power | \$2,625,188 |
| 21 | Power Enterprise | CUH30000 | Structures and | Financing Cost | |
| 22 | Revenue Bonds | | Improvements | | |
| 23 | | | | | |
| 24 | | | | | |
| 25 | | | | | |

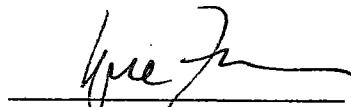
| | | | | | |
|----|----------------------|---------------------|-------------------|---------------------|---------------|
| 1 | 5T CPF 15B – 2015B | HHPX5TCPF15B / | 081C4 Internal | Hetchy Power - City | \$190,777 |
| 2 | Power Enterprise | CUH30000 | Audits | Services Auditor | |
| 3 | Revenue Bonds | | | | |
| 4 | | | | | |
| 5 | 5T CPF 15B – 2015B | HHPX5TCPF15B / | 081XX | Hetchy Power | \$7,550 |
| 6 | Power Enterprise | CUH30000 | | Revenue Bond | |
| 7 | Revenue Bonds | | | Oversight | |
| 8 | | | | Committee | |
| 9 | | | | | |
| 10 | 5T AAA ACP – | HHPCAPAAAACP / | 06700 - Buildings | Hetchy Power Cap | \$1,169,798 |
| 11 | Hetchy Power | CUHCAP00 | Structures and | and Trade | |
| 12 | Continuing Capital | | Improvements | Allowance | |
| 13 | Project Fund | | | | |
| 14 | Fund | Index Code / | Subobject | Description | Amount |
| 15 | | Project Code | | | |
| 16 | 5T AAA ACP – | 539721 / | 06700 - Buildings | Load Meter | \$2,500,000 |
| 17 | Hetchy Power | CUH97201 | Structures and | Program | |
| 18 | Continuing Capital | | Improvements | | |
| 19 | Project Fund | | | | |
| 20 | | | | | |
| 21 | 5T AAA ACP – | 519473 / | 06700 - Buildings | SF GoSolar | \$5,000,000 |
| 22 | Hetchy Continuing | CUH94763 | Structures and | | |
| 23 | Capital Project Fund | | Improvements | | |
| 24 | | | | | |
| 25 | | | | | |

| | | | | | |
|----|------------------------------------|----------|-------------------|-------------------|----------------------------|
| 1 | 5T AAA ACP – | 518961 / | 06700 - Buildings | Streetlight | \$14,070,000 |
| 2 | Hetchy Continuing | CUH89601 | Structures and | Improvement | |
| 3 | Capital Project Fund | | Improvements | Program | |
| 4 | | | | | |
| 5 | 5T AAA ACP – | 519861 / | 06700 - Buildings | General Fund | \$430,000 |
| 6 | Hetchy Continuing | CUH98601 | Structures and | Energy Efficiency | |
| 7 | Capital Project Fund | | Improvements | | |
| 8 | | | | | |
| 9 | Total USES Re-Appropriation | | | | <u><u>\$38,269,463</u></u> |
| 10 | | | | | |
| 11 | | | | | |
| 12 | | | | | |
| 13 | | | | | |
| 14 | | | | | |
| 15 | | | | | |
| 16 | | | | | |
| 17 | | | | | |
| 18 | | | | | |
| 19 | | | | | |
| 20 | | | | | |
| 21 | | | | | |
| 22 | | | | | |
| 23 | | | | | |
| 24 | | | | | |
| 25 | | | | | |

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

FUNDS AVAILABLE
BEN ROSENFELD, Controller

3
4 By: 
5 THOMAS OWEN
6 Deputy City Attorney

7
8 By: 
9 MONIQUE ZMUDA
10 Deputy Controller

11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Funding Source

| Project | Index Code | SUB FUJ | JB-OBJ | Description of Appropriation or Fund | FY 2014-15 | FY 2015-16 | Amount |
|--------------|--------------|----------|--------|--|--------------------|--------------------|--------------------|
| CUH30000 | *HHP5TCPF15B | 5TCPF15B | 80111 | Power Revenue Bonds | 41,984,314 | 0 | 41,984,314 |
| CUH30000 | *HHP5TCPF16B | 5TCPF16B | 80111 | Power Revenue Bonds | 0 | 69,342,528 | 69,342,528 |
| CUH30000 | *HHP5TCPF15A | 5TCPF15A | 80111 | Water Revenue Bonds | 38,204,088 | 0 | 38,204,088 |
| CUH30000 | *HHP5TCPF16A | 5TCPF16A | 80111 | Water Revenue Bonds | 0 | 23,204,448 | 23,204,448 |
| CUHZZZ00 | UHUHZZZ505T | 5TAAACP | 9505T | ITI from Hetchy Funds (Hetchy Revenue) | 21,901,796 | 17,353,662 | 39,255,458 |
| CUH99701 | UHUHZZZ505T | 5TAAACP | 9505T | Project De-Obligation - CUH997 CCA | 19,500,000 | 0 | 19,500,000 |
| CUHCAP00 | HHPCAPAAAACP | 5TAAACP | 99999B | Hetchy Cap and Trade Allowance | 1,418,000 | 1,700,000 | 3,118,000 |
| TOTAL | | | | | 123,008,198 | 111,600,638 | 234,608,836 |

Use of Funds

| Project | Index Code | SUB FUND | SUB-OBJ | Description of Appropriation or Fund | FY 2014-15 | FY 2015-16 | Amount |
|------------------------------|--------------|----------|---------|--|--------------------|-------------------|--------------------|
| CUH89601 | 518961 | 5TAAACP | 06700 | Streetlight Improvement Program | 14,070,000 | 7,653,662 | 21,723,662 |
| CUH89601 | HHPX5TCPF16B | 5TCPF16B | 06700 | Streetlight Improvement Program - Bonds | 0 | 4,292,338 | 4,292,338 |
| CUH97201 | 539721 | 5TAAACP | 06700 | Load Meter Program | 1,000,000 | 0 | 1,000,000 |
| CUH98501 | 519851 | 5TAAACP | 06700 | Transbay Transit Center | 0 | 1,250,000 | 1,250,000 |
| CUHCAP00 | HHPCAPAAAACP | 5TAAACP | 06700 | Generation - Small Renewables | 1,000,000 | 1,000,000 | 2,000,000 |
| CUHCAP00 | HHPCAPAAAACP | 5TAAACP | 06700 | Generation - Small Hydro | 200,000 | 200,000 | 400,000 |
| CUH94763 | 519473 | 5TAAACP | 06700 | SF Go Solar | 5,000,000 | 5,000,000 | 10,000,000 |
| CUH98301 | 519831 | 5TAAACP | 06700 | Civic Center Energy Efficiency | 162,000 | 162,000 | 324,000 |
| CUH98801 | 519881 | 5TAAACP | 06700 | General Fund Energy Efficiency | 500,000 | 500,000 | 1,000,000 |
| CUH99501 | 519951 | 5TAAACP | 06700 | All Others Energy Efficiency | 120,000 | 0 | 120,000 |
| CUHCAP00 | HHPCAPAAAACP | 5TAAACP | 06700 | All Others Energy Efficiency | 218,000 | 338,000 | 556,000 |
| CUH98001 | 519801 | 5TAAACP | 06700 | Treasure Island | 3,050,000 | 2,950,000 | 6,000,000 |
| CUH10000 | HHPX5TCPF15A | 5TCPF15A | 06700 | Hetchy Water - Water Only Projects - Bonds | 1,720,000 | 0 | 1,720,000 |
| CUH10000 | HHPX5TCPF15A | 5TCPF15A | 06700 | Hetchy Water - Lower Cherry Aqueduct | 18,100,000 | 0 | 18,100,000 |
| CUH10000 | HHPX5TCPF16A | 5TCPF16A | 06700 | Hetchy Water - Water Only Projects - Bonds | 0 | 3,960,000 | 3,960,000 |
| CUH10100 | 511010 | 5TAAACP | 06700 | Hetchy Water - Power Only Projects | 2,967,696 | 0 | 2,967,696 |
| CUH10100 | HHPX5TCPF15B | 5TCPF15B | 06700 | Hetchy Water - Power Only Projects - Bonds | 33,040,304 | 0 | 33,040,304 |
| CUH10100 | HHPX5TCPF16B | 5TCPF16B | 06700 | Hetchy Water - Power Only Projects - Bonds | 0 | 31,578,000 | 31,578,000 |
| CUH10200 | HHPX5TCPF15A | 5TCPF15A | 06700 | Hetchy Joint Projects - Water - Bonds | 11,889,900 | 0 | 11,889,900 |
| CUH10200 | HHPX5TCPF16A | 5TCPF16A | 06700 | Hetchy Joint Projects - Water - Bonds | 0 | 15,300,000 | 15,300,000 |
| CUH10200 | 511021 | 5TAAACP | 06700 | Hetchy Joint Projects - Power - Revenue | 14,532,100 | 0 | 14,532,100 |
| CUH10200 | HHPX5TCPF16B | 5TCPF16B | 06700 | Hetchy Joint Projects - Power - Bonds | 0 | 18,700,000 | 18,700,000 |
| TOTAL - Project Costs | | | | | 107,570,000 | 92,884,000 | 200,454,000 |

| | | | | | | | |
|--------------------------------------|--------------|----------|-------|---|-------------------|-------------------|-------------------|
| CUH30000 | HHPX5TCPF15A | 5TCPF15A | 06700 | Hetchy Water Financing Costs | 6,411,666 | 0 | 6,411,666 |
| CUH30000 | HHPX5TCPF16A | 5TCPF16A | 06700 | Hetchy Water Financing Costs | 0 | 3,894,326 | 3,894,326 |
| CUH30000 | HHPX5TCPF15B | 5TCPF15B | 06700 | Hetchy Power Financing Costs | 8,771,298 | 0 | 8,771,298 |
| CUH30000 | HHPX5TCPF16B | 5TCPF16B | 06700 | Hetchy Power Financing Costs | 0 | 14,590,271 | 14,590,271 |
| CUH30000 | HHPX5TCPF15A | 5TCPF15A | 081C4 | Hetchy Water - City Services Auditor | 63,420 | 0 | 63,420 |
| CUH30000 | HHPX5TCPF16A | 5TCPF16A | 081C4 | Hetchy Water - City Services Auditor | 0 | 38,520 | 38,520 |
| CUH30000 | HHPX5TCPF15B | 5TCPF15B | 081C4 | Hetchy Power - City Services Auditor | 151,720 | 0 | 151,720 |
| CUH30000 | HHPX5TCPF16B | 5TCPF16B | 081C4 | Hetchy Power - City Services Auditor | 0 | 147,248 | 147,248 |
| CUH30000 | HHPX5TCPF15A | 5TCPF15A | 081XX | Hetchy Water - Revenue Bond Oversight Committee | 19,102 | 0 | 19,102 |
| CUH30000 | HHPX5TCPF16A | 5TCPF16A | 081XX | Hetchy Water - Revenue Bond Oversight Committee | 0 | 11,602 | 11,602 |
| CUH30000 | HHPX5TCPF15B | 5TCPF15B | 081XX | Hetchy Power - Revenue Bond Oversight Committee | 20,992 | 0 | 20,992 |
| CUH30000 | HHPX5TCPF16B | 5TCPF16B | 081XX | Hetchy Power - Revenue Bond Oversight Committee | 0 | 34,671 | 34,671 |
| Total - Financing/Other Costs | | | | | 15,438,198 | 18,716,638 | 34,154,836 |

| | | | | | | | |
|--------------|--|--|--|--|--------------------|--------------------|--------------------|
| TOTAL | | | | | 123,008,198 | 111,600,638 | 234,608,836 |
|--------------|--|--|--|--|--------------------|--------------------|--------------------|

Funding Source

| Project | Index Code | SUB FUND | SUB-OBJ | Description of Appropriation or Fund | FY 2014-15 | FY 2015-16 | Amount |
|--------------|--------------|----------|---------|--------------------------------------|--------------|------------|--------------|
| CUH30000 | *HHP5TCPF14A | 5TCPF14A | 80111 | Power Revenue Bonds | (15,099,665) | 0 | (15,099,665) |
| CUH30000 | *HHP5TCPF15B | 5TCPF15B | 80111 | Power Revenue Bonds | 15,099,665 | 0 | 15,099,665 |
| TOTAL | | | | | 0 | 0 | 0 |

Use of Funds

| | | | | | | | |
|--------------|--------------|----------|-------|---|--------------|----------|--------------|
| CUH10100 | HHPX5TCPF14A | 5TCPF14A | 06700 | Hetchy Water - Up-Country Power Infrastructure Projects | (12,276,150) | 0 | (12,276,150) |
| CUH30000 | HHPX5TCPF14A | 5TCPF14A | 06700 | Hetchy Power Financing Costs | (2,625,188) | 0 | (2,625,188) |
| CUH30000 | HHPX5TCPF14A | 5TCPF14A | 081C4 | Hetchy Power - City Services Auditor | (190,777) | 0 | (190,777) |
| CUH30000 | HHPX5TCPF14A | 5TCPF14A | 081XX | Hetchy Power - Revenue Bond Oversight Committee | (7,550) | 0 | (7,550) |
| CUH10100 | HHPX5TCPF15B | 5TCPF15B | 06700 | Hetchy Water - Up-Country Power Infrastructure Projects | 12,276,150 | 0 | 12,276,150 |
| CUH30000 | HHPX5TCPF15B | 5TCPF15B | 06700 | Hetchy Power Financing Costs | 2,625,188 | 0 | 2,625,188 |
| CUH30000 | HHPX5TCPF15B | 5TCPF15B | 081C4 | Hetchy Power - City Services Auditor | 190,777 | 0 | 190,777 |
| CUH30000 | HHPX5TCPF15B | 5TCPF15B | 081XX | Hetchy Power - Revenue Bond Oversight Committee | 7,550 | 0 | 7,550 |
| TOTAL | | | | | 0 | 0 | 0 |

Transfer Cap-and-Trade Auction Revenue from Programmatic to Capital Project

| Project | Index Code | SUB FUND | SUB-OBJ | Description of Appropriation or Fund | FY 2014-15 | FY 2015-16 | Amount |
|--------------|--------------|----------|---------|--------------------------------------|-------------|------------|-------------|
| PUHCAP01 | 548249 | 5TAAACP | 79988 | Hetchy Power Cap and Trade Allowance | (1,169,798) | 0 | (1,169,798) |
| CUHCAP00 | HHPCAPAAAACP | 5TAAACP | 79988 | Hetchy Power Cap and Trade Allowance | 1,169,798 | 0 | 1,169,798 |
| TOTAL | | | | | 0 | 0 | 0 |

Use of Funds

| | | | | | | | |
|----------|--------------|---------|-------|--------------------------------------|-----------|---|-----------|
| CUHCAP00 | HHPCAPAAAACP | 5TAAACP | 06700 | Hetchy Power Cap and Trade Allowance | 1,169,798 | 0 | 1,169,798 |
|----------|--------------|---------|-------|--------------------------------------|-----------|---|-----------|

Budget Transfer between Hetchy Projects

Funding Source

| Project | Index Code | SUB FUND | SUB-OBJ | Description of Appropriation or Fund | FY 2014-15 | FY 2015-16 | Amount |
|--------------|-------------|----------|---------|--|-------------|------------|-------------|
| CUH89101 | UHUHZZZ505T | 5TAAACP | 9505T | ITI from Hetchy Funds (Hetchy Revenue) | (2,500,000) | 0 | (2,500,000) |
| CUH97201 | UHUHZZZ505T | 5TAAACP | 9505T | ITI from Hetchy Funds (Hetchy Revenue) | 2,500,000 | 0 | 2,500,000 |
| TOTAL | | | | | 0 | 0 | 0 |

Use of Funds

| | | | | | | | |
|--------------|--------|---------|-------|--|-------------|----------|-------------|
| CUH89101 | 518911 | 5TAAACP | 06700 | Hetchy Power - Telemetering Municipal Load | (2,500,000) | 0 | (2,500,000) |
| CUH97201 | 539721 | 5TAAACP | 06700 | Hetchy Power - Load Meter Program | 2,500,000 | 0 | 2,500,000 |
| TOTAL | | | | | 0 | 0 | 0 |

| | |
|--|---|
| <p>Items 6 and 8 Files 14-0480 and 14-0482</p> | <p>Department: Public Utilities Commission (PUC)</p> |
| <p>EXECUTIVE SUMMARY</p> | |
| <p style="text-align: center;">Legislative Objectives</p> | |
| <ul style="list-style-type: none"> • The proposed supplemental appropriation ordinance authorizes \$215,108,836 of Hetch Hetchy revenues, Cap and Trade allowances, and Power and Water Revenue Bonds for the PUC Hetch Hetchy Capital Improvement Program, including \$103,508,198 in FY 2014-15, and \$111,600,638 in FY 2015-16 and places \$172,735,378 of these funds on Controller’s reserve by project subject to PUC and Board of Supervisors’ approval following completion of project-related analysis pursuant to the California Environmental Quality Act, where required, and receipt of proceeds of indebtedness and loan funds. • The proposed ordinance (File 14-0482) authorizes the issuance and sale of power revenue bonds by the PUC in an amount not to exceed \$111,326,842, to finance a portion of the costs to design, acquire and construct various capital projects benefiting the PUC Power Enterprise. | |
| <p style="text-align: center;">Key Points</p> | |
| <ul style="list-style-type: none"> • The Public Utilities Commission approved the 10-year Hetch Hetchy Enterprise Capital Plan in May 2014. The Hetch Hetchy Capital Plan calls for \$1.25 billion in total capital expenditures over 10 years, of which \$750 million is for power projects and \$500 million is for water projects. • The appropriation includes funding to provide construction and permanent electric services to the new Transbay Transit Center, including adjacent bus ramps, and the new bus storage facility at Stillman Street. It also includes funding to install a new underground 12-kV electric distribution system on Treasure Island, which will replace the existing overhead 12-kV system. Finally, includes funding to rehabilitate the Lower Cherry Aqueduct, which supplements the primary Hetchy Reservoir supply during a drought year. | |
| <p style="text-align: center;">Fiscal Impact</p> | |
| <ul style="list-style-type: none"> • The sources of funding for the proposed supplemental appropriation include Hetch Hetchy revenue bonds, re-appropriation of surplus Hetch Hetchy capital project funds, the Hetch Hetchy Cap and Trade allowance, and de-appropriation and re-appropriation of \$19.5 million of Budget and Finance Committee reserves intended for Clean Power SF. • The proposed ordinance authorizing PUC to sell up to \$111,326,842 in revenue bonds delegates the authority to the PUC to determine the timing, amount and manner of the sale. The first revenue bond sale of approximately \$54 million, including previously authorized bonds, is scheduled to occur in October, 2014, and is anticipated to be sold on a negotiated basis because these bonds are a new and unique credit that are not expected to generate a number of competitive bid | |

- Debt service payments will be covered by Hetch Hetchy Enterprise revenues from the sale of electricity. The electricity rate charged to the City's enterprise departments and other non-General Fund agencies is currently \$.13/kWH. This rate will remain flat through FY 2014-15, and will be increased by 3% annually starting in FY 2015-16. The City's General Fund departments pay a subsidized rate, which will increase by \$.01/kWH in FY 2014-15, FY 2015-16, and FY 2016-17 and by \$.005/kWH annually thereafter.

Policy Consideration

- The proposed ordinance (File 14-0480) de-appropriates the \$19.5 million originally appropriated by the Board of Supervisors to CleanPowerSF and re-appropriates these funds as a source of revenues for the proposed Hetch Hetchy Enterprise capital projects. As an alternative, the Board of Supervisors could:
 - Appropriate on-going annual savings of approximately \$800,000 and one-time savings of \$388,263, identified by the Budget and Legislative Analyst in the FY 2014-15 and FY 2015-16 PUC budgets and allocated to Hetch Hetchy Enterprise power projects, to CleanPowerSF; and/or
 - Increase the issuance of power bonds by up to approximately \$8.8 million, from the requested amount of \$111,326,842 to an estimated amount of \$120,126,842, thus reducing the de-appropriation and re-appropriation of the \$19.5 million on reserve for the CleanPowerSF program by \$8.8 million. Ongoing debt service for the additional \$8.8 million would be funded by the approximate \$800,000 in annual savings identified by the Budget and Legislative Analyst.

Recommendations

- Approve the proposed ordinance authorizing the issuance of revenue bonds (File 14-0482).
- Approve \$215,108,836 of the requested appropriation of \$234,608,836 (File 14-0480), which represents a reduction of \$19,500,000.
- Approval of the balance of \$19,500,000, which has been previously appropriated by the Board of Supervisors for CleanPowerSF, is a policy matter for the Board of Supervisors.

MANDATE STATEMENT / BACKGROUND

Charter Section 9.107(6, 8) states that the Board of Supervisors is authorized to provide for the issuance of revenue bonds. Revenue bonds shall be issued only with the assent of a majority of the voters upon any proposition for the issuance of revenue bonds, except that no voter approval shall be required with respect to revenue bonds:

Issued for the purpose of the reconstruction or replacement of existing water facilities or electric power facilities or combinations of water and electric power facilities under the jurisdiction of the Public Utilities Commission, when authorized by resolution adopted by a three-fourths affirmative vote of all members of the Board of Supervisors; and

Issued to finance or refinance the acquisition, construction, installation, equipping, improvement or rehabilitation of equipment or facilities for renewable energy and energy conservation.

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

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

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

Background

The San Francisco PUC has provided electricity services to San Francisco customers and the Modesto and Turlock Irrigation Districts since the construction of the Hetch Hetchy project in 1918. Currently, the PUC serves 140 megawatts (MW) of retail customer demand.

The Hetch Hetchy Enterprise is responsible for power trading and scheduling, customer relations and billing, in-City facilities, distribution infrastructure, street lights, public policy and financial planning). The Hetch Hetchy Enterprise is also responsible for all water and power facilities at Hetch Hetchy.

Power sales must generate sufficient revenues to fund the Hetch Hetchy Enterprise's operating expenses while funding capital investments to provide safe and reliable service and maintaining stable and affordable electrical rates. According to Harlan Kelly, General Manager of the PUC, the Hetch Hetchy Enterprise must plan for several interrelated challenges in the coming years, including:

- Identifying and securing additional revenues needed to fund essential capital investments in aging Hetch Hetchy infrastructure and in-City facilities;
- Identifying additional revenues to fund “build-out” of local renewable and energy efficiency projects;
- Interconnection arrangements with Pacific Gas & Electric (PG&E) that will serve the City’s best interests and are consistent with the Raker Act¹;
- Changes to energy management strategies that will accompany the expiration of the current transmission and distribution (T&D) agreement with PG&E, including ways to deploy available Hetch Hetchy power to best serve the community; and
- Identifying opportunities to serve more San Francisco customers, which will benefit those customers and help fund capital needs and public policy programs.

DETAILS OF PROPOSED LEGISLATION

File 14-0482: The proposed ordinance authorizes the issuance and sale of power revenue bonds by the PUC in an amount not to exceed \$111,326,842 to finance a portion of the costs to design, acquire and construct various capital projects benefitting the PUC Power Enterprise.

File 14-0480: The proposed ordinance appropriates (1) \$215,108,836 of Hetch Hetchy revenues, Cap and Trade allowances, and revenue bonds and re-appropriates \$19,500,000 previously appropriated by the Board of Supervisors for Clean Power SF, totaling \$234,608,836, to the Hetch Hetchy Capital Improvement Program; and (2) places \$172,735,378 by project on Controller’s reserve pending PUC and Board of Supervisors approval of California Environmental Quality Act (CEQA) findings and Controller’s certification of available funds.

FISCAL IMPACT

File 14-0482:

The proposed ordinance, authorizing PUC to issue and sell up to \$111,326,842 in power revenue bonds, delegates the authority to the PUC to determine the timing, amount and manner of sale (e.g., whether the sale is competitive or negotiated). According to Michael Brown, of PUC Capital Finance, the first revenue bond sale of approximately \$54.0 million, including previously authorized bonds, is scheduled to occur in October, 2014, and is anticipated to be sold on a negotiated basis because these bonds are a new and unique credit for the PUC. According to Mr. Brown, the PUC anticipates selling the remaining \$69.3 million in revenue bonds in FY 2015-16.

¹ The Raker Act is a federal law passed in 1913 allowing San Francisco to build a dam in the Hetch Hetchy Valley.

The anticipated interest rate for the bond payments is 6%. Total estimated debt service over the 30-year term of the bonds is \$235,959,556, consisting of \$111,326,842 in principal and \$124,632,714 in interest. The estimated average annual debt service payment is \$8,427,127.

Debt service payments will be covered by Hetch Hetchy Enterprise revenues from the sale of electricity. The electricity rate charged to the City's enterprise departments and other non-General Fund agencies is currently \$.13/kWH. This rate will remain flat through FY 2014-15, and will be increased by 3% annually starting in FY 2015-16. The City's General Fund departments pay a subsidized rate of \$.0475/kWH in FY 13-14; this rate will increase by \$.01/kWH in FY 2014-15, FY 2015-16, and FY 2016-17, and by \$.005/kWH annually thereafter.

Consultants for the first bond issuance will be selected from the Controller's Underwriter and Financial Advisor Pool. The PUC will issue a two-page mini-solicitation to consultants in the pool and then will select a winner based on the submissions.

File 14-0480:

The proposed ordinance appropriates \$234,608,836 in various Hetch Hetchy revenues for project and bond financing and oversight costs, as shown in Table 1 below.

These Hetch Hetchy revenues include \$19.5 million which was previously appropriated by the Board of Supervisors and placed on Budget and Finance Committee reserve for CleanPowerSF. The proposed ordinance de-appropriates from that project the \$19.5 million and re-appropriates these monies to pay for the other projects listed in Table 1.

Table 1: Sources and Uses of Funds

| Sources | FY 2014-15 | FY 2015-16 | Total |
|---|----------------------|----------------------|----------------------|
| Power Bonds (File 14-0482) | \$41,984,314 | \$69,342,528 | \$111,326,842 |
| Water Bonds (Files 14-0479 and 14-0484) | 38,204,088 | 23,204,448 | 61,408,536 |
| Subtotal Bonds | 80,188,402 | 92,546,976 | 172,735,378 |
| De-appropriation CleanPowerSF | 19,500,000 | 0 | 19,500,000 |
| Continuing Capital Projects | 21,901,796 | 17,353,662 | 39,255,458 |
| Hetch Hetchy Cap and Trade Allowance | 1,418,000 | 1,700,000 | 3,118,000 |
| Subtotal Hetch Hetchy Funds | \$123,008,198 | \$111,600,638 | \$234,608,836 |
| Uses | FY 2014-15 | FY 2015-16 | Total |
| Streetlight Improvement Program | \$14,070,000 | \$11,946,000 | \$26,016,000 |
| Transbay Transit Center | 0 | 1,250,000 | 1,250,000 |
| Load meter program | 1,000,000 | 0 | 1,000,000 |
| Small renewables generation | 1,000,000 | 1,000,000 | 2,000,000 |
| Small hydro generation | 200,000 | 200,000 | 400,000 |
| SF Go Solar | 5,000,000 | 5,000,000 | 10,000,000 |
| Civic Center energy efficiency | 162,000 | 162,000 | 324,000 |
| General Fund energy efficiency | 500,000 | 500,000 | 1,000,000 |
| All other energy efficiency | 338,000 | 338,000 | 676,000 |
| Treasure Island | 3,050,000 | 2,950,000 | 6,000,000 |
| Lower Cherry Aqueduct | 18,100,000 | 0 | 18,100,000 |
| Power only projects | 36,008,000 | 31,578,000 | 67,586,000 |
| Water and power | 26,422,000 | 34,000,000 | 60,422,000 |
| Water projects | 1,720,000 | 3,960,000 | 5,680,000 |
| Subtotal Projects | 107,570,000 | 92,884,000 | 200,454,000 |
| Bond Financing Costs | 15,182,964 | 18,484,597 | 33,667,561 |
| City Services Auditor | 215,140 | 185,768 | 400,908 |
| Revenue Bond Oversight Committee | 40,094 | 46,273 | 86,367 |
| Subtotal Financing and Oversight | 15,438,198 | 18,716,638 | 34,154,836 |
| TOTAL | \$123,008,198 | \$111,600,638 | \$234,608,836 |

Source: Public Utilities Commission

The Public Utilities Commission approved the 10-year Hetch Hetchy Enterprise Capital Plan in May 2014. The Hetch Hetchy Capital Plan has \$1.25 billion in total capital expenditures over 10 years, of which \$750 million are power projects and \$500 million are water projects. Most of the projects in the Capital Plan are ongoing renovation or replacement projects.

Four of the largest projects are described below.

Power Projects

Streetlight Improvement Program

The Capital Plan calls for \$31 million, including the \$26 million listed in Table 1 above, to be expended on the Streetlight Improvement Program over a three-year period. Projects to be funded include: 3rd Street Rehabilitation; Holiday and Festivity Pole Use; the Pedestrian Lighting Project, and the Rehabilitation of Streetlight Poles, among others.

Transbay Transit Center

The Transbay Transit Center project is scheduled to receive \$1.25 million in FY 2015-16. For this project, the PUC will provide construction and permanent electric services to the new Transbay Transit Center, including adjacent bus ramps, and the new bus storage facility at Stillman Street. The PUC, pursuant to an agreement with the Transbay Joint Powers Authority, will provide electric service to the Transit Center by installing two 12-kilovolt (kV) electric circuits, 12-kV switchgear, transformers, and other electrical equipment. According to Brown, PUC will charge the Transbay Joint Powers Authority electricity rates sufficient to recover the costs.

Treasure Island

The \$6 million requested for the Treasure Island plan is consistent with the Hetch Hetchy Enterprise's prior ten-year capital plans. The funds will be spent on the installation of a new underground 12-kV electric distribution system that replaces the existing overhead 12-kV system. The PUC, as the electric utility provider, will be responsible for installing the wires in the conduits, transformers, switches, and metering equipment and connecting the existing electrical distribution with the new system. According to Brown, PUC will charge the Treasure Island Development Authority rates sufficient to recover the costs.

Water ProjectLower Cherry Aqueduct

The \$18.1 million request for the Lower Cherry Aqueduct was not previously budgeted in the Hetch Hetchy Enterprise's prior ten-year capital plan. The Lower Cherry Aqueduct system consists of a low head, gated diversion structure and a series of tunnels, open canals and enclosed pipes that are used to convey water from Cherry Creek to Early Intake Reservoir. The primary purpose of the Lower Cherry Aqueduct system is to convey a water supply that can supplement the primary Hetchy Reservoir supply during a drought year. Due to its age, and the damage caused by the Rim Fire, the Lower Cherry Aqueduct is unable to reliably convey the supplemental water supply from Cherry Creek to Early Intake Reservoir, thus necessitating the Lower Cherry Aqueduct Rehabilitation Project.

POLICY CONSIDERATION**The proposed appropriation ordinance de-appropriates \$19.5 million previously appropriated by the Board of Supervisors for CleanPowerSF**

On September 18, 2012, the Board of Supervisors approved Ordinance 11-1340, which appropriated \$19.5 million from Hetch Hetchy's fund balance for the San Francisco Community Choice Aggregation (CCA) program, also known as CleanPowerSF. The appropriation designated required reserves of \$13 million for PUC, of which \$11.5 million is for the proposed contract with Shell Energy North America (Shell); \$6 million for local sustainability services, and \$500,000 for related start-up costs.

The purpose of CleanPowerSF was to allow San Francisco residents and businesses to purchase electricity from 100% renewable sources. Ordinance 11-1340 authorized the General Manager

of the PUC to enter into a four-and-a-half year contract with Shell to provide customers with clean power. It was estimated that participation in the program would lead to an \$18 or 23.3% total increase in the average combined gas and electricity bill to San Francisco residents and businesses.

The proposed ordinance (File 14-0480) de-appropriates the \$19.5 million originally allocated to CleanPowerSF and re-appropriates these funds as a source of revenues for the proposed capital projects listed in Table 1 above.

The PUC has provided the Budget and Legislative Analyst's Office with alternative scenarios, in which the PUC would fund the proposed projects with \$19.5 million in operating or bond revenues, rather than de-appropriating the subject \$19.5 million. According to the PUC analysis, each of these scenarios would result in an electricity rate surcharge to the City's General Fund and enterprise departments and other PUC customers as discussed below.

If the PUC were to fund the requested capital projects with \$19.5 million in Hetch Hetchy operating revenues, the PUC would generate the \$19.5 million over several years, depending on the amount of the surcharge. As shown in Table 2 below, if the surcharge is \$0.01 per kWh, PUC would generate \$19.3 million over six years, and if the surcharge is \$0.04 per kWh, PUC would generate \$19.5 million over two years.

Table 2: Scenarios for Raising the \$19.5 Million through Rate Surcharges

| Year | Electricity Rate Surcharge per kWh | | | |
|--------------|------------------------------------|----------------|----------------|----------------|
| | \$0.01 | \$0.02 | \$0.03 | \$0.04 |
| | Revenues Generated (\$million) | | | |
| 1 | \$3.2 | \$7.8 | \$12.4 | \$17 |
| 2 | \$3.5 | \$8.4 | \$7.1 | \$2.5 |
| 3 | \$3.8 | \$3.2 | | |
| 4 | \$4.1 | | | |
| 5 | \$4.4 | | | |
| 6 | \$3 | | | |
| Total | \$19.30 | \$19.40 | \$19.50 | \$19.50 |

Source: PUC

As shown in Table 3 below, if the PUC were to fund these projects with \$19.5 million in revenue bonds, annual debt service would range from approximately \$1,765,000 to \$2,000,000, depending on interest rates, and total debt service would range from approximately \$35.3 million to \$40.0 million. The PUC would charge an electricity rate surcharge to repay the bonds, ranging from \$0.0041 to \$0.0047 per kWh, as shown in Table 3 below.

Table 3: Scenarios for Raising the \$19.5 Million through Rate Surcharges

| Interest Rate | 4.5% | 5.0% | 5.5% | 6.0% |
|-----------------------------------|--------------|--------------|--------------|--------------|
| Annual Debt Service Over 20 Years | \$1,765,000 | \$1,840,000 | \$1,920,000 | \$2,000,000 |
| Total Debt Service | \$35,300,000 | \$36,800,000 | \$38,400,000 | \$40,000,000 |
| Electricity Rate Surcharge | \$0.0041 | \$0.0043 | \$0.0045 | \$0.0047 |

Source: PUC

In order to retain sufficient funds to implement CleanPowerSF, the Board of Supervisors could:

- (1) Appropriate on-going annual savings of approximately \$800,000 and one-time savings of \$388,263, identified by the Budget and Legislative Analyst in the FY 2014-15 and FY 2015-16 PUC budgets and allocated to Hetch Hetchy Enterprise power projects, to CleanPowerSF; and/or
- (2) Increase the issuance of power bonds by up to approximately \$8.8 million, from the requested amount of \$111,326,842 to an estimated amount of \$120,126,842, thus reducing the de-appropriation and re-appropriation of the \$19.5 million on reserve for the CleanPowerSF program by \$8.8 million. Ongoing debt service for the additional \$8.8 million would be funded by the approximate \$800,000 in annual savings identified by the Budget and Legislative Analyst.

The amount of funds required to implement CleanPowerSF could potentially be less than the \$19.5 million if a future contract to implement CleanPowerSF requires a lower amount of reserves than the \$11.5 million in reserves required under the proposed contract with Shell.

RECOMMENDATIONS

1. Approve the proposed ordinance authorizing the issuance of revenue bonds (File 14-0482).
2. Approve \$215,108,836 of the requested appropriation of \$234,608,836 (File 14-0480), which represents a reduction of \$19,500,000.
3. Approval of the balance of \$19,500,000, which has been previously appropriated by the Board of Supervisors for CleanPowerSF, is a policy matter for the Board of Supervisors.

OFFICE OF THE MAYOR
SAN FRANCISCO



RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
EDWIN M. LEE
MAYOR

MAY 1 11 3: 13
ke

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *rs* Mayor Edwin M. Lee *ke*
RE: Appropriation - Proceeds from Revenue Bonds, Hetch Hetchy Revenue, Cap and Trade Allowance of \$215,108,836 for Hetch Hetchy Water and Power Capital Improvements and Amending - Ordinances 110-12, 123-12, and 200-12 - FY2014-2015 and FY2015-2016
DATE: May 1, 2014

Attached for introduction to the Board of Supervisors is the ordinance appropriating \$215,108,836 of Hetch Hetchy revenue, Cap and Trade Allowance, Power and Water Revenue Bonds for the San Francisco Public Utilities Commission (SFPUC) Hetch Hetchy Capital Improvement Program for Fiscal Year 2014-2015 at \$103,508,198 and Fiscal Year 2015-2016 at \$111,600,638; and placing \$172,735,378 on Controller's reserve by project, subject to SFPUC and Board of Supervisors' approval following completion of project-related analysis pursuant to the California Environmental Quality Act (CEQA), where required, and receipt of proceeds of indebtedness and loan funds.

Ordinance amending adopted capital appropriation ordinances 110-12, 123-12, and 200-12 for the San Francisco Public Utilities Commission including de-appropriation and re-appropriation \$16,269,463 of Bond Proceeds and Cap and Trade Allowance Revenue; de-appropriating and re-appropriating \$18,769,463 of the Hetch Hetchy Capital Improvement Program projects; and de-appropriating and re-appropriating \$19,500,000 of the CleanPowerSF Community Choice Aggregation program.

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

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