

File No. 200837

Committee Item No. 10

Board Item No. 38

# COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget & Appropriations Committee Date August 13, 2020

Board of Supervisors Meeting Date September 22, 2020

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- SFPUC Resolution No. 20-0031
- \_\_\_\_\_
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Completed by: Linda Wong Date August 7, 2020

Completed by: Linda Wong Date September 8, 2020

1 [San Francisco Public Utilities Commission Wastewater Revenue Bond Issuance - Various  
2 Capital Wastewater Projects Benefitting the Wastewater Enterprise - Not to Exceed  
3 \$349,919,252]

4 **Ordinance authorizing the issuance and sale of tax-exempt or taxable Wastewater**  
5 **Revenue Bonds and other forms of indebtedness, as defined herein, by the San**  
6 **Francisco Public Utilities Commission (Commission) in an aggregate principal amount**  
7 **not to exceed \$349,919,252 to finance the costs of various capital wastewater projects**  
8 **benefitting the Wastewater Enterprise pursuant to amendments to the Charter of the**  
9 **City and County of San Francisco enacted by the voters on November 5, 2002, as**  
10 **Proposition E; authorizing the issuance of Wastewater Revenue Refunding Bonds and**  
11 **the retirement of outstanding Wastewater Enterprise Commercial Paper; declaring the**  
12 **Official Intent of the Commission to reimburse itself with one or more issues of tax-**  
13 **exempt bonds or other forms of indebtedness, as defined herein; and ratifying**  
14 **previous actions taken in connection therewith, as defined herein.**

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

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

23 Section 1. Findings. The Board of Supervisors ( "Board") of the City hereby finds  
24 and declares as follows:

1           A.     On November 5, 2002, the voters of the City and County of San Francisco (the  
2 “City”) approved Proposition E (“Proposition E”), which among other things, authorized the  
3 San Francisco Public Utilities Commission (“Commission”) to issue revenue bonds, including  
4 notes, commercial paper or other forms of indebtedness (which forms of indebtedness may  
5 include without limitation for purposes of Proposition E, loans and other forms of indebtedness  
6 provided by governmental agencies and/or commercial or investment banks), when  
7 authorized by ordinance approved by a two-thirds vote of the Board of Supervisors, for the  
8 purpose of reconstructing, replacing, expanding, repairing or improving water facilities or  
9 clean water facilities or combinations of water and clean water facilities under the jurisdiction  
10 of the Commission; and

11           B.     The Commission adopted the Indenture dated as of January 1, 2003, as further  
12 amended and supplemented from time to time (“Indenture”), between the Commission and U.  
13 S. Bank National Association and in connection therewith, has from time to time issued  
14 revenue bonds to finance projects benefitting the Wastewater Enterprise; and

15           C.     By Resolution 20-0031 adopted by the Commission on February 11, 2020  
16 (“Commission Resolution”) the Commission has determined to issue Wastewater Revenue  
17 Bonds (“Wastewater Revenue Bonds”) and other forms of indebtedness (including without  
18 limitation SRF Loans or WIFIA Loans , as described below), as well as interim funding  
19 vehicles such as commercial paper, revolving credit notes, bond anticipation notes or other  
20 forms of notes, which interim funding vehicles will be issued in advance of being paid off by  
21 either Wastewater Revenue Bonds or other forms of indebtedness (including, without  
22 limitation and for illustrative purposes only, SRF Loans or WIFIA Loans), to finance the costs  
23 of various capital wastewater projects benefitting the Wastewater Enterprise ("Capital  
24 Improvement Projects", such projects being more fully described in the Commission  
25 Resolution), pursuant to Proposition E, and has formally requested this Board to authorize the

1 issuance and sale of Wastewater Revenue Bonds for such purposes, such Commission  
2 Resolution being on file with the Clerk of the Board in File No. 200837; and

3 ///

4 D. Pursuant to Section 43.5 of the San Francisco Administrative Code (“Article V”),  
5 enacted by Ordinance No. 203-98 adopted by the Board on June 8, 1998, and signed by the  
6 Mayor of the City on June 19, 1998, as amended by Ordinance No. 270-06, adopted on  
7 October 24, 2006 by the Board and signed by the Mayor on October 31, 2006, the Board  
8 established a procedure pursuant to which the Commission may issue short-term  
9 indebtedness, including the issuance of commercial paper in anticipation of the issuance of  
10 revenue bonds; and

11 E. The Commission has authorized pursuant to Resolution No. 17-0086, approved  
12 by the Commission on April 25, 2017, and the Board has approved pursuant to Resolution No.  
13 193-17, adopted by the Board on May 23, 2017, and signed by the Mayor on May 26, 2017, a  
14 resolution to increase the Wastewater CP Program to an aggregate principal amount not to  
15 exceed \$750 million of commercial paper notes outstanding at any one time, and the  
16 Commission has caused from time to time wastewater commercial paper to be issued; and

17 F. In order to finance the costs of the Capital Improvement Projects, the Board now  
18 desires to authorize pursuant to Proposition E the issuance and sale of Wastewater Revenue  
19 Bonds and other forms of indebtedness for such purposes, including without limitation State  
20 Revolving Fund Loans and/or grants from the State Water Resources Control Board (“SRF  
21 Loans”) or U.S. Environmental Protection Agency Water Infrastructure Finance and Innovation  
22 Act loans (“WIFIA Loans”) and such other indebtedness as may be advantageous to the  
23 Commission; and

24 G. The Commission has paid, beginning no earlier than 60 days prior to the  
25 adoption of this Ordinance and will pay, on and after the date hereof, certain expenditures

1 (“Expenditures”) in connection with the acquisition, construction and/or equipping of the  
2 Capital Improvement Projects; and  
3 ///

4 FH. This Board is concurrently considering with this Ordinance, another Ordinance  
5 approving a Capital Improvement Program related supplemental appropriation totaling  
6 \$579,185,142 for fiscal years ending 2021 and 2022, including the proceeds of such  
7 Wastewater Revenue Bonds and other forms of indebtedness (including, without limitation  
8 and for illustrative purposes only) SRF Loans, WIFIA Loans, commercial paper, revolving  
9 credit notes and bond anticipation notes); and

10 GI. This Board, on behalf of the Commission, adopts this Ordinance as official  
11 action of the Commission in order to comply with Treasury Regulation §1.150-2 and any other  
12 regulations of the Internal Revenue Service relating to the qualification for reimbursement of  
13 Commission expenditures incurred prior to the date of issue of the Wastewater Revenue  
14 Bonds or other forms of indebtedness (including, without limitation and for illustrative  
15 purposes only, SRF Loans, WIFIA Loans, commercial paper, revolving credit notes and bond  
16 anticipation notes).

17 J. In order to refinance the costs of any Wastewater Enterprise facilities or  
18 improvements financed with bonds issued pursuant Proposition E, the Board now desires to  
19 authorize the issuance and sale of Wastewater Revenue Refunding Bonds.

20 Section 2. Authorization to Issue Wastewater Revenue Bonds and other forms of  
21 indebtedness. The Board hereby authorizes the issuance and sale of Wastewater Revenue  
22 Bonds in one or more series from time to time by the Commission pursuant to Proposition E  
23 and in accordance with the Commission Resolution and the execution and delivery of SRF  
24 Loan or WIFIA Loan agreements or the issuance of commercial paper, revolving credit notes,  
25 or bond anticipation notes, in an aggregate principal amount not to exceed \$349,919,252

1 (inclusive of financing costs), but exclusive of refunding indebtedness), bearing a maximum  
2 rate or rates of interest of not to exceed twelve percent (12%) per annum to finance a portion  
3 of the costs of the design, acquisition and construction of the Capital Improvement Projects.  
4 Without limiting the foregoing, the Commission shall be authorized to incur SRF Loans from  
5 the State Water Resources Control Board or WIFIA Loans from the U.S. Environmental  
6 Protection Agency at such time, in such amounts, and upon such other terms and conditions  
7 as the Commission may deem advantageous. The Commission is hereby further authorized  
8 to determine the timing, amount and manner of sale (i.e., competitive or negotiated) of each  
9 series of Wastewater Revenue Bonds, commercial paper, revolving credit notes, or bond  
10 anticipation notes pursuant to this authorization; provided however, the Commission's  
11 authorization to issue Wastewater Revenue Bonds or incur other forms of indebtedness  
12 (including SRF Loans, WIFIA Loans, bond anticipation notes, commercial paper or revolving  
13 credit notes) is subject to approval by the Commission of the form of substantially final offering  
14 document related to such obligations (if any) and the approval of any related agreements,  
15 financing documents and the filing with its Board and the Clerk of the Board any certifications  
16 required by Proposition E prior to the issuance of any bonds or the incurrence of any  
17 indebtedness herein authorized. The Commission shall also file, within 30 days of any bond  
18 sale authorized hereby, with the Clerk of the Board of Supervisors a report showing the  
19 results of the sale of Wastewater Revenue Bonds, SRF Loans or other form of indebtedness  
20 including (i) principal amount sold and method of sale, (ii) true interest cost, (iii) final maturity,  
21 (iv) the facilities constructed and/or improved, and (v) a statement about the remaining  
22 bonding authorization under this Ordinance ("Bond Report"); provided however that failure to  
23 file the Bond Report shall not affect the validity of any bonds authorized hereunder.

24 Section 3. Authorization to Retire Commercial Paper. In furtherance of the purpose  
25 of managing the Commission outstanding indebtedness, the General Manager is hereby

1 authorized and directed, in consultation the City Attorney, from Available Wastewater  
2 Enterprise Revenues to retire outstanding Wastewater Enterprise Commercial Paper at such  
3 times and in such amounts advantageous to the Commission.

4 Section 4. Authorization to Issue Wastewater Revenue Refunding Bonds. ~~and to~~  
5 ~~retire Outstanding Commercial Paper.~~ The Board further authorizes and approves the  
6 issuance by the Commission of Wastewater Revenue Refunding Bonds (“Refunding Bonds”)  
7 to refund any outstanding obligations of the Wastewater Enterprise, without limitation as to  
8 principal amount, in one or more series on one or more dates, at a maximum interest rate or  
9 rates of interest not to exceed twelve percent (12%) per annum, provided that each such  
10 Refunding Bond issue is permitted under the applicable policies and procedures of the  
11 Commission and authorized by Section 9.109 of the Charter (including related ordinances and  
12 resolutions of the Board). The Refunding Bonds may be issued as tax-exempt or taxable  
13 obligations, or any combination thereof. Refunding Bonds authorized hereunder shall be  
14 subject to the further following conditions, that: (i) three percent (3%) net present value debt  
15 service savings or greater is achieved to ensure ratepayer savings (exclusive of any issuance  
16 to refund commercial paper or bond anticipation notes); (ii) that the maturity of the refunded  
17 bonds is not extended, provided that principal payments and term may be adjusted, where  
18 permitted under federal and state tax law, only if and when the underlying capital asset funded  
19 through said refunded bonds has a useful life not in excess of any limit permitted under  
20 federal and state tax law than the refunded term (iii) this authorization is subject to a 56-year  
21 term through June 30, 2056, at which time this Board may consider an extension; and (iv)  
22 the Commission shall within 30 days of any executed refunding transaction provide a  
23 refunding savings report (“Refunding Savings Report”) prepared by its financial advisors (that  
24 reflects at least a three percent (3%) net present value debt service savings) to the Board,  
25 together with a copy of the final Official Statement (if any) with respect to such series of

1 Refunding Bonds; provided that the failure to deliver such Refunding Savings Report shall in  
2 no way affect the validity of any Refunding Bonds.

3 ///

4 Section 5. Certain other Refunding Bonds. Notwithstanding the foregoing, the  
5 Commission is authorized to issue Refunding Bonds for non-economic factors, including by  
6 way of illustration, eliminating onerous covenants and obsolete provisions contained in the  
7 Commission's indenture or other security documents. The Commission shall request a waiver  
8 of the savings requirement under Section 4 for any Refunding Bonds issued for non-economic  
9 reasons, which the Board may grant by resolution. ~~In furtherance of the purpose of managing~~  
10 ~~the Commission outstanding indebtedness, the General Manager is hereby authorized and~~  
11 ~~directed, in consultation the City Attorney, from Available Wastewater Enterprise Revenues to~~  
12 ~~retire outstanding Wastewater Enterprise Commercial Paper at such times and in such~~  
13 ~~amounts advantageous to the Commission.~~

14 Section 46. Declaration of Official Intent. The Board, on behalf of the Commission,  
15 hereby declares the official intent of the Commission to reimburse the Commission with  
16 proceeds of the Wastewater Revenue Bonds or other forms of indebtedness (including SRF  
17 Loans, WIFIA Loans, bond anticipation notes or commercial paper) for the Expenditures with  
18 respect to the Capital Improvement Projects made on and after a date that is no more than 60  
19 days prior to the adoption of this Ordinance. The Commission reasonably expects on the date  
20 hereof that it will reimburse the Expenditures with proceeds of the Wastewater Revenue  
21 Bonds or other forms of indebtedness (including SRF Loans, WIFIA Loans, bond anticipation  
22 notes or commercial paper). Each said Expenditure was and will be either (A) of a type  
23 properly chargeable to a capital account under general federal income tax principles  
24 (determined in each case as of the date of the Expenditure), (B) a cost of issuance with  
25 respect to such obligations, (C) a nonrecurring item that is not customarily payable from



1 current revenues, or (D) a grant to pay a party that is not related to or an agent of the issuer  
2 so long as such grant does not impose any obligation or condition (directly or indirectly) to  
3 repay any amount to or for the benefit of the Commission. The Commission will make a  
4 reimbursement allocation, which is a written allocation by the Issuer that evidences the  
5 Commission's use of proceeds of the Wastewater Revenue Bonds or other forms of  
6 indebtedness to reimburse an Expenditure, no later than 18 months after the later of the date  
7 on which the Expenditure is paid or the component of the Capital Improvement Projects is  
8 placed in service or abandoned, but in no event more than three years after the date on which  
9 the Expenditure is paid. The Commission recognizes that exceptions are available for certain  
10 "preliminary expenditures," costs of issuance, certain de minimis amounts, expenditures by  
11 "small issuers" (based on the year of issuance and not the year of expenditure) and  
12 expenditures for construction projects of at least 5 years.

13 Section 57. General Authority. The Controller, Treasurer, the City Attorney and other  
14 officers of the City, including the Director of the Office of Public Finance, and their duly  
15 authorized deputies and agents are hereby authorized and directed, jointly and severally, to  
16 take such actions and to execute and deliver such certificates, agreements, requests or other  
17 documents, as they may deem necessary or desirable to facilitate the issuance, sale and  
18 delivery of the Wastewater Revenue Bonds, SRF Loans, WIFIA Loans, bond anticipation  
19 notes, commercial paper or Refunding Bonds, to obtain bond insurance or other credit or  
20 liquidity enhancements with respect to any such obligations, and otherwise to carry out the  
21 provisions of this Ordinance. The Commission is hereby directed to provide the final form to  
22 the Clerk of the Board of any disclosure document (if any) prepared in connection with the  
23 execution of any Wastewater Revenue Bonds, SRF Loans, WIFIA Loans, bond anticipation  
24 notes, commercial paper or Refunding Bonds, and the final executed Installment Sale  
25 Agreement or other document reflecting the incurrence of an SRF Loan or a WIFIA Loan,

1 within 30 days of the closing of such transactions; provided however that failure to provide  
2 such document shall not affect the validity of the obligations authorized hereunder. The  
3 Commission is further directed as a part of the two-year budget review to provide to this Board  
4 of Supervisors a written report about Wastewater Revenue Bonds authorized hereunder,  
5 detailing the total amount authorized, the total amount sold, the remaining authorized but  
6 unissued amount, and the bond authorization no longer necessary due to changes in projects  
7 and project financing.

8 Section 68. Ratification of Prior Actions. All actions authorized and directed by this  
9 Ordinance in connection with the issuance of the Wastewater Revenue Bonds or other forms  
10 of indebtedness (including, without limitation and for illustrative purposes only, SRF Loans,  
11 WIFIA Loans, bond anticipation notes or commercial paper), Refunding Bonds, and heretofore  
12 taken are hereby ratified, approved and confirmed by this Board.

13 Section 79. File Documents. All documents referred to as on file with the Clerk of the  
14 Board are in File Nos. 200837.

15 Section 810. Effective Date. Pursuant to Charter Section 2.105, Section 4 of this  
16 Ordinance and Sections 7 and 8 of this Ordinance as they pertain to Refunding Bonds  
17 authorized under Section 4 shall take effect immediately after its adoption. Pursuant to  
18 Charter Section 8B.124, the remainder of this Ordinance shall take effect thirty (30) days after  
19 its adoption.

20

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

23

24 By: /s/ Mark D. Blake  
25 Mark D. Blake  
Deputy City Attorney

## **LEGISLATIVE DIGEST**

[San Francisco Public Utilities Commission Wastewater Revenue Bond Issuance - Various Capital Wastewater Projects Benefitting the Wastewater Enterprise - Not to Exceed \$349,919,252]

**Ordinance authorizing the issuance and sale of tax-exempt or taxable Wastewater Revenue Bonds and other forms of indebtedness (as described below) by the San Francisco Public Utilities Commission (Commission) in an aggregate principal amount not to exceed \$349,919,252 to finance the costs of various capital wastewater projects benefitting the Wastewater Enterprise pursuant to amendments to the Charter of the City and County of San Francisco enacted by the voters on November 5, 2002 as Proposition E; authorizing the issuance of Wastewater Revenue Refunding Bonds and the retirement of outstanding Wastewater Enterprise Commercial Paper; declaring the Official Intent of the Commission to reimburse itself with one or more issues of tax-exempt bonds or other forms of indebtedness; and ratifying previous actions taken in connection therewith.**

### Existing Law

This is new legislation.

### Background Information

On November 5, 2002, the voters of the City and County of San Francisco approved Proposition E ("Proposition E") which authorized the Commission to issue revenue bonds, including notes, commercial paper or other forms of indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board of Supervisors, for the purpose of reconstructing, replacing, expanding, repairing or improving water facilities or clean water facilities or combinations of water and clean water facilities under the jurisdiction of the Commission.

The proposed Ordinance authorizes the Commission to issue and sell its Wastewater Enterprise Revenue Bonds in an amount not greater than \$349,919,252 at a maximum rate of interest of not in excess of twelve percent (12%) payable from and secured by Water Enterprise Revenues under the terms of Proposition E. The Bonds will be issued under an Indenture dated as of January 1, 2003, as further amended and supplemented from time to time, between the Commission and U. S. Bank National Association. Bonds can be issued for any purposes of the Wastewater Enterprise, including, without limitation, the financing or refinancing of capital additions, improvements, repairs and replacements to the Wastewater Enterprise.

The Commission is authorized to determine the timing, amount and manner of sale (i.e., competitive or negotiated) of each series of Wastewater Enterprise Revenue Bonds or the delivery of other forms of indebtedness (including New Clean Renewable Energy Bonds and Qualified Energy Conservation Bonds) pursuant to the proposed Ordinance; but the

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Commission's authority to issue Wastewater Enterprise Revenue Bonds or incur other forms of indebtedness is subject to further approval by the Commission of the form of substantially final offering document related to such bonds (if any) and the approval of any related financing documents.

Finally the Ordinance provides for the issuance of Refunding Bonds under Charter Section 9.109 without returning to the Board for approval provided that the Commission achieves at least 3% present value debt service savings, and satisfies other conditions contained in the Ordinance.

The authority to issue Refunding Bonds is for a 6-year term ending June 30, 2026, which may be extended by the Board.

Upon issuance of the Bonds, to the extent permitted by law, one-twentieth of one percent (0.05%) of the gross proceeds of the Bonds will be deposited in a fund established by the City Controller's Office and appropriated by the Board at the direction of the Public Utilities Revenue Bond Oversight Committee established by Proposition P.

<b>Items 5 and 8</b> <b>Files 20-0832 and 20-0837</b>	<b>Department:</b> San Francisco Public Utilities Commission (SFPUC)
<b>EXECUTIVE SUMMARY</b>	
<p><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• <u>File 20-0832</u> is an ordinance appropriating \$579,185,142 of proceeds from Wastewater Revenue Bonds, State of California Water Resources Control Board’s revolving loan funds (State Loan Funds) or grant funds (State Grant Funds), and Wastewater revenue and capacity fees.</li> <li>• <u>File 20-0837</u> is an ordinance authorizing the issuance of \$349,919,252 in taxable or tax-exempt Wastewater Revenue Bonds to finance the proposed capital projects</li> </ul> <p><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• The San Francisco Public Utilities Commission (SFPUC) Wastewater Enterprise has three main capital and repair and replacement programs: the Sewer System Improvement Program (SSIP), the Facilities and Infrastructure Program, and the Renewal and Replacement Program. The appropriation of \$579.2 million would fund SSIP projects, Facilities and Infrastructure projects, Renewal and Replacement projects, and bond related expenditures over the two-year period from FY 2020-21 to FY 2021-22.</li> <li>• Projects would be funded by Wastewater Revenue Bonds, Capacity Fees, and Wastewater Revenues.</li> </ul> <p><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The Board of Supervisors has previously authorized \$3.5 billion in Wastewater Revenue Bonds. The issuance of an additional \$349.9 million increases the total bond authorization to \$3.8 billion. Issuance of the bonds conforms to the SFPUC’s debt management policies. SFPUC anticipates issuing \$349.9 million in one or two series beginning in FY2021-22. According to the SFPUC’s 10 Year Financial Plan from FY 2020-21 to FY 2029-30, estimated Wastewater Enterprise annual debt service in FY 2020-21 would be \$84.3 million, increasing to \$339.2 million in FY 2029-30.</li> <li>• In order to meet operating, capital, and debt expenses, the SFPUC estimates annual sewer rate increases of 7.5 percent. The adopted annual rate increase in FY 2020-21 and in FY 2021-22 is 8 percent. Therefore, the SFPUC estimates that the average monthly residential sewer bill will increase by \$5 in FY 2020-21, from \$67in FY 2019-20 to \$72; and by \$6 in FY 2021-22 to \$78.</li> </ul> <p><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approve the proposed ordinances.</li> </ul>	

## MANDATE STATEMENT

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

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

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

## BACKGROUND

### Capital Programs

The San Francisco Public Utilities Commission (SFPUC) Wastewater Enterprise has three main capital and repair and replacement programs:

- The Sewer System Improvement Program (SSIP) includes multiple projects to improve the existing sewer collection and wastewater treatment facilities. SSIP provides for improvements to the (a) Southeast Treatment Plant Biosolids Digester and Headworks facilities; (b) the three treatment plants – Southeast, Oceanside, and Northpoint; (c) pump stations, force main, transport/storage/collection, odor control, and other components of the sewer transport, collection, storage, and treatment system; (d) stormwater mater management and flood resilience; and (e) land reuse. Phase I of the SSIP is \$3.4 billion and is anticipated to be completed in 2025. The overall SSIP is \$7.0 billion, funded by Wastewater Enterprise Revenue Bonds.
- The Wastewater Facilities and Infrastructure Program encompasses those capital improvements that fall outside of the Sewer System Improvement and Renewal and Replacement Programs. The Wastewater Facilities and Infrastructure Program addresses the following issues: maintaining SFPUC Wastewater Enterprise Levels of Service (LOS); maintaining the structural integrity of critical City infrastructure; streamlining core operational functions and processes; and employing energy efficiency components, stormwater management enhancements, seismic upgrades, spatial improvements, safety and security improvements, and other essential improvements to modernize existing facilities to current standards. The Wastewater Facilities and Infrastructure Program has seven projects totaling \$660 million, funded by Wastewater Enterprise Revenue Bonds.

- The Renewal and Replacement Program is an ongoing program, funded by revenues, capacity fees and revenue bonds. The program provides for periodic repair and replacement of the collection and treatment systems.

### DETAILS OF PROPOSED LEGISLATION

**File 20-0832** is an ordinance appropriating \$579,185,142 of proceeds from Wastewater Revenue Bonds, State of California Water Resources Control Board's revolving loan funds (State Loan Funds) or grant funds (State Grant Funds), and Wastewater revenue and capacity fees, as shown in Exhibit 1 below and detailed in Attachments I and II.

#### Exhibit 1: Appropriation Uses

	FY 2020-21	FY 2021-22	Two Year Total
Biosolid Digester		\$81,744,663	\$81,744,663
Southeast Treatment Plant	4,356,803	14,033,381	18,390,184
North Point Treatment Plant	885,007	10,209,884	11,094,891
Oceanside Treatment Plant	1,650,000	13,363,824	15,013,824
Collection System	423,216	12,710,141	13,133,357
Pump Stations	1,366,676	2,337,536	3,704,212
Flood Resilience		45,000,000	45,000,000
Green Infrastructure Projects	772,000	1,544,368	2,316,368
<b>Sewer System Improvement Program Subtotal</b>	<b>\$9,453,702</b>	<b>\$180,943,797</b>	<b>\$190,397,499</b>
Collection System	107,135,000	115,703,000	222,838,000
Treatment Facilities	25,357,500	26,625,375	51,982,875
<b>Repair and Replacement Subtotal</b>	<b>\$132,492,500</b>	<b>\$142,328,375</b>	<b>\$274,820,875</b>
Treasure Island		35,000,000	35,000,000
Ocean Beach		2,416,702	2,416,702
Southeast Community Center	4,500,000	0	4,500,000
Islais Creek Outlet	15,846,679	3,715,499	19,562,178
<b>Other Projects</b>	<b>\$20,346,679</b>	<b>\$3,715,499</b>	<b>\$24,062,178</b>
Financing, Oversight, Audits	\$8,576,185	\$43,911,703	\$52,487,888
<b>Total Uses</b>	<b>\$170,869,066</b>	<b>\$408,316,076</b>	<b>\$579,185,142</b>

Source: File 20-0832

The proposed ordinance also de-appropriates and re-appropriates \$391,415,748 in previously appropriated funds, as shown in Exhibit 2 below.

**Exhibit 2: De-appropriation and Re-appropriation of Funds**

	<b>Total</b>
<b>De-Appropriation</b>	
Central Bayside System Improvement	\$72,895,788
Biosolid Digester Project	219,802,453
Drainage Basin/ Early Implement	34,011,490
North Point Treatment Plant	64,706,017
<b>Total De-Appropriation</b>	<b>\$391,415,748</b>
<b>Re-Appropriation</b>	
Collection System	\$55,580,148
Flood Resilience/ Hydraulic Improvements	78,525,385
Sewer System Improvement Program - Program Management	7,893,744
Southeast Treatment Plan	249,416,471
<b>Total Re-Appropriation</b>	<b>\$391,415,748</b>

Source: File 20-0832

The following funds would be place on Controller's Reserve pending receipt of revenues:

- \$57,174,566 of the \$170,869,066 in new sources in FY 2020-21
- \$292,744,686 of the \$408,316,076 in new sources in FY 2021-22
- \$349,919,522 of \$391,415,748 of re-appropriated sources

Use of the appropriated funds is also subject to the Board of Supervisors' discretionary adoption of California Environmental Quality Act (CEQA) Findings for projects, following review and consideration of completed project related environmental analysis.

**File 20-0837** is an ordinance authorizing the issuance of \$349,919,252 in taxable or tax-exempt Wastewater Revenue Bonds to finance the proposed capital projects.

**Exhibit 3: Bond Financing**

	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>Two Year Total</b>
Sewer System Improvement Program	\$9,453,702	\$180,943,797	\$190,397,499
Repair and Replacement	18,798,000	26,756,985	45,554,985
Other Projects	20,346,679	41,132,201	61,478,880
<b>Subtotal Projects</b>	<b>\$48,598,381</b>	<b>\$248,832,983</b>	<b>\$297,431,364</b>
Financing Costs	8,320,209	43,534,187	51,854,396
Revenue Bond Oversight Committee, City Services			
Auditor	255,976	377,516	633,492
<b>Subtotal Financing, Oversight, Audit</b>	<b>\$8,576,185</b>	<b>\$43,911,703</b>	<b>\$52,487,888</b>
<b>Total</b>	<b>\$57,174,566</b>	<b>\$292,744,686</b>	<b>\$349,919,252</b>

Source: File 20-0832



**FISCAL IMPACT****Total Wastewater Revenue Bond Authorization**

The total SSIP is approximately \$7.0 billion in three phases, funded by Wastewater Revenue Bonds, and the current approved budget for Phase I and other projects is \$3.4 billion.<sup>1</sup> The Board of Supervisors has previously authorized \$3.5 billion in Wastewater Revenue Bonds, of which SFPUC has issued \$3.2 billion and \$272 million is authorized but not yet issued. The SFPUC's policy is to request authorization for bonds and other forms of debt to fund new capital appropriations, even if it has unused bond authority.

File 20-0837 would authorize issuance of \$349.9 million in new Wastewater Revenue Bonds, for total authorized Wastewater Revenue Bond debt of \$3.8 billion. The proposed ordinance also authorizes the issuance of refunding bonds to refinance outstanding Wastewater Revenue Bond commercial paper debt.

SFPUC Debt Management Policy

SFPUC's Debt Policy provides for issuance of short term debt, such as commercial paper, and refunding bonds.

*Commercial Paper*

The Board of Supervisors previously authorized the SFPUC Wastewater Enterprise to issue up to \$750 million in short term commercial paper (File 17-1740). The SFPUC currently has \$208 million in outstanding commercial paper which could be retired by the issuance of new Wastewater Revenue Bonds under the proposed ordinance.

*Refunding Bonds*

The proposed ordinance does not specify the amount of Wastewater Refunding Bonds that could be issued to refinance outstanding Wastewater Revenue Bond debt. SFPUC anticipates issuing refunding bonds if market conditions result in savings exceeding the minimum 3 percent debt service savings threshold and would not extend the maturity date of the bonds. This provision would end on June 30, 2025 unless extended by resolution of the Board of Supervisors. If the SFPUC issues refunding bonds, a Refunding Savings Report and copy of the final Official Statement would be submitted to the Board of Supervisors.

The proposed ordinance also provides for the SFPUC to issue refunding bonds for non-economic reasons, but issuance of refunding bonds for non-economic reasons would need to be approved by the Board of Supervisors by resolution. According to the SFPUC, the Commission has never issued refunding bonds for non-economic reasons

Bond Issuance and Debt Service

SFPUC anticipates issuing \$349.9 million in one or two series beginning in FY2021-22. According to the SFPUC's 10 Year Financial Plan from FY 2020-21 to FY 2029-30, estimated Wastewater

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<sup>1</sup> 3<sup>rd</sup> Quarter Report, page 3.

Enterprise annual debt service in FY 2020-21 would be \$84.3 million, increasing to \$339.2 million in FY 2029-30. According to Charter Section 8B.124, SFPUC must obtain certification by a qualified third party that the debt service coverage ratio will be 1.35x (i.e., earnings before interest, taxes, and amortization – EBITA – are 1.35 times the annual principal and interest payments on the debt). According to the SFPUC's 10 Year Financial Plan, estimated Wastewater Enterprise annual debt service coverage ratio in FY 2020-21 would be 2.31x, decreasing to 1.38x in FY 2029-30.

### **Sewer Rate Increases**

In order to meet operating, capital, and debt expenses, the SFPUC estimates annual sewer rate increases of 7.5 percent. The adopted annual rate increase in FY 2020-21 and in FY 2021-22 is 8 percent. Therefore, the SFPUC estimates that the average monthly residential sewer bill will increase by \$5 in FY 2020-21, from \$67 in FY 2019-20 to \$72; and by \$6 in FY 2021-22 to \$78.

## **POLICY CONSIDERATION**

### **Reporting on Bond Issuance to Board of Supervisors**

According to Ordinance 111-16, which previously authorized issuance of \$1.1 billion in Wastewater Revenue Bonds, the SFPUC would file with the Clerk of the Board within 30 days of the issuance of the bonds, a report summarizing principal and interest costs, bond maturity, facilities to be funded, and remaining unissued balance. The SFPUC submitted such reports on July 14, 2020. File 20-0837 provides for the continued submission of such reports to the Clerk of the Board.

### **Wastewater Enterprise Capital Plan and Reserves**

SFPUC's fund balance reserve policy requires a fund balance of 90 days or 25 percent of operating expenses. According to the 10 Year Financial Plan, the Wastewater Enterprise fund balance exceeds this level because the Wastewater Enterprise had lower capital expenditures than projected in recent years due to delays in SSIP projects. The 10 Year Financial Plan shows negative net operating revenues in seven of the next ten years (i.e., operating revenues are less than expenses) which will draw down on the fund balance. However, despite the draw down on fund balance each year, the Wastewater Enterprise fund balance will continue to increase through FY 2026-27, in large part due to the estimated 8 percent per year increase in sewer rates.

## **RECOMMENDATION**

- Approve the proposed ordinances

	FY 2020-21				FY 2021-22			
	Wastewater Revenue Bonds	Wastewater Enterprise Revenue	Wastewater Enterprise Capacity Fee	Total	Wastewater Revenue Bonds	Wastewater Enterprise Revenue	Wastewater Enterprise Capacity Fee	Total
Biosolid Digester					81,744,633			81,744,663
Southeast Treatment Plant	4,356,803			4,356,803	14,033,381			14,033,381
North Point Treatment Plant	885,007			885,007	10,209,884			10,209,884
Oceanside Treatment Plant	1,650,000			1,650,000	13,363,824			13,363,824
Collection System	423,216			423,216	12,710,141			12,710,141
Pump Stations	1,366,676			1,366,676	2,337,536			2,337,536
Flood Resilience					45,000,000			45,000,000
Green Infrastructure Projects	772,000			772,000	1,544,368			1,544,368
SSIP *	\$9,453,702	0	0	\$9,453,702	\$180,943,767	0	0	\$180,943,797
Collection System	18,798,000	82,537,000	5,800,000	107,135,000	26,756,985	83,627,015	5,319,000	115,703,000
Treatment Facilities		25,357,500		25,357,500		26,625,375		26,625,375
Repair and Replacement	\$18,798,000	\$107,894,500	\$5,800,000	\$132,492,500	\$26,756,985	\$110,252,390	\$5,319,000	\$142,328,375
Treasure Island					35,000,000			35,000,000
Ocean Beach					2,416,702			2,416,702
Southeast Community Center	4,500,000			4,500,000				0
Islais Creek Outlet	15,846,679			15,846,679	3,715,499			3,715,499
Other Projects	\$20,346,679	0	0	\$20,346,679	\$41,132,201	0	0	\$41,132,201
Financing Costs	8,320,209			8,320,209	43,534,187			43,534,187
RBOC, CSA **	255,976	0	0	255,976	377,516	0	0	377,516
Financing, Oversight, Audits	\$8,576,185	0	0	\$8,576,185	\$43,911,703	0	0	\$43,911,703
<b>Total Uses</b>	<b>\$57,174,566</b>	<b>\$107,894,500</b>	<b>\$5,800,000</b>	<b>\$170,869,066</b>	<b>\$292,744,656</b>	<b>\$110,252,390</b>	<b>\$5,319,000</b>	<b>\$408,316,076</b>

\* Sewer System Improvement Program

\*\* Revenue Bond Oversight Committee, City Services Auditor

	Wastewater Revenue Bonds	Wastewater Enterprise Revenue	Total
De-Appropriation			
Central Bayside System Improvement	\$72,895,788		\$72,895,788
Biosolid Digester Project	219,802,453		219,802,453
Drainage Basin/ Early Implement	34,011,490		34,011,490
North Point Treatment Plant	64,706,017		64,706,017
<b>Subtotal De-Appropriation</b>	<b>\$391,415,748</b>	<b>0</b>	<b>\$391,415,748</b>
Re-Appropriation			
Collection System	\$55,580,148		\$55,580,148
Flood Resilience/ Hydraulic Improvements	78,525,385		78,525,385
SSIP Program Management	7,893,744		7,893,744
Southeast Treatment Plan	249,416,471		249,416,471
<b>Subtotal Re-Appropriation</b>	<b>\$391,415,748</b>	<b>0</b>	<b>\$391,415,748</b>

**Project Funding**

	<b>Proposed New Funding</b>	<b>Proposed De- Appropriation</b>	<b>Proposed Re- Appropriation</b>	<b>Total</b>
Biosolid Digester	81,744,663	(219,802,453)		(138,057,790)
Treatment Facilities	96,481,774	(64,706,017)	249,416,471	281,192,228
Pump Stations - Force Main	3,704,212			3,704,212
Collection System	235,971,357		55,580,148	291,551,505
Flood Resilience	45,000,000		78,525,385	123,525,385
Central Bayside and Early Implementation	0	(72,895,788)		(72,895,788)
Green Infrastructure Projects	2,316,368	(34,011,490)		(31,695,122)
Program Management	0		7,893,744	7,893,744
Treasure Island	35,000,000			35,000,000
Ocean Beach	2,416,702			2,416,702
Southeast Community Center	4,500,000			4,500,000
Islais Creek Outlet	19,562,178			19,562,178
<b>Total Uses</b>	<b>526,697,254</b>	<b>(391,415,748)</b>	<b>391,415,748</b>	<b>526,697,254</b>

**Biosolid Digester (net reduction of \$138.0 million)**

The proposed ordinance de-appropriates 2016 and 2017 Wastewater Revenue Bond appropriations to the Biosolid Digester Facilities Project and appropriates new Wastewater Revenue Bond proceeds in FY 2021-22, for a net reduction in project revenues of \$138.0 million.

The Biosolid Digester Facilities Project demolishes the existing facility at the Southeast Treatment Plant, and reconstructs these facilities at an adjacent site. The initial demolition and relocation is underway. According to the Wastewater Enterprise 3<sup>rd</sup> Quarter Report for FY 2019-20 (published on June 2, 2020), construction cost estimates and timelines for reconstruction of the Biosolid Digester Facilities Project were much higher than anticipated. The SFPUC made project changes to reduce some costs. The current approved project budget is \$1.3 billion and the forecasted budget is \$1.7 billion, an increase of \$400 million.

**Treatment Plant Project (net increase of \$281.2 million)**

The proposed ordinance appropriates new Wastewater Revenue Bonds to Southeast, Oceanside, and Northpoint Treatment Plants, and re-appropriates prior Wastewater Revenue Bond appropriations to the Southeast Treatment Plant, offset by the de-appropriation of prior Wastewater Enterprise revenue bond appropriation to the North Point Treatment Plant. The net increase of \$281.2 million is for Sewer System Improvement Program (SSIP) and Capital Improvement Program (CIP) Treatment Plant projects.

The Southeast Treatment Plant projects include disinfection, odor control, distributed control system, seismic reliability, and power improvements. These budgets do not include the Biosolid Digester, noted above, or the Headworks Facility. The Northpoint Treatment Plant projects include improvements to the North Shore Pump Station wet weather facility. The Oceanside Treatment Plant improvements include pump station reliability, digester gas utilization, and general assessment repairs.

According to the 3<sup>rd</sup> Quarter Report, the Oceanside Treatment Plant project is over budget due to increases in project timelines and costs largely due to rescoping and redesign of the Westside Pump Station Reliability project and construction cost increases for the digester gas utilization project. The current approved SSIP budget for the Southeast, Oceanside, and North Point Treatment Plants \$556.4 million and the forecasted budget is \$570.9 million, an increase of \$14.5 million.

## **Pump Station and Collection System**

### Force Main (new funds of \$3.7 million)

The Sewer System Improvement Program has three force main projects<sup>1</sup> - Embarcadero and Jackson Streets, Mariposa Pump Station, and Griffith Pump Station. According to the 3<sup>rd</sup> Quarter Report, extended contract bidding timelines and higher than expected construction bids for the Mariposa Pump Station project contributed to increases in the project budget. The current budget for pump station and force main projects is \$77.6 million and the forecasted budget is \$81.0 million, an increase of \$3.4 million.

### Collection System (new and re-appropriated funds of \$291.6 million)

The Collection System is the City's network of sewers that collect and transport sanitary flow and stormwater runoff. The proposed ordinance appropriates new Wastewater Revenue Bond and Wastewater Enterprise revenues, and re-appropriates prior Wastewater Revenue Bond appropriations to SSIP and Repair & Replacement projects. SSIP projects include the interdepartmental collection system projects which provide for improvements to the sewer systems along Geary Avenue, Van Ness Avenue, Better Market Street, Mission Bay, and Taraval. According to the 3<sup>rd</sup> Quarter Report, the Van Ness Avenue project is expected to be over budget due to delays and differing site conditions; and the Better Market Street project is expected to be over budget due to cost sharing variances among participating departments and project delays. The current SSIP budget for interdepartmental collection system projects is \$87.7 million and the forecasted budget is \$96.6 million, an increase of \$8.9 million.

Repair and Replacement projects include annual repair and replacement of 15 miles of sewer lines. According to the 3<sup>rd</sup> Quarter Report, the current approved and forecasted budget for Collection System repair and replacement is \$686.54 million.

### Flood Resilience (new and re-appropriated funds of \$123.5 million)

The proposed ordinance appropriates new Wastewater Revenue Bonds to flood resilience projects to decrease flooding and property damage during rainstorms. Projects include 17<sup>th</sup> and Folsom Streets, Cayuga Avenue, Lower Alemany other neighborhoods' hydraulic and drainage improvements. According to the 3<sup>rd</sup> Quarter Report, the approved and forecasted budget is \$286.5 million.

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<sup>1</sup> Force mains are pipelines that convey wastewater under pressure from the discharge side of a pump or pneumatic ejector to a discharge point. Pumps or compressors located in a lift station provide the energy for wastewater conveyance in force mains.

Central Bayside and Early Implementation (de-appropriation of \$72.8 million)

The proposed ordinance de-appropriates prior Wastewater Revenue Bond appropriations from the Central Bayside System Improvement Project, which provides collection system improvements to the Channel and Islais Creek watersheds. According to the 3<sup>rd</sup> Quarter Report, the first phase of the Central Bayside System Improvement Project is expected to be completed in December 2020 and to come in under budget.

The proposed ordinance de-appropriates prior Wastewater Enterprise Revenue Bond appropriations from Early Implementation projects, which consist of green infrastructure to manage stormwater runoff. Early Implementation projects include Islais Creek, North Shore, Lake Merced, Channel, and Sunnydale, Sunset, Richmond, and Yosemite. SFPUC is recommending re-appropriating previously appropriated Wastewater Enterprise Bond funds from Early Implementation projects because the project are being funded through a re-allocation of existing current year project appropriations that funds the projects through completion.

**Program Management (re-appropriation of \$7.9 million)**

The proposed ordinance re-appropriates \$7.9 million to the existing agreement between SFPUC and AECOM for management of the Sewer System Improvement Program. The Board of Supervisors approved the original AECOM program management agreement in 2011, for a term of 15 years through September 2025 and an amount not-to-exceed \$150 million. According to the 3<sup>rd</sup> Quarter Report, program management expenditures to date are \$113.2 million, and total forecasted expenditures are \$175 million, or \$25 million more than then approved agreement amount.

**Treasure Island (new fund of \$35 million)**

The proposed ordinance includes new Wastewater Revenue Bonds for the construction of a new wastewater treatment plant on Treasure Island to replace the facility built by the Navy that is past its useful life. The conceptual engineering report was completed in January 2020; SFPUC is currently preparing the Request for Qualifications to select a design-build contractor. The schedule is one year longer than previously estimated (completion in January 2025 rather than September 2023) and costs based on the conceptual engineering design are higher than previously estimated. According to the 3<sup>rd</sup> Quarter Report, the approved budget is \$67.4 million and the forecasted budget is \$202.2 million, an increase of \$134.8 million.



**Ocean Beach (new funds of \$2.4 million)**

The proposed ordinance includes new Wastewater Revenue Bonds for the Ocean Beach project for shoreline management to protect from bluff erosion and sea level rise due to climate change. The project is scheduled for completion in 2026. According to the 3<sup>rd</sup> Quarter Report, the current approved budget is \$126.8 million and the forecasted budget is \$169.9 million, an increase of \$43.1 million.

**Southeast Community Center (new funds of \$4.5 million)**

The proposed ordinance includes new Wastewater Revenue Bonds for the Southeast Community Center at 1550 Evans Street, which will include a community center, childcare cent, café, multi-purpose space, and other facilities to serve the surrounding neighborhood and mitigate the impact of the Southeast Treatment Plant. The project is scheduled for completion in 2023. According to the 3<sup>rd</sup> Quarter Report, the approved budget is \$108.5 million and the forecasted budget is \$109.5 million, an increase of \$1 million.

**Islais Creek Outlet (new funds of \$19.6 million)**

The proposed ordinance includes new Wastewater Revenue Bonds for replacing pipelines crossing under Islais Creek, and other pipeline improvements to ensure reliable outflow from the Southeast Treatment Plant. The project is behind schedule and over budget due to design changes, additional scope and incorporation of emergency bypass project components, seismic design additions, and Muni overhead control system relocation work on 3<sup>rd</sup> Street. According to the 3<sup>rd</sup> Quarter Report, the approved budget is \$35 million and the forecasted budget is \$67.6 million, an increase of \$32.6 million.

# PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 20-0031

WHEREAS, The General Manager of the San Francisco Public Utilities Commission (SFPUC) and staff presented the proposed FY 2020-21 and FY 2021-22 Capital Budget for the Water Enterprise, Wastewater Enterprise and Hetch Hetchy Water & Power, including the Power Enterprise and CleanPowerSF (“Capital Budget”) including the list of projects, cost estimates, and schedules to the Commission at public hearings held on January 16, January 23, January 30, and February 11, 2020, and copies of those presentations are on file with the Commission Secretary and incorporated herein by reference; and

WHEREAS, An overview of the proposed FY 2020-21 and FY 2021-22 Capital Budget for each enterprise is set forth as Attachment A to the staff report for the February 11, 2020 Commission hearing is on file with the Commission Secretary; and

WHEREAS, As a preliminary step to development of the Two-Year Capital Budget, a baseline review of all existing project appropriations was completed for potential closeout or repurposing to new capital budget need; and

WHEREAS, The Two-Year Capital Budget submittals went through a quality review to assure the budget addressees the Enterprises immediate capital improvement needs and reflects a sound project prioritization process; and

WHEREAS, The quality review included a validation of costs and schedule of all proposed projects and an assessment of the ability to deliver the projects within the 2-year timeframe; and

WHEREAS, If the Two-Year Capital Budget shown on Attachment A is adopted by this Commission, the General Manager would have authority during the next two years to re-allocate project appropriations within the same Authority Code, which is the five-digit code on the far left column of Attachment A, but any reallocation of project appropriations from one Authority Code to a different one would require Commission and Board of Supervisors approval; and

WHEREAS, The proposed FY 2020-21 and FY 2021-22 Capital Budget must be submitted to, and approved by the Mayor and the Board of Supervisors; and

WHEREAS, The SFPUC General Manager recommends that the Commission request a supplemental appropriation ordinance for the capital expenditures for each of the three Enterprises presented in the proposed FY 2020- 21 and FY 2021-22 Capital Budget to timely implement public improvement projects; and

WHEREAS, The subsequent approvals of projects to be funded through this Capital Budget would only be granted following the consideration of environmental review pursuant to the California Environmental Quality Act (CEQA), Administrative Code Chapter 31, and Proposition E (approved by the voters in 2002 for Water and Wastewater projects) by this Commission; and

WHEREAS, The Water Enterprise is de-appropriating \$3,528,113 in Revenue Funded Water Capital Projects being closed-out with the unspent balance returned to the Water Operating Fund, and de-appropriating and re-appropriating \$15,324,167 in Water Capital Projects to fund project spending in FY 2020-21; and

WHEREAS, The Wastewater Enterprise is de-appropriating and re-appropriating \$391,415,748 in Wastewater Capital Projects to fund project spending in FY 2020-21; and

WHEREAS, The Hetch Hetchy Enterprise is de-appropriating and re-appropriating \$341,001 in Hetchy Capital Projects for project close out in FY 2020-21; and

WHEREAS, This Commission has considered the proposed FY2020-21 and FY2021-22 Capital Budget for the Water Enterprise, Wastewater Enterprise, and Hetch Hetchy Water and Power, including the Power Enterprise and CleanPowerSF, which total \$397,225,012 for FY 2020-21 and \$739,135,844 for FY 2021-22, as set forth in Attachment A to the February 11, 2020 staff report, a copy of which is attached hereto; now, therefore, be it

RESOLVED, That this Commission hereby adopts the FY2020-21 and FY2021-22 SFPUC Capital Budget in the amount of \$435,699,986 for FY 2020-21 and \$835,878,748 for FY 2021-22 for the Water Enterprise, the Wastewater Enterprise, and Hetch Hetchy Water and Power, including the Power Enterprise and CleanPowerSF as presented at the public hearings on January 16, January 23, and January 30, 2020 and as set forth in the attached Attachment A, as follows:

<b>FY 2020-21 Capital Budget</b>	<b>Amount</b>	<b>Financing Costs</b>	<b>Total</b>
Wastewater Enterprise	\$ 179,421,679	\$ 9,834,208	\$ 189,255,887
Water Enterprise	134,686,937	15,094,048	149,780,985
Hetchy Water	38,501,775	5,006,144	43,507,919
Hetchy Power	42,331,958	8,540,574	50,872,532
CleanPowerSF	<u>2,282,663</u>	<u>0</u>	<u>2,282,663</u>
<b>Total</b>	<b>\$ 397,225,012</b>	<b>\$ 38,474,974</b>	<b>\$ 435,699,986</b>
<b>FY 2021-22 Capital Budget</b>	<b>Amount</b>	<b>Financing Costs</b>	<b>Total</b>
Wastewater Enterprise	\$ 399,405,834	\$ 48,323,725	\$ 447,729,559
Water Enterprise	195,902,795	24,226,376	220,129,171
Hetchy Water	111,474,483	11,287,866	122,762,349
Hetchy Power	30,304,069	12,904,937	43,209,006
CleanPowerSF	<u>2,048,663</u>	<u>0</u>	<u>2,048,663</u>
<b>Total</b>	<b>\$ 739,135,844</b>	<b>\$ 96,742,904</b>	<b>\$ 835,878,748</b>

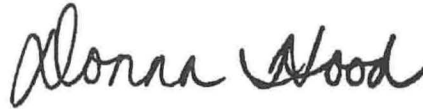
and be it;

FURTHER RESOLVED, That this Commission authorizes the General Manager to seek Board of Supervisors approval for the de-appropriation of \$3,528,113 in Revenue Funded Water Capital Projects, the de-appropriation and re-appropriation of \$15,324,167 in Water Capital Projects, de-appropriation and re-appropriation of \$391,415,748 in Wastewater Capital Project funding, and de-appropriation and re-appropriation of \$341,001 in Power Capital Project funding; and, be it

FURTHER RESOLVED, That the SFPUC General Manager is authorized to make further technical adjustments to these approved amounts as may be necessary, or upon further direction from the Commission, the Mayor and the Board of Supervisors; and, be it

FURTHER RESOLVED, The General Manager is hereby authorized and directed to submit to the Board of Supervisors proposed ordinances authorizing the issuance of (1) not to exceed \$370,762,889 aggregate principal amount of Water Revenue Bonds and other forms of indebtedness, including commercial paper and State Revolving Fund (SRF) loans, (2) \$387,719,556 aggregate principal amount of Wastewater Revenue Bonds and other forms of indebtedness, including commercial paper and SRF loans, under the terms of Proposition E (approved by the voters November 2002), and (3) \$142,970,073 aggregate principal amount of Power Revenue Bonds and other forms of indebtedness, including commercial paper and loans, subject to the terms of Charter Sections 9.107(6) and 9.107(8). The General Manager shall return to this Commission for a subsequent discretionary approval of any disclosure and transaction related documents prepared in connection with the issuance of such Bonds and other forms of indebtedness.

*I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of February 11, 2020.*



Secretary, Public Utilities Commission



TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: Sophia Kittler  
RE: San Francisco Public Utilities Commission Wastewater Revenue Bond  
Issuance----Not to Exceed \$349,919,252  
DATE: July 31, 2020

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**Ordinance authorizing the issuance and sale of tax-exempt or taxable Wastewater Revenue Bonds and other forms of indebtedness (as described below) by the San Francisco Public Utilities Commission (Commission) in an aggregate principal amount not to exceed \$349,919,252 to finance the costs of various capital wastewater projects benefitting the Wastewater Enterprise pursuant to amendments to the Charter of the City and County of San Francisco enacted by the voters on November 5, 2002 as Proposition E; authorizing the issuance of Wastewater Revenue Refunding Bonds and the retirement of outstanding Wastewater Enterprise Commercial Paper; declaring the Official Intent of the Commission to reimburse itself with one or more issues of tax-exempt bonds or other forms of indebtedness; and ratifying previous actions taken in connection therewith.**

Should you have any questions, please contact Sophia Kittler at 415-554-6153.



To: Angela Calvillo, Clerk of the Board of Supervisors  
From: Ashley Groffenberger, Acting Mayor's Budget Director  
Date: July 31, 2020  
Re: Mayor's FY 2020-21 and FY 2021-22 Budget Submission

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Madam Clerk,

In accordance with the Seventh Supplement to the Mayoral Proclamation Declaring the Existence of a Local Emergency dated February 25, 2020, the Mayor's Office hereby submits the Mayor's proposed budget by August 1, corresponding legislation, and related materials for Fiscal Year 2020-21 and Fiscal Year 2021-22.

In addition to the Mayor's Proposed FY 2020-21 and FY 2021-22 Budget Book, the following items are included in the Mayor's submission:

- The Annual Appropriation Ordinance and Annual Salary Ordinance, along with Administrative Provisions, physical copies of which will be delivered by the Controller's Office
- The proposed budget for the Office of Community Investment and Infrastructure for FY 2020-21
- 21 separate pieces of trailing legislation (see list attached)
- A Transfer of Function letter detailing the transfer of positions from one City department to another
- A letter addressing funding levels for nonprofit corporations or public entities for the coming two fiscal years

Please note the following:

- There are no Interim Exceptions proposed.
- Technical adjustments to the budget are being prepared, but are not submitted with this set of materials.

If you have any questions, please contact my office.

Sincerely,

Ashley Groffenberger  
Acting Mayor's Budget Director

cc: Members of the Board of Supervisors  
Budget and Legislative Analyst  
Controller

<b>Department</b>	<b>Item</b>	<b>Relevance to Budget</b>	<b>Type</b>
HOM	Homelessness and Supportive Housing Fund Expenditure Plan for 2020-21 and 2021-22	Expenditure plan included in budget.	Resolution
CON	Neighborhood Beautification Fund	Neighborhood Beautification Fund contribution levels assumed in budget.	Ordinance
CON	Access Line Tax CPI increase	Sets Access Line Tax. Revenues assumed in budget.	Resolution
CON	Prop J Certification - previously approved	Costs related to Prop J services assumed in budget.	Resolution
CON	Prop J Certification - new	Costs related to Prop J services assumed in budget.	Resolution
PUC	Hetch Hetchy Capital Budget	Appropriates funds to support PUC Hetch Hetchy capital budget expenditures.	Ordinance
PUC	CleanPowerSF Capital Budget	Appropriates funds to support PUC CleanPowerSF capital budget expenditures.	Ordinance
PUC	Wastewater Capital Budget	Appropriates funds to support PUC Wastewater Enterprise capital budget expenditures.	Ordinance
PUC	Water Capital Budget	Appropriates funds to support PUC Water Enterprise capital budget expenditures.	Ordinance
PUC	Power Debt Authorization	Authorizes debt issuance for Hetch Hetchy and CleanPowerSF capital projects.	Ordinance
PUC	Wastewater Debt Authorization	Authorizes debt issuance for Wastewater Enterprise capital projects.	Ordinance
PUC	Water Debt Authorization	Authorizes debt issuance for Water Enterprise capital projects.	Ordinance
LIB	In-Kind Grant of Friends of San Francisco Public Library	Grant assumed in budget.	Resolution
ADM	Medical Examiner Fees	Fee revenue assumed in budget.	Ordinance
ADM	Permit Center Fees	Fee revenue assumed in budget.	Ordinance
ADM	COP Refunding Authorization	Debt savings assumed in budget.	Ordinance
ADM	COP Refunding Appropriation	Appropriates and de-appropriates COP savings.	Ordinance
ADM	County Clerk Fee	Fee revenue assumed in budget.	Resolution
DPH	DPH Patient Rates	Fee revenue assumed in budget.	Ordinance
MOHCD	ESG Cares 2	Grant assumed in budget.	Resolution
CON	BSIF Reserve Use	Use of reserve assumed in budget.	Resolution