

[Appropriation - Proceeds from Special Tax Bonds - Transbay Transit Center Project - FY2018-2019 - \$200,000,000]

Ordinance appropriating \$200,000,000 of Special Tax Bonds, Series 2018A and Series 2018B, for financing related to the Transbay Transit Center Project and Transbay Plan Infrastructure Project in FY2018-2019.

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

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 funding available for Fiscal Year 2018-19.

SOURCES Appropriation

Fund / Department ID	Project & Activity / Authority	Account	Description	Amount
XXXXX /	XXXXXXXX-XXXX /	.80199	Proceeds From	\$200,000,000
XXXXXX	XXXXX	Proceeds From Long Term Obligation	Long Term Obligation	
Total SOURCES Appropriation				\$200,000,000

1 Section 2. The uses of funding outlined below are herein appropriated and reflect the
 2 projected uses of funding for the Transbay Transit Center Project in Fiscal Year 2018-19.

3
 4 **USES Appropriation**

5 Fund /	Project & Activity /	Account	Description	Amount
6 Department ID	Authority			
7 XXXXX /	XXXXXXXX-XXXX /	539200	Transbay Transit	\$147,741,045
8 XXXXXX	XXXXX	Loans Issued by City	Center Project Fund	
9				
10 XXXXX /	10012730-0001 /	567000	Transbay Plan	\$29,031,261
11 207954	PW Transit Center	Buildings, Structures &	Infrastructure	
12 DPW IDC	Stscp Budget	Improvement	Project Fund	
13 Budgetary				
14				
15 XXXXX /	XXXXXXXX-XXXX /	539200	BART Infrastructure	\$2,032,882
16 XXXXXX	XXXXX	Loans Issued by City	Project Fund	
17				
18 XXXXX /	XXXXXXXX-XXXX /	570000	Debt Service	\$15,020,943
19 XXXXXX	XXXXX	Debt Service – Budget	Reserve Fund	
20				
21				
22 XXXXX /	XXXXXXXX-XXXX /	574120	Capitalized Interest	\$2,882,924
23 XXXXXX	XXXXX	Bond Interest –	Fund	
24		Capitalized		
25				

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	XXXXX /	XXXXXXXXX-XXXX /	XXXXXX	Cost of Issuance	\$3,232,882
4	XXXXXX	XXXXX	Cost of Issuance – Tax		
5			Revenue Anticipation		
6			Notes		
7					
8	XXXXX /	XXXXXXXXX-XXXX /	581130	CSA 0.2%	\$58,063
9	XXXXXX	XXXXX	GF-CON-Internal Audits	Controller's Audit	
10				Fund	
11					
12	Total USES Appropriation				\$200,000,000


14 Section 3. The uses of funding outlined above for \$200,000,000 are herein placed on
15 Controller's Reserve pending sale of the Special Revenue Tax Bonds and approval from the
16 Controller's Office of Public Finance for the fund release.

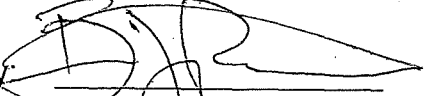
17
18 Section 4. The Controller is authorized to record transfers between funds and adjust
19 the accounting treatment of sources and uses appropriated in this ordinance as necessary to
20 conform with Generally Accepted Accounting Principles.

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APPROVED AS TO FORM
DENNIS J. HERRERA, City Attorney

FUNDS AVAILABLE
BEN ROSENFELD, Controller

By: 
BUCK DELVENTHAL
Deputy City Attorney

By: 
BEN ROSENFELD
Controller

Item 7 Files 18-0932	Department:
EXECUTIVE SUMMARY	
Legislative Objectives	
<p>The proposed ordinance appropriates up to \$200,000,000 of Special Tax Bonds, Series 2018A and Series 2018B, for financing related to the Transbay Transit Center Project and Transbay Plan Infrastructure Project in FY 2018-19.</p>	
Key Points	
<ul style="list-style-type: none"> • In September 2014, the Board of Supervisor authorized the formation of a community facilities district (CFD) for new large developments located near the new Transbay Transit Center to provide funding for public infrastructure, including the rooftop park, train box, Caltrain extension, and streetscape improvements. In January 2015, the Board of Supervisors authorized the issuance and sale of not to exceed \$1.4 billion in special tax bonds for the Transbay Transit Center CFD. • The City completed the first issuance of bonds in November 2017 in the amount of \$207.5 million. A second issuance in the amount of \$200 million is currently pending before the Board of Supervisors. The bonds are not secured by public funds. 	
Fiscal Impact	
<ul style="list-style-type: none"> • Of the \$200,000,000 appropriation of bond proceeds, \$29,031,261 is appropriated to the Department of Public Works for streetscape improvements in the CFD. • Funding for the streetscape improvements would remain on Controller's Reserve until cash for the projects is needed in FY 2019-20 and FY 2020-21, at which time the bonds would be sold. • Although the Office of Public Finance currently anticipates selling approximately \$173 million in bonds, a variety of market conditions could change to be more favorable at the time of sale, which would result in project funds above the estimated \$173 million. 	
Recommendation	
<ul style="list-style-type: none"> • Approve the proposed ordinance. 	

MANDATE STATEMENT

City Charter Section 9.105 states 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

In September 2014, the Board of Supervisor authorized the formation of a Mello-Roos community facilities district (CFD) for new large developments located immediately south of Market Street near the new Transbay Transit Center (known as the Salesforce Transit Center) to provide funding for the Transbay project and related public infrastructure (File No. 14-0814; Resolution No. 350-14). Properties that receive a zoning bonus that allows for development exceeding the current height and floor-to-area ratios in the City's Planning Code must participate in the CFD.

In January 2015, the Board of Supervisors authorized the issuance and sale of not to exceed \$1.4 billion in special tax bonds for the Transbay Transit Center CFD (File No. 15-0018; Resolution No. 002-15).

Pursuant to a Joint Community Facilities Agreement between the City and the Transbay Joint Powers Authority, 82.6 percent of the CFD proceeds will finance a portion of the Transbay project, including the rooftop park, train box, and Caltrain extension. The remaining 17.4 percent of proceeds will finance streetscape improvements within the CFD and capacity enhancements for the closest Bay Area Rapid Transit District (BART) stations.

In November 2017, the City completed the first issuance of Transbay Transit Center CFD bonds (Series 2017A and 2017B) in the aggregate amount of \$207.5 million.

A proposed resolution currently pending before the Board of Supervisors would authorize the second issuance of Transbay Transit Center CFD bonds (Series 2018A and 2018B) in an amount not to exceed \$200 million (File No. 18-0940). Based on project cost estimates and schedules, the Office of Public Finance expects to deliver approximately \$173 million in bond proceeds based on assumptions about market conditions expected at the time of sale.

Both the 2017 and 2018 bonds are secured by a pledge of special tax revenues collected in the CFD. Special taxes are levied on certain properties in the CFD for 30 years following issuance of both a Certificate of Occupancy and Tax Commencement Authorization. According to the Office of Public Finance, in FY 2018-19, the CFD anticipates collecting approximately \$15.5 million in special tax revenues, with collections increasing to approximately \$19.4 million by the end of FY 2019-20, and to approximately \$19.8 million by the end of FY 2020-21. The bonds are not secured by public funds.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance appropriates up to \$200,000,000 of Special Tax Bonds, Series 2018A and Series 2018B, for financing related to the Transbay Transit Center Project and Transbay Plan Infrastructure Project in FY 2018-19.

Estimated sources and uses of the funds available for FY 2018-19 are shown below.

Sources and Uses of Funds¹

	Amount
Sources	
Bond Proceeds	\$200,000,000
Total Sources	\$200,000,000
Uses	
Transbay Transit Center Project Fund	\$147,741,045
Streetscape Improvements	29,031,261
BART Infrastructure Improvements	2,032,882
Subtotal, Project Costs	\$178,805,188
Debt Service Reserve	15,020,943
Capitalized Interest	2,882,924
Cost of Issuance	3,232,882
City Services Auditor (0.2% of proceeds)	58,063
Subtotal, Reserves, Interest, Issuance, and Other Costs	\$21,194,812
Total Uses	\$200,000,000

The uses of the funding outlined above would be placed on Controller’s Reserve pending sale of the special revenue tax bonds and approval from the Controller’s Office of Public Finance for the fund release.

FISCAL IMPACT

Of the \$200,000,000 appropriation of bond proceeds, \$29,031,261 is appropriated to the Department of Public Works for the following streetscape improvements.

¹ As discussed further below, the Office of Public Finance expects the bond par amount to be \$173 million rather than \$200 million based on market conditions. According to the September 21, 2018 memorandum from the Office of Public Finance to the Board of Supervisors, a bond par amount of \$173 million would reduce project funds from \$178.8 million (shown in the table above) to \$154.4 million.

Streetscape Improvement Projects and Budgets

Project Description	FY 2019-20	FY 2020-21	Total
Improvements on Howard St between 3 rd St and Embarcadero, including pedestrian signal at under ramp park; reconfigure Steuart St from one-way to two-way between Howard St and Mission St with mid-block pedestrian signal	\$13,135,276	\$8,231,173	\$21,366,448
Beale St loading improvements for Casual Carpool dropoff between Clementina St and Howard St	2,482,125		2,482,125
Beale St sidewalk, bicycle facility, and loading improvements between Market St and Mission St	3,723,188		3,723,188
Install pedestrian crossing signal on Beale St at Clementina St	672,000		672,000
Improve pedestrian connection between MoMA and Transit Center on Natoma St	262,500		262,500
Install striped bike lane on Main Street and pedestrian crossing at Clementina St on Main Street	525,000		525,000
Total	\$20,800,088	\$8,231,173	\$29,031,261

According to Mr. Devin Macaulay, Budget Manager at Public Works, funding for the streetscape improvements would remain on Controller’s Reserve until cash for the projects is needed in FY 2019-20 and FY 2020-21, at which time the bonds would be sold.

According to Ms. Jamie Querubin, Deputy Director of the Controller’s Office of Public Finance, actual bond proceeds will depend on market conditions at time of the bond sales. Although the Office of Public Finance anticipates selling approximately \$173 million in bonds based on current market conditions, the requested appropriation of not-to-exceed \$200 million exceeds this amount to provide flexibility should market conditions be more favorable at the time of sale. Conditions that could result in a change in the anticipated project fund and/or par amount above the estimated \$173 million include: (1) bonds issued on a federally tax-exempt basis; (2) bonds issued with a debt service reserve fund surety policy or smaller cash reserve fund; (3) fluctuations in market interest rates between the date of authorization by the Board of Supervisors and the sale of the bonds; (4) changes in required deposits for capitalized interest; and (5) changes in estimated delivery date expenses.

Based on current market conditions, the Office of Public Finance estimates average annual debt service of approximately \$10.7 million, based on a 30-year term and an overall borrowing cost of 4.27 percent for the issuance of federally taxable bonds. The anticipated total par amount of \$173 million is estimated to result in \$153 million in interest payments and total debt service of approximately \$328.5 million over the life of the bonds.

RECOMMENDATION

Approve the proposed ordinance.

President, District 10
BOARD of SUPERVISORS



BOS-11, COB, Deps., A. J. Lee
BoF Clerk, Dep City Atty,
Mayer's Office, BOS IT, Ops
City Hall

1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689

Tel. No. 554-7670
Fax No. 554-7674
TDD/TTY No. 544-5227

Malia Cohen

PRESIDENTIAL ACTION

Date: 09/26/18

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,

Pursuant to Board Rules, I am hereby:

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

File No. 180932 Department _____
(Primary Sponsor)

Title. [Appropriation - Proceeds from Special Tax Bonds - Transbay Transit Center Project -

Transferring (Board Rule No 3.3)

File No. _____ (Primary Sponsor)

Title. _____

From: _____ Committee

To: _____ Committee

Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor _____

Replacing Supervisor _____

For: _____ Meeting
(Date) (Committee)

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BY _____

Malia Cohen, President
Board of Supervisors

OFFICE OF THE MAYOR
SAN FRANCISCO



LONDON N. BREED
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Mayor London Breed *LKB*
RE: Appropriation - Proceeds from Special Tax Bonds - Transbay Transit
Center Project – FY 2018-19 - \$200,000,000
DATE: September 25, 2018

Ordinance appropriating \$200,000,000 of Special Tax Bonds, Series 2018A and Series 2018B for financing related to the Transbay Transit Center Project and Transbay Plan Infrastructure Project in Fiscal Year 2018-19.

Should you have any questions, please contact Kanishka Karunaratne Cheng at 554-6696.

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