

File No. 150970

Committee Item No. 2

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance

Date October 21, 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 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 |
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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 |

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Completed by: Victor Young Date October 16, 2015
 Completed by: _____ Date _____

[Appropriation and De-Appropriation - \$25,692,151 Consisting of \$20,819,204.36 in Fund Balance, \$665,000 in Cosco Busan Settlement Proceeds and \$4,207,946.64 in Surplus Project Expenditures to the Port Commission - FY2015-2016]

Ordinance appropriating \$25,692,151 consisting of \$20,819,204.36 in fund balance, \$665,000 in Cosco Busan settlement proceeds and de-appropriating \$4,207,946.64 from surplus capital project expenditures to the Port Commission to support the completion of the Port Commission's ten year capital plan in FY2015-2016.

Note: Additions are single-underline italics Times New Roman; deletions are ~~strikethrough italics Times New Roman~~. Board amendment additions are double underlined. Board amendment deletions are ~~strikethrough normal~~.

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 projected funding available in FY2015-2016.

SOURCES Appropriation

| Fund | Index/Project Code | Subobject | Description | Amount |
|---|--------------------|-----------|--------------|-----------------|
| 5P AAA AAA | *PRT5PAAAAAA | 99999B | FUND BALANCE | \$20,819,204.36 |
| Port - Operating - Non- Project - Controlled | | | | |

| | Fund | Index/Project Code | Subobject | Description | Amount |
|---|------------------------------------|---------------------------|------------------|--------------------|------------------------|
| 1 | | | | | |
| 2 | 2S ENV CRP | 97COSCOREC | 25990 | COSCO BUSAN | \$665,000.00 |
| 3 | Environmental Protection | GECOSC-00 | Settlement | SETTLEMENT | |
| 4 | Program – Continuing | | | | |
| 5 | | | | | |
| 6 | Total SOURCES Appropriation | | | | \$21,484,204.36 |

Section 2. The uses of funding outlined below are herein de-appropriated to reflect the projected funding available in FY2015-2016.

USES De-appropriation

| | Fund | Index / Project Code | Subobject | Description | Amount |
|----|---------------------------|-----------------------------|------------------|--------------------|----------------|
| 12 | | | | | |
| 13 | 5P AAA ACP | 392601 | 06700 Buildings, | PORT ADA | (\$700,000.00) |
| 14 | Port – Continuing Project | CPO-680-01 | Structures, and | TRANSITION | |
| 15 | Operating Fund | | Improvement | PLAN | |
| 16 | | | Project-Budget | | |
| 17 | | | | | |
| 18 | 5P AAA ACP | 392601 | 06700 Buildings, | ILLINOIS STREET | (\$18,875.27) |
| 19 | Port – Continuing Project | CPO-687-01 | Structures, and | BRIDGE | |
| 20 | Operating Fund | | Improvement | | |
| 21 | | | Project-Budget | | |
| 22 | | | | | |
| 23 | | | | | |
| 24 | | | | | |
| 25 | | | | | |

| | Fund | Index / Project Code | Subobject | Description | Amount |
|----|---------------------------|----------------------|------------------|--------------|----------------|
| 1 | | | | | |
| 2 | 5P AAA ACP | 392601 | 06700 Buildings, | PIER 45C | (\$7,822.19) |
| 3 | Port – Continuing Project | CPO-717-01 | Structures, and | DEVELOPMENT | |
| 4 | Operating Fund | | Improvement | DESIGN | |
| 5 | | | Project-Budget | | |
| 6 | | | | | |
| 7 | 5P AAA ACP | 392601 | 06700 Buildings, | FISHERMANS | (\$25,960.80) |
| 8 | Port – Continuing Project | CPO-728-01 | Structures, and | WHARF, | |
| 9 | Operating Fund | | Improvement | TRIANGLE | |
| 10 | | | Project-Budget | PARKING LOT | |
| 11 | | | | | |
| 12 | 5P AAA ACP | 392601 | 06700 Buildings, | FERRY | (\$22,197.98) |
| 13 | Port – Continuing Project | CPO-739-01 | Structures, and | TERMINAL | |
| 14 | Operating Fund | | Improvement | PUBLIC PIER | |
| 15 | | | Project-Budget | | |
| 16 | | | | | |
| 17 | 5P AAA ACP | 392601 | 06700 Buildings, | BRANNAN | (\$162,383.75) |
| 18 | Port – Continuing Project | CPO-765-IN | Structures, and | STREET WHARF | |
| 19 | Operating Fund | | Improvement | BSW INTEREST | |
| 20 | | | Project-Budget | | |
| 21 | | | | | |
| 22 | 5P AAA ACP | 392601 | 06700 Buildings, | BRANNAN | (\$78,153.46) |
| 23 | Port – Continuing Project | CPO-765-02 | Structures, and | STREET WHARF | |
| 24 | Operating Fund | | Improvement | BSW PORT | |
| 25 | | | Project-Budget | FUNDS | |

| 1 | Fund | Index / Project Code | Subobject | Description | Amount |
|----|---------------------------|----------------------|------------------|-----------------|----------------|
| 2 | 5P AAA ACP | 392601 | 06700 Buildings, | BRANNAN | (\$47,836.84) |
| 3 | Port – Continuing Project | CPO-765-03 | Structures, and | STREET WHARF | |
| 4 | Operating Fund | | Improvement | PIER 36 | |
| 5 | | | Project-Budget | DEMOLITION | |
| 6 | | | | | |
| 7 | 5P AAA ACP | 392601 | 06700 Buildings, | BRANNAN | (\$490,779.59) |
| 8 | Port – Continuing Project | CPO-765-10 | Structures, and | STREET WHARF | |
| 9 | Operating Fund | | Improvement | BSW | |
| 10 | | | Project-Budget | CONSTRUCTION | |
| 11 | | | | | |
| 12 | 5P AAA ACP | 392601 | 06700 Buildings, | PIER 35 | (\$18,526.12) |
| 13 | Port – Continuing Project | CPO-767-01 | Structures, and | SECURITY & | |
| 14 | Operating Fund | | Improvement | LIFE SAFETY | |
| 15 | | | Project-Budget | PROJECT | |
| 16 | | | | | |
| 17 | 5P AAA ACP | 392601 | 06700 Buildings, | PIER 33-35 CURB | (\$86,464.97) |
| 18 | Port – Continuing Project | CPO-777-01 | Structures, and | CUT PROJECT | |
| 19 | Operating Fund | | Improvement | | |
| 20 | | | Project-Budget | | |
| 21 | | | | | |
| 22 | 5P AAA ACP | 392601 | 06700 Buildings, | FW HARBOR | (\$39,072.69) |
| 23 | Port – Continuing Project | CPO-783-01 | Structures, and | OFFICE & SFPD | |
| 24 | Operating Fund | | Improvement | MARINE UNIT | |
| 25 | | | Project-Budget | HDQT | |

| 1 | Fund | Index / Project Code | Subobject | Description | Amount |
|----|---------------------------|----------------------|------------------|----------------|----------------|
| 2 | 5P AAA ACP | 392601 | 06700 Buildings, | FW HARBOR | (\$21,658.44) |
| 3 | Port – Continuing Project | CPO-783-03-01-01 | Structures, and | OFFICE & SFPD | |
| 4 | Operating Fund | | Improvement | MARINE UNIT | |
| 5 | | | Project-Budget | HDQT | |
| 6 | | | | | |
| 7 | 5P AAA ACP | 392601 | 06700 Buildings, | PIER 29 ANNEX | (\$3,099.70) |
| 8 | Port – Continuing Project | CPO-784-01 | Structures, and | BLDG. PAINTING | |
| 9 | Operating Fund | | Improvement | PROJECT | |
| 10 | | | Project-Budget | | |
| 11 | | | | | |
| 12 | 5P AAA ACP | 392601 | 06700 Buildings, | PIER 45 FENDER | (\$401,385.85) |
| 13 | Port – Continuing Project | CPO-787-01 | Structures, and | & CAMELS | |
| 14 | Operating Fund | | Improvement | PROJECT | |
| 15 | | | Project-Budget | | |
| 16 | | | | | |
| 17 | 5P AAA ACP | 392601 | 06700 Buildings, | PIER 70 | (\$300,000.00) |
| 18 | Port – Continuing Project | CPO-792-01 | Structures, and | BUILDING | |
| 19 | Operating Fund | | Improvement | 2 REPAIRS | |
| 20 | | | Project-Budget | | |
| 21 | | | | | |
| 22 | 5P AAA ACP | 392601 | 06700 Buildings, | AC34 | (\$972,027.49) |
| 23 | Port – Continuing Project | CPO-927-01-01 | Structures, and | IMPROVMENTS | |
| 24 | Operating Fund | | Improvement | | |
| 25 | | | Project-Budget | | |

| | Fund | Index / Project Code | Subobject | Description | Amount |
|----|------------------------------------|-----------------------------|------------------|--------------------|--------------------------------|
| 1 | | | | | |
| 2 | 5P AAA ACP | 392601 | 06700 Buildings, | AC34 | (\$109,868.50) |
| 3 | Port – Continuing Project | CPO-927-09-01-01 | Structures, and | IMPROVEMENTS | |
| 4 | Operating Fund | | Improvement | AC34 ENVIRON. | |
| 5 | | | Project-Budget | PLAN | |
| 6 | | | | | |
| 7 | 5P AAA ACP | 392601 | 06700 Buildings, | AC34 | (\$350,000.00) |
| 8 | Port – Continuing Project | CPO-927-11-01-01 | Structures, and | IMPROVEMENTS | |
| 9 | Operating Fund | | Improvement | AC34 A&E SVCS | |
| 10 | | | Project-Budget | | |
| 11 | | | | | |
| 12 | 5P AAA ACP | 392601 | 06700 Buildings, | EMERGENCY | (\$351,833.00) |
| 13 | Port – Continuing Project | CPO-755-03-01 | Structures, and | REMOVAL OF | |
| 14 | Operating Fund | | Improvement | DRYDOCK #1 | |
| 15 | | | Project-Budget | | |
| 16 | Total USES De-appropriation | | | | <u>(\$4,207,946.64)</u> |
| 17 | | | | | |

Section 3. The uses of funding outlined below are herein appropriated in FY2015-2016 in Subobject 06700 (Buildings, Structures, and Improvement Project-Budget) and reflect the projected uses of funding to support the Port Commission in the completion of its ten year capital plan.

1 **USES Appropriation**

| 2 | Fund | Index/Project Code | Subobject | Description | Amount |
|----|---------------------------|--------------------|------------------|---------------|----------------|
| 3 | 5P AAA ACP | 392601 | 06700 Buildings, | SOUTHERN | \$8,500,000.00 |
| 4 | Port – Continuing Project | CPO-923-01 | Structures, and | WATERFRONT | |
| 5 | Operating Fund | | Improvement | BACKLANDS | |
| 6 | | | Project-Budget | | |
| 7 | | | | | |
| 8 | 5P AAA ACP | 392601 | 06700 Buildings, | BAE | \$3,000,000.00 |
| 9 | Port – Continuing Project | CPO-935-02 | Structures, and | ELECTRICAL | |
| 10 | Operating Fund | | Improvement | SERVICE | |
| 11 | | | Project-Budget | SEPARATION | |
| 12 | | | | | |
| 13 | 5P AAA ACP | 392601 | 06700 Buildings, | ROOF REPAIR | \$2,833,151.00 |
| 14 | Port – Continuing Project | CPO-759-13 | Structures, and | PROJECT, PIER | |
| 15 | Operating Fund | | Improvement | 23 ROOF | |
| 16 | | | Project-Budget | REPLACEMENT | |
| 17 | | | | | |
| 18 | 5P AAA ACP | 392601 | 06700 Buildings, | SAN FRANCISCO | \$2,150,000.00 |
| 19 | Port – Continuing Project | CPO-937-01 | Structures, and | BAY FILL | |
| 20 | Operating Fund | | Improvement | REMOVAL | |
| 21 | | | Project-Budget | | |
| 22 | | | | | |
| 23 | 5P AAA ACP | 392601 | 06700 Buildings, | CENTRAL BASIN | \$2,000,000.00 |
| 24 | Port – Continuing Project | CPO-936-01 | Structures, and | DREDGING | |
| 25 | Operating Fund | | Improvement | | |

| | Fund | Index/Project Code | Subobject | Description | Amount |
|----|---------------------------|--------------------|------------------|---------------|----------------|
| 1 | | | | | |
| 2 | 5P AAA ACP | 392601 | 06700 Buildings, | QUINT STREET | \$1,480,000.00 |
| 3 | Port – Continuing Project | CPO-186-02 | Structures, and | LEAD | |
| 4 | Operating Fund | | Improvement | IMPROVEMENT | |
| 5 | | | Project-Budget | PROJECT | |
| 6 | | | | | |
| 7 | 5P AAA ACP | 392601 | 06700 Buildings, | SEAWALL & | \$1,000,000.00 |
| 8 | Port – Continuing Project | CPO-756-01 | Structures, and | MARGINAL | |
| 9 | Operating Fund | | Improvement | WHARF REPAIR | |
| 10 | | | Project-Budget | PROJECT | |
| 11 | | | | | |
| 12 | 5P AAA ACP | 392601 | 06700 Buildings, | NORTHERN | \$1,000,000.00 |
| 13 | Port – Continuing Project | CPO-930-02 | Structures, and | WATERFRONT | |
| 14 | Operating Fund | | Improvement | HISTORIC PIER | |
| 15 | | | Project-Budget | STRUCTURES | |
| 16 | | | | REPAIR | |
| 17 | | | | | |
| 18 | 5P AAA ACP | 392601 | 06700 Buildings, | PIER | \$730,000.00 |
| 19 | Port – Continuing Project | CPO-778-33-01-01 | Structures, and | STRUCTURES | |
| 20 | Operating Fund | | Improvement | REPAIR | |
| 21 | | | Project-Budget | PROJECT, | |
| 22 | | | | PHASE II | |
| 23 | | | | | |
| 24 | | | | | |
| 25 | | | | | |

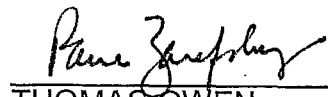
| | Fund | Index/Project Code | Subobject | Description | Amount |
|----|---------------------------|--------------------|------------------|---------------|--------------|
| 1 | | | | | |
| 2 | 5P AAA ACP | 392601 | 06700 Buildings, | HERON'S HEAD | \$665,000.00 |
| 3 | Port – Continuing Project | CPO-938-01-01 | Structures, and | PARK CITY | |
| 4 | Operating Fund | | Improvement | CLOSURE & | |
| 5 | | | Project-Budget | WETLANDS | |
| 6 | | | | ENHANCEMENT | |
| 7 | | | | | |
| 8 | 5P AAA ACP | 392601 | 06700 Buildings, | NORTHERN | \$664,000.00 |
| 9 | Port – Continuing Project | CPO-930-03 | Structures, and | WATERFRONT | |
| 10 | Operating Fund | | Improvement | HISTORIC PIER | |
| 11 | | | Project-Budget | STRUCTURES | |
| 12 | | | | REPAIR | |
| 13 | | | | | |
| 14 | 5P AAA ACP | 392601 | 06700 Buildings, | FERRY | \$520,000.00 |
| 15 | Port – Continuing Project | CPO-785-01 | Structures, and | TERMINAL | |
| 16 | Operating Fund | | Improvement | FLOAT REPAIRS | |
| 17 | | | Project-Budget | | |
| 18 | | | | | |
| 19 | 5P AAA ACP | 392601 | 06700 Buildings, | PIER | \$500,000.00 |
| 20 | Port – Continuing Project | CPO-778-32 | Structures, and | STRUCTURES | |
| 21 | Operating Fund | | Improvement | REPAIR PROJ, | |
| 22 | | | Project-Budget | PHASE II – | |
| 23 | | | | LADDERS & | |
| 24 | | | | SKYLIGHTS | |
| 25 | | | | | |

| | Fund | Index/Project Code | Subobject | Description | Amount |
|----|---------------------------------|---------------------------|------------------|--------------------|-------------------------------|
| 1 | | | | | |
| 2 | 5P AAA ACP | 392601 | 06700 Buildings, | SOUTHERN | \$300,000.00 |
| 3 | Port – Continuing Project | CPO-794-03 | Structures, and | WATERFRONT | |
| 4 | Operating Fund | | Improvement | OPEN SPACE | |
| 5 | | | Project-Budget | ENHANCEMENT / | |
| 6 | | | | ALT ENERGY | |
| 7 | | | | | |
| 8 | 5P AAA ACP | 392601 | 06700 Buildings, | ENV'TAL | \$250,000.00 |
| 9 | Port – Continuing Project | CPO-760-02 | Structures, and | ASSESSMENT & | |
| 10 | Operating Fund | | Improvement | REMEDICATION | |
| 11 | | | Project-Budget | PROJECT | |
| 12 | | | | | |
| 13 | 5P AAA ACP | 392601 | 06700 Buildings, | EMERGENCY | \$100,000.00 |
| 14 | Port – Continuing Project | CPO-619-01 | Structures, and | FACILITY | |
| 15 | Operating Fund | | Improvement | MAINTENANCE | |
| 16 | | | Project-Budget | | |
| 17 | | | | | |
| 18 | Total USES Appropriation | | | | <u>\$25,692,151.00</u> |

20 Section 4. 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 with Generally Accepted Accounting Principles.

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

By: 
for THOMAS OWEN
Deputy City Attorney

FUNDS AVAILABLE
BEN ROSENFELD, Controller

By: 

| | |
|---|------------------------------------|
| <p>Item 2 File 15-0970</p> | <p>Department: Port</p> |
| <p>EXECUTIVE SUMMARY</p> | |
| <p style="text-align: center;">Legislative Objectives</p> | |
| <ul style="list-style-type: none"> • Ordinance appropriating \$25,692,151 to support 16 projects in the Port Commission’s Ten Year Capital Plan in FY 2015-16, consisting of \$20,819,204 from the Port’s fund balance, \$665,000 from the Cosco Busan settlement proceeds and \$4,207,947 from surplus capital project expenditures. | |
| <p style="text-align: center;">Key Points</p> | |
| <ul style="list-style-type: none"> • On February 10, 2015, the Port Commission approved the Ten Year Capital Plan, which was subsequently approved by the Board of Supervisors on April 21, 2015, as part of the City’s Ten Year Capital Plan. The Port’s Capital Plan includes \$1.62 billion of capital projects to be completed over the next ten years. However, the Port projects an estimated \$609.4 million of various funding sources to pay for these capital projects, leaving an unfunded backlog of capital projects of approximately \$1.01 billion. | |
| <p style="text-align: center;">Fiscal Impact</p> | |
| <ul style="list-style-type: none"> • The major funding sources include (a) \$15,275,205 from Pacific Gas & Electric (PG&E) for prepaid rent to construct and operate a three-mile underwater cable for 40 years; (b) \$5,543,999 of Other Operating Surpluses from the closeout of the Port’s FY 2014-15 budget; (c) \$665,000 from Cosco Busan settlement proceeds; and (d) \$4,207,947 from capital project surpluses, which resulted from 15 individual Port capital projects being completed, with surplus fund balances remaining. • A description of each of the 16 proposed capital projects, provided by the Port, is contained in an Attachment to this report. • The Port’s Ten Year Capital Plan already assumed the PG&E funding source and the capital project surpluses for a total of \$19,483,152, such that the requested \$25,692,151 supplemental appropriation will only reduce the Port’s Capital Plan funding shortfall by \$6,208,999. This additional \$6,208,999 revenue source will not substantially change the Port’s projected \$1.01 billion unfunded backlog of capital projects. • The Port anticipates increasing cash flow from five of the proposed capital projects representing \$16,747,500 of the requested capital funding. The largest proposed capital project, the Southern Waterfront Backlands Project, at an estimated cost of \$8,500,000, is projected to generate an estimated \$8,554,204 of net new revenues for the Port over the next ten years. Over the next ten years, all five projects capital investments are estimated to generate \$16,768,940 in net new and preserved revenues that are anticipated to be used to further address and fund the Port’s capital project backlog. | |
| <p style="text-align: center;">Recommendation</p> | |
| <ul style="list-style-type: none"> • Approve the proposed ordinance. | |

MANDATE STATEMENT / BACKGROUND**Mandate Statement**

City Charter Section 9.105 provides that amendments to the Annual Appropriations Ordinance, after the Controller certifies the availability of funds, are subject to Board of Supervisors approval by ordinance.

Background

On February 10, 2015, the Port Commission approved the Port's Ten Year Capital Plan for FY 2016-2025 (Port Resolution No. 15-05), which was subsequently approved by the Board of Supervisors on April 21, 2015, as part of the City's Ten Year Capital Plan. The Port's Capital Plan includes \$1.62 billion of identified capital project need¹ to be completed over the next ten years, including

- (a) \$570.3 million of existing backlog of deferred maintenance;
- (b) \$612.9 million to maintain existing facilities in good repair; and
- (c) \$439.2 million for other one-time improvements.

The Port does not currently generate sufficient revenues to fund the capital needs of the Port. However, the Port's Ten Year Capital Plan projects an estimated \$609.4 million of various funding sources to pay for these capital projects, leaving an unfunded backlog of capital projects of approximately \$1.01 billion (\$1.62 billion less \$609.4 million). On March 13, 2012, the Port Commission adopted a capital policy to (a) appropriate a minimum of 20% of operating revenues for capital projects, increasing to 25% in FY 2017-18, and (b) appropriate one-time revenues and surplus net operating revenues for additional capital needs.

The Port has a Capital Project Technical Review Committee, comprised of ten staff with representation from each of the Port's operating divisions (i.e. Engineering, Maritime, Real Estate, Planning & Development, Maintenance, and Finance & Administration) that reviewed, scored and ranked each of various capital projects based on the Port's seven strategic goals and priorities.²

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would appropriate \$25,692,151 to pay for 16 projects in the Port Commission's Ten Year Capital Plan in FY 2015-16, consisting of \$20,819,204 from the Port's fund balance, \$665,000 from the Cosco Busan settlement proceeds and \$4,207,947 from surplus capital project expenditures.

¹ This \$1.62 billion does not include an additional estimated \$476.3 million for conditional seismic work which may or may not be required over the next ten years.

² The Port's strategic goals and priorities are: (1) addressing safety, health, code or regulatory issues or threats to the environment; (2) significantly reducing potential liability to the Port; (3) promoting commerce, navigation or fisheries; (3) attracting people to the waterfront; (5) promoting natural and cultural resources; (6) preserving existing Port revenues; and/or (7) generating and/or leveraging additional revenues for the Port.

FISCAL IMPACT

Table 1 below identifies each of the \$25,692,151 of funding sources in the proposed supplemental appropriation.

Table 1: Port Funding Sources for the Requested \$25,692,151 Supplemental Appropriation

| | |
|--|---------------------|
| FY 2014-15 Projected Fund Balance | |
| - PG&E One-Time Payment | \$15,275,205 |
| - Other Operating Surplus | 5,543,999 |
| Total Fund Balance | \$20,819,204 |
| Cosco Busan Settlement Proceeds | 665,000 |
| Capital Project Surplus | |
| - Port ADA Transition Plan | \$700,000 |
| - Illinois Street Bridge | 18,875 |
| - Pier 45C Development Design | 7,822 |
| - Fisherman’s Wharf Triangle Parking Lot | 25,961 |
| - Ferry Terminal Public Pier | 22,198 |
| - Brannan Street Wharf, Interest* | 162,384 |
| - Brannan Street Wharf, Port Funds* | 78,153 |
| - Brannan Street Wharf, Pier 36 Demolition* | 47,837 |
| - Brannan Street Wharf, Construction* | 490,780 |
| - Pier 35 Security and Life Safety Project | 18,526 |
| - Pier 33-35 Curb Cut Project | 86,465 |
| - Harbor Office and Police Department Marine Unit Headquarters | 39,073 |
| - Marine Unit Headquarters, Joint Operations & Security Center | 21,658 |
| - Pier 29 Annex Building Painting Project | 3,100 |
| - Pier 45 Fender & Camels Project | 401,386 |
| - Pier 70 Building No. 2 Repairs | 300,000 |
| - AC34 Improvements** | 972,027 |
| - AC34 Improvements – Environmental Plan** | 109,869 |
| - AC 34 Improvements – Architecture & Engineering Services** | 350,000 |
| - Emergency Removal of Drydock #1 | 351,833 |
| Total Capital Project Surplus | \$4,207,947 |
| Total Port Funding Sources Available | \$25,692,151 |

*Total of \$779,154 for the Brannan Street Wharf Project.

**Total of \$1,431,896 for the America’s Cup 34 Project.

Description of Major Port Funding Sources

- \$15,275,205 from Pacific Gas & Electric (PG&E) received in two 2014 payments for prepaid rent to the Port for PG&E to construct and operate a three-mile underwater cable on Port property from the Embarcadero Station to Potrero Substation for 40 years, or through 2054.
- \$5,543,999 of Other Operating Surpluses from the closeout of the Port’s FY 2014-15 budget, which resulted in higher revenues than originally budgeted, primarily due to additional

parking revenues, and greater expenditure savings, primarily from controlling non-personnel costs and delays in hiring positions.

- \$665,000 from Cosco Busan Settlement Proceeds, which resulted from a major oil spill in San Francisco Bay on November 7, 2007 from a container ship, Cosco Busan. Based on a 2011 settlement agreement, the City received a total of \$1,130,174, including \$465,174 for the Recreation and Park Department's India Basin small boating complex project and \$665,000 for the Port's Heron's Head Park shoreline stabilization project.
- \$4,207,947 from Capital Project Surpluses, which resulted from 15 individual Port capital projects being completed, with surplus Port fund balances remaining in the project budget appropriations. A few of the more significant project surplus balances include the (1) Port ADA Transition Plan, adopted in 2004, which has been primarily completed, based on availability of alternative funding sources and that ADA compliance is now included in the scope of future projects, resulting in \$700,000 of available funds; (2) Brannan Street Wharf project, with total original budgeted Port funds of \$18.5 million, has now been completed, resulting in a total of \$779,154 of available Port funds; and (3) America's Cup 34 (AC34), which primarily achieved savings from using Port maintenance staff for pier work, instead of contracting staff for improvements, has \$1,431,896 total available funds to re-appropriate.

Table 2 below identifies the 16 Port capital projects totaling the requested \$25,692,151.

Table 2: Proposed Capital Projects

| | |
|---|---------------------|
| - Southern Waterfront Backlands | \$8,500,000 |
| - BAE Electrical Service Separation | 3,000,000 |
| - Pier 23 Roof Replacement | 2,833,151 |
| - Pile Removal/Bay Fill Removal | 2,150,000 |
| - Central Basin Dredging, Federal Match | 2,000,000 |
| - Quint Street Lead, Railroad & Railway Improvements | 1,480,000 |
| - Seawall Study/Seawall & Marginal Wharf Repair Project | 1,000,000 |
| - Northern Waterfront Historic Pier Structures Repair Project | 1,000,000 |
| - Pier 29 Substructure Improvements, Phase II | 730,000 |
| - Heron's Head Park Stabilization and Wetlands Enhancement | 665,000 |
| - Northern Waterfront Pier, Beltline Building, Phase II | 664,000 |
| - Ferry Terminal Float Repairs | 520,000 |
| - Pier Structure Repairs- Ladders & Skylights | 500,000 |
| - Southern Waterfront, Pier 70 Sediment Cap | 300,000 |
| - Environmental Assessment & Remediation-Pier 39 Sediment | 250,000 |
| - Emergency Capital & Facility Maintenance Funding | 100,000 |
| Total | \$25,692,151 |

Description of 16 Port Capital Projects

A description of each of the 16 proposed capital projects, provided by the Port, is contained in an Attachment to this report.

The Port estimates that these projects can be completed in the next three years, contingent on available Federal funding for the Central Basin Dredging project and the determination of the scope of the project for the Heron’s Head Park Stabilization Project.

Fiscal Impact on Capital Plan

Ms. Meghan Wallace, Budget Manager at the Port advises that the Port’s Ten Year Capital Plan already assumed the \$15,275,205 PG&E funding source and the \$4,207,947 capital project surpluses funding source, or a total of \$19,483,152. As a result, the requested \$25,692,151 supplemental appropriation will only reduce the Port’s Capital Plan funding shortfall by \$6,208,999 (\$25,692,151 less \$19,483,152) from the FY 2014-15 other operating surplus and the Cosco Busan settlement proceeds. This additional \$6,208,999 revenue source will not substantially change the Port’s projected \$1.01 billion unfunded backlog of capital projects.

However, the Port anticipates receiving higher revenues by increasing the cash flow resulting from at least five of the proposed capital projects. Table 3 below identifies five of the proposed capital projects representing \$16,747,500 of the requested capital funding, which are projected to generate new or preserve existing revenues for the Port. For example, the largest proposed capital project, the Southern Waterfront Backlands Project, at an estimated cost of \$8,500,000, is projected to generate an estimated \$8,554,204 of net new revenues for the Port over the next ten years. As shown in Table 3 below, the estimated payback period for all five projects capital investments is six years, generating an estimated \$16,768,940 in net new and preserved revenues over the next ten years that are anticipated to be used to further address and fund the Port’s capital project backlog.

Table 3: Five Port Projects Projections of Costs and Revenue Generation

| Project | Backlands Project | Central Basin Dredging [^] | Pier 23 Roof Replacement | Beltline Building, Phase II | Pier 29 Substructure Repairs | Total | Net Revenues |
|------------|-------------------|-------------------------------------|--------------------------|-----------------------------|------------------------------|--------------|--------------|
| Year 0 | (8,500,000) | (2,000,000) | (2,833,000) | (664,500) | (2,750,000) | (16,747,500) | |
| 1 | 615,816 | 175,000 | 193,425 | 49,582 | 309,229 | 1,343,052 | (15,404,448) |
| 2 | 1,268,582 | 360,500 | 300,795 | 90,916 | 638,466 | 2,659,258 | (12,745,190) |
| 3 | 1,979,756 | 556,973 | 402,362 | 93,643 | 657,619 | 3,690,354 | (9,054,836) |
| 4 | 2,039,149 | 764,909 | 414,433 | 96,452 | 677,348 | 3,992,291 | (5,062,545) |
| 5 | 2,100,323 | 787,856 | 426,866 | 99,346 | 697,668 | 4,112,059 | (950,485) |
| 6 | 2,163,333 | 811,492 | 439,672 | 102,326 | 718,599 | 4,235,422 | 3,284,937 |
| 7 | 2,228,233 | 835,837 | 452,862 | 105,396 | 740,157 | 4,362,485 | 7,647,421 |
| 8 | 2,295,080 | 860,912 | 466,448 | 108,558 | 762,361 | 4,493,359 | 12,140,780 |
| 9 | 2,363,932 | 886,739 | 480,442 | 111,815 | 785,232 | 4,628,160 | 16,768,940 |
| 10 Yr. Net | 8,554,204 | 4,040,218 | 744,305 | 193,534 | 3,236,679 | 16,768,940 | |

[^] represents preservation of revenues that would otherwise be lost
 * capital project costs are shown in year 0

RECOMMENDATION

Approve the proposed ordinance.

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *for* Mayor Edwin M. Lee *NE*
RE: Appropriation and De-Appropriation - \$25,692,151 consisting of
\$20,819,204.36 in fund balance, \$665,000 in Cosco Busan settlement
proceeds and \$4,207,946.64 in Surplus Project Expenditures to the Port
Commission - FY2015-2016
DATE: September 29, 2015

Attached for introduction to the Board of Supervisors is an ordinance appropriating \$25,692,151 consisting of \$20,819,204.36 in fund balance, \$665,000 in Cosco Busan settlement proceeds and de-appropriating \$4,207,946.64 from surplus capital project expenditures to the Port Commission to support the completion of the Port Commissions ten year capital plan in FY2015-2016.

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

Should you have any questions, please contact Nicole Elliott (415) 554-7940.

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