

File No. 250601

Committee Item No. 7

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Appropriations Committee Date June 13, 2025

Board of Supervisors Meeting Date _____

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
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| • Mayor's Submission Letter 5/30/2025 | | |
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OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Board Ord No. 269-24 11/25/2024</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>PUC Resolution No. 24-0031 2/13/2024</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>PUC Resolution No. 24-0191 9/10/2024</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>MYR 30-Day Waiver Request 5/30/2025</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>MYR Trailing Legislation List</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Presidential Action Memo – 30-Day Waiver 6/5/2025</u> |
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Completed by: Brent Jalipa Date June 5, 2025

Completed by: Brent Jalipa Date _____

[San Francisco Public Utilities Commission Water Revenue Bond and Other Forms of Indebtedness Issuance - Not to Exceed \$1,054,138,857]

Ordinance authorizing the issuance and sale of tax-exempt or taxable Water Revenue Bonds and other forms of indebtedness by the San Francisco Public Utilities Commission (“Commission”) in an aggregate principal amount not to exceed \$1,054,138,857 to finance the costs of various capital water and Hetch Hetchy Water projects benefitting the Water Enterprise pursuant to amendments to the San Francisco Charter enacted by the voters on November 5, 2002, as Proposition E; authorizing the issuance of Water Revenue Refunding Bonds and the retirement of outstanding Water 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 with the previously listed matters.

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 ~~striketrough italics Times New Roman font~~.
Board amendment additions are in double-underlined Arial font.
Board amendment deletions are in ~~striketrough 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. Findings. The San Francisco Board of Supervisors (“Board”) hereby finds and declares as follows:

a. On November 5, 2002, the voters of the City and County of San Francisco (“City”) approved Proposition E (Charter Section 8B.121(a)), which, among other things, provides that the San Francisco Public Utilities Commission (“Commission”) shall have exclusive charge of the construction, management, supervision, maintenance, extension,

1 expansion, operation, use and control of all water, clean water and energy supplies and
2 utilities of the City as well as the real, personal, and financial assets that are under the
3 Commission's jurisdiction or assigned to the Commission under Charter Section 4.132.

4 b. Proposition E (Charter Section 8B.121(a)) ("Proposition E") authorized the
5 Commission to issue revenue bonds, including notes, commercial paper or other forms of
6 indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board of
7 Supervisors, for the purpose of reconstructing, replacing, expanding, repairing or improving
8 water facilities or clean water facilities or combinations of water and clean water facilities
9 under the jurisdiction of the Commission; and

10 c. The Commission adopted the Amended and Restated Water Indenture dated as
11 of January 1, 2002, as further amended and supplemented from time to time ("Indenture"),
12 between the Commission and U.S. Bank National Association, and in connection with the
13 Indenture, has from time to time issued revenue bonds to finance projects benefitting the
14 Water Enterprise; and

15 d. Under San Francisco Administrative Code Chapter 43, Article V, Section 43.5.1,
16 *et seq.*, the Commission may by prescribed procedure issue short-term indebtedness,
17 including the issuance of commercial paper in anticipation of the issuance of its revenue
18 bonds; and

19 e. As prescribed by Administrative Code Chapter 43, Article V, the Commission
20 issues short-term indebtedness for the Water Enterprise under the Water Enterprise
21 commercial paper program ("Water CP Program") up to an aggregate principal amount not to
22 exceed \$750,000,000 of commercial paper notes outstanding at any one time (see Ordinance
23 No. 0269-24 (December 26, 2024) and Commission Resolution No. 24-0193 (September 10,
24 2024)), and the Commission has caused Water Enterprise commercial paper to be issued
25 from time to time; and

1 f. On February 13, 2024, by Resolution No. 24-0031 ("Commission Resolution"),
2 the Commission determined to issue Water Revenue Bonds ("Water Revenue Bonds") and
3 other forms of indebtedness (including without limitation State Revolving Fund Loans
4 borrowed from the State Water Resources Control Board ("SRF Loans"), and other State and
5 Federal Loans, all as described below), and interim funding vehicles such as commercial
6 paper, revolving credit agreements, bond anticipation notes or other forms of notes, which
7 interim funding vehicles will be issued in advance of being paid off by either Water Revenue
8 Bonds or other forms of indebtedness (including without limitation SRF Loans, and other State
9 Loans and Federal Loans, all as described below) to finance the costs of various capital
10 projects benefitting the Water Enterprise and Hetch Hetchy Water (the "Capital Improvement
11 Projects" such projects being more fully described in the Commission Resolution), pursuant to
12 Proposition E, and the Commission has formally requested this Board to authorize the
13 issuance and sale of Water Revenue Bonds and other forms of indebtedness for such
14 purposes, such Commission Resolution being on file with the Clerk of the Board of
15 Supervisors in Board File No. 240455; and

16 g. In order to finance the costs of the Capital Improvement Projects, the Board now
17 desires to authorize the issuance and sale of Water Revenue Bonds and other forms of
18 indebtedness, as described above, including obtaining SRF Loans ("State Loans"), grants
19 from the State Water Resources Control Board, loans from the Water Infrastructure Finance
20 and Innovation Act ("WIFIA") program, loans from the Corps Water Infrastructure Financing
21 Program ("CWIFP") and/or other Federal loans (WIFIA and CWIFP and other Federal loans
22 being, "Federal Loans"); and

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

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

3 i. This Board is considering concurrently with this Ordinance related supplemental
4 appropriation ordinances for Fiscal Year ("FY") 2025-26, including expenditures of the
5 proceeds of the Water Revenue Bonds and other forms of indebtedness (including, without
6 limitation and for illustrative purposes only, State Loans, Federal Loans (including WIFIA
7 Loans and CWIFP Loans), commercial paper, revolving credit agreements, and bond
8 anticipation notes); and

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

16 Section 2. Authorization to Issue Water Revenue Bonds and other forms of
17 indebtedness.

18 The Board hereby authorizes the issuance and sale of taxable or tax-exempt Water
19 Revenue Bonds or other forms of indebtedness (including for illustrative purposes only,
20 commercial paper, bank liquidity or credit agreements, State and Federal Loans, or bond
21 anticipation notes) (in one or more series from time to time by the Commission pursuant to
22 Proposition E and in accordance with the Commission Resolution, in an aggregate principal
23 amount not to exceed \$1,054,138,857 (inclusive of financing costs), bearing a maximum rate
24 or rates of interest of not to exceed twelve percent (12%) per annum, to finance a portion of
25 the costs of the design, acquisition and construction of the Capital Improvement Projects.

1 Without limiting the foregoing, the Commission shall also be authorized to incur State and
2 Federal Loans at such time, in such amounts, and upon such other terms and conditions as
3 the Commission may deem advantageous, and to approve any financing documentation
4 related thereto consistent with this Ordinance. The Commission is hereby further authorized
5 to determine the timing, amount and manner of sale (i.e., competitive or negotiated) of, or
6 borrowing under each, series of Water Revenue Bonds, bond anticipation notes, revolving
7 credit agreements, commercial paper, or State or Federal Loan pursuant to this authorization;
8 provided however, the Commission's authorization to issue Water Revenue Bonds, bond
9 anticipation notes, revolving credit agreements, or commercial paper, or to borrow under a
10 State Loan or Federal Loan, is subject to approval by the Commission of the form of
11 substantially final offering document related to such obligations (if any) and the approval of
12 any related agreements, financing documents and the filing with its Board and the Clerk of the
13 Board any certifications required by Proposition E prior to the issuance of any bonds or
14 incurrence of any indebtedness herein authorized. The Commission shall also file, within 30
15 days of closing any Water Revenue Bond or other form of indebtedness (including State and
16 Federal Loans and bond anticipation notes) transactions authorized hereby, with the Clerk of
17 the Board of Supervisors, a report showing the results of the transaction, including (i) principal
18 amount sold and method of sale, (ii) true interest cost, (iii) final maturity, (iv) the facilities
19 constructed and/or improved, and (v) a statement about the remaining bonding authorization
20 under this Ordinance ("Bond Report"), provided that the failure to file such Bond Report shall
21 not affect the validity of any debt authorized hereunder.

22 Section 3. Authorization to Issue Water Revenue Refunding Bonds; Commercial
23 Paper Retirement.

24 Notwithstanding Section 2, the Board further authorizes and approves the issuance by
25 the Commission of Water Revenue Refunding Bonds ("Refunding Bonds") without limitation

1 as to principal amount, in one or more series on one or more dates, at a maximum interest
2 rate or rates of interest not to exceed twelve percent (12%) per annum, provided that each
3 such Refunding Bond issue is permitted under the applicable policies and procedures of the
4 City and authorized by Section 9.109 and Article VIIIB of the Charter (including related
5 ordinances and resolutions of the Board). The Refunding Bonds may be issued as taxable or
6 tax-exempt obligations, or any combination of such obligations. Refunding Bonds authorized
7 hereunder shall be subject to the further following conditions, that: (i) three percent (3%) net
8 present value debt service savings or greater is achieved to ensure ratepayer savings
9 (exclusive of any issuance to refund commercial paper, revolving credit notes, or bond
10 anticipation notes); (ii) that the maturity of the refunded bonds is not extended (exclusive of
11 any issuance to refund commercial paper, revolving credit notes, or bond anticipation notes);
12 (iii) this authorization is subject to a 5-year term through June 30, 2030, at which time this
13 Board may consider an extension; (iv) principal payments and term may be adjusted, where
14 permitted under federal and state tax law, only if and when the underlying capital asset funded
15 through said refunded bonds has a useful life not in excess of any limit permitted under
16 federal and state tax law than the refunded term; and (v) the Commission shall within 30 days
17 of any executed refunding transaction provide a refunding savings report ("Bond Refunding
18 Savings Report") (that reflects at least a three percent (3%) net present value debt service
19 savings) to the Board, together with a copy of the final Official Statement (if any) with respect
20 to such series of Refunding Bonds, provided that the failure to deliver such Bond Refunding
21 Savings Report shall in no way affect the validity of any Refunding Bonds. Notwithstanding
22 the foregoing, the Commission is authorized to issue Refunding Bonds that do not meet all of
23 the foregoing conditions provided that the Commission makes a finding, by resolution, that
24 significant non-economic factors exist that justify the waiver of the three percent (3%) net
25 present value debt service savings test and other conditions set forth above. Such non-

1 economic factors may include, by way of illustration and not limitation, eliminating onerous
2 covenants and obsolete provisions contained in the Commission's indenture or other security
3 documents, risk mitigation, or restructuring a series of bonds in response to then-current
4 market conditions. In furtherance of the purpose of managing the Commission's outstanding
5 indebtedness, the General Manager of the Commission ("General Manager") is hereby
6 authorized to use Available Water Enterprise Revenues and other funds as appropriate to
7 retire outstanding Water Enterprise Commercial Paper and other forms of indebtedness at
8 such times and in such amounts advantageous to the Commission.

9 Section 4. Declaration of Official Intent.

10 The Board, on behalf of the Commission, hereby declares the official intent of the
11 Commission to reimburse the Commission with proceeds of the Water Revenue Bonds or
12 other forms of indebtedness (including State or Federal Loans, commercial paper, revolving
13 credit notes, or bond anticipation notes) for the Expenditures with respect to the Capital
14 Improvement Projects made on and after a date that is no more than 60 days prior to the
15 adoption of this Ordinance. The Commission reasonably expects that it will reimburse the
16 Expenditures with proceeds of the Water Revenue Bonds or other forms of indebtedness
17 (including, without limitation and for illustrative purposes only, State or Federal Loans,
18 commercial paper, revolving credit notes or bond anticipation notes). Each Expenditure was
19 and will be either (A) of a type properly chargeable to a capital account under general federal
20 income tax principles (determined in each case as of the date of the Expenditure), (B) a cost
21 of issuance or capitalized interest with respect to such obligations, (C) a nonrecurring item
22 that is not customarily payable from current revenues, or (D) a grant to pay a party that is not
23 related to or an agent of the issuer so long as such grant does not impose any obligation or
24 condition (directly or indirectly) to repay any amount to or for the benefit of the Commission.
25 The Commission will make a reimbursement allocation, which is a written allocation by the

1 Issuer that evidences the Commission's use of proceeds of the Water Revenue Bonds or
2 other forms of indebtedness to reimburse an Expenditure, no later than 18 months after the
3 later of the date on which the Expenditure is paid or the component of the Capital
4 Improvement Projects is placed in service or abandoned, but in no event more than three
5 years after the date on which the Expenditure is paid. The Commission recognizes that
6 exceptions are available for certain "preliminary expenditures," costs of issuance, certain de
7 minimis amounts, expenditures by "small issuers" (based on the year of issuance and not the
8 year of expenditure) and expenditures for construction projects of at least five years.

9 Section 5. General Authority.

10 The Controller of the City ("Controller"), Treasurer of the City ("Treasurer"), the City
11 Attorney and other officers of the City, including the Director of the Office of Public Finance,
12 and their duly authorized deputies and agents are hereby authorized and directed, jointly and
13 severally, to take such actions and to execute and deliver such certificates, agreements,
14 requests or other documents, as they may deem necessary or desirable to facilitate the
15 issuance, sale and delivery of the Water Revenue Bonds or other forms of indebtedness,
16 including Refunding Bonds or State or Federal Loans, and to obtain bond insurance or other
17 credit or liquidity enhancements with respect to any such obligations, and otherwise to carry
18 out the provisions of this Ordinance. The Commission is hereby directed to provide the final
19 form to the Clerk of the Board of any disclosure document prepared in connection with the
20 execution of any Water Revenue Bonds, other forms of indebtedness, or Refunding Bonds,
21 and the final executed Installment Sale Agreement or other document reflecting the
22 incurrence of a State or Federal Loan, within 30 days of the closing of such transactions
23 provided that the failure to deliver such document shall not affect the validity of the
24 obligations authorized under this Ordinance. The Commission is further directed as a part of
25 the two-year budget review to provide to this Board of Supervisors a written report about

1 Water Revenue Bonds authorized hereunder, detailing the total amount authorized, the total
2 amount sold, the remaining authorized but unissued amount, and the bond authorization no
3 longer necessary due to changes in projects and project financing.

4 Section 6. Ratification of Prior Actions.

5 All actions authorized and directed by this Ordinance in connection with the issuance of
6 the Water Revenue Bonds, other forms of indebtedness (including, without limitation and for
7 illustrative purposes only, SRF Loans, federal loan, commercial paper, revolving credit notes,
8 or bond anticipation notes) or Refunding Bonds and taken prior to the enactment of this
9 Ordinance are hereby ratified, approved and confirmed by this Board.

10 Section 7. Additional Definitions and Terms Pertaining to Proceeds.

11 The following additional definitions and declarations of the Board shall be as follows:

12 a. Financings. For all purposes of this Ordinance and any related Commission
13 Resolution, a Financing ("Financing") is: (i) any issuance of tax-exempt or taxable revenue
14 bonds, notes, bond anticipation notes, commercial paper, bank liquidity or credit agreements,
15 certificates of participation or other obligations for borrowed money, including, without limitation,
16 any financing lease, installment purchase or sale agreement, or other similar financing
17 agreements or arrangement; and (ii) any indebtedness to a State or Federal lender, program, or
18 funding source, including, without limitation, any State or Federal Loan, and any borrowing from
19 a similar programs or replacement programs that may come into existence after the adoption
20 date of this Ordinance; and (iii) any funding to the Commission arising from a joint powers
21 agreement between the Commission and one or more other public agencies for the joint
22 acquisition, construction, operation and/or management of infrastructure or facilities; and (iv)
23 any financial award from a Federal, State, or local government authority or a private grant-
24 making foundation or a private nonoperating foundation or a Section 501(c)3 charitable
25

1 organization; and (v) any funding from a securitization that involves the issuance of debt
2 instruments.

3 b. For all purposes of this Ordinance and any related Commission Resolution, a
4 Financing Agreement ("Financing Agreement") is: any contract, agreement, financing lease,
5 installment purchase or sale agreement, application, draw notice, joint powers agreement,
6 securitization agreement, or other similar financing agreements or arrangement, or
7 amendment to any of these, entered into by the Commission in connection with any
8 Financing.

9 c. The Chief Financial Officer or the Deputy Chief Financial Officer of the
10 Commission, or their designee(s), is authorized to ask the Controller to record the substitution
11 of funds arising from any Financing Agreement (whether already in existence as of the date of
12 this Ordinance or entered into in connection with a Financing that is approved hereunder) with
13 separate and other Financing Agreement transactional funds, all as necessary to conform to
14 (i) Generally Accepted Accounting Principles and other laws and (ii) the terms of any
15 Financing Agreement. Commission funds held by the Controller generally remain subject to
16 Article VIIIB of the Charter and Article XIIC and Article XIID of the California Constitution.

17 d. In accordance with Section 3.105 and Section 9.113 of the Charter, at the
18 closing of each Commission transaction involving a Financing Agreement, the Chief Financial
19 Officer or the Deputy Chief Financial Officer of the Commission, or their designee(s), shall ask
20 the Controller to independently confirm whether sufficient unencumbered balances are
21 expected to be available in the proper fund(s) to meet all payments under such obligations as
22 they become due, if any, and the Controller shall issue related certifications.

23 Section 8. File Documents.

24 All documents referred to as on file with the Clerk of the Board of Supervisors are in
25 Board File No. 250601.

LEGISLATIVE DIGEST

[San Francisco Public Utilities Commission Water Revenue Bond and Other Forms of Indebtedness Issuance - Not to Exceed \$1,054,138,857]

Ordinance authorizing the issuance and sale of tax-exempt or taxable Water Revenue Bonds and other forms of indebtedness by the San Francisco Public Utilities Commission (“Commission”) in an aggregate principal amount not to exceed \$1,054,138,857 to finance the costs of various capital water and Hetch Hetchy Water projects benefitting the Water Enterprise pursuant to amendments to the San Francisco Charter enacted by the voters on November 5, 2002, as Proposition E; authorizing the issuance of Water Revenue Refunding Bonds and the retirement of outstanding Water 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 with the previously listed matters.

Existing Law

This is new law.

Background Information

On November 5, 2002, the voters of the City and County of San Francisco approved Proposition E (“Proposition E”) which authorized the San Francisco Public Utilities Commission (“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 issuance of tax-exempt or taxable Water Revenue Bonds and other forms of indebtedness, including State and Federal Loans, in an amount not to exceed \$1,054,138,857. Proceeds of the Water Revenue Bonds and other forms of indebtedness, including State and Federal Loans (such as WIFIA Loans and CWIFP Loans), will be used to finance the costs of various capital projects benefitting the Water Enterprise (“Capital Improvement Projects”). The Ordinance also reflects the Water commercial paper program, available in an aggregate principal amount not to exceed \$750 million of commercial paper notes outstanding at any one time.

The Water Revenue Bonds will be issued under an Amended and Restated Water Indenture dated as of January 1, 2002, as further amended and supplemented from time to time (“Indenture”), between the Commission and U.S. Bank National Association, as the trustee.

The proposed Ordinance also authorizes the issuance of Refunding Water Revenue Bonds to refund outstanding indebtedness of the Water Enterprise subject to the following conditions, among others (i) three percent (3%) net present value debt service savings or greater is achieved; (ii) the maturity of the refunded bonds is not extended; and (iii) the refunding authorization sunsets on June 30, 2030, unless extended by the Commission. Staff is required to provide a savings report within 30 days following the bond sale.

The proposed Ordinance also authorizes the Commission to issue Refunding Bonds for non-economic factors which may include, by way of illustration, eliminating onerous covenants and obsolete provisions contained in the Commission's Indenture or other security documents, risk mitigation, or restructuring a series of bonds in response to then-current market conditions.

Items 6, 7, 8 Files 25-0600, 25-0601, 25-0602	Department: Public Utilities Commission
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • File 25-0600 is an ordinance that de-appropriates \$86,916 from PUC's capital budget in FY 2025-26, with no change to capital project expenditure budgets; File 25-0602 is an ordinance that de-appropriates \$12,990,064 from PUC's operating budget in FY 2025-26. • File 25-0601 is an ordinance authorizing \$1,054,138,857 in Water Revenue Bonds. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • According to the PUC's 10-Year Financial Plan for FY 2025-26 – FY 2034-35, ratings agencies expressed concern about the forecast of debt service coverage in the Water and Wastewater Enterprises. As a result, the PUC plans to raise projected rates in the Water, Wastewater, and Power Enterprises to enhance debt service coverage and reserves. • The PUC is proposing to offset approximately \$14.1 million in revenue funding in its FY 2025-26 capital budget for additional bond funding for the Water and Hetch Hetchy Water Enterprises and conversely to offset approximately \$5.2 million in bond funding for revenue funding for the Hetch Hetchy Power Enterprise to optimize for financial policy goals regarding rate changes, debt service coverage and reserve levels. • According to PUC staff, the proposed ordinance authorizing bonds updates the amount of the 2024 authorization (\$1.04 billion) to \$1.054 billion, an increase of \$14.1 million. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The average annual debt service for the proposed \$14.1 million in Water bonds is approximately \$1.2 million, or \$34 million in total debt service over the life of the bond, excluding interim financing costs. Actual debt service costs may be lower due to market conditions, bond refunding, and access to state and federal lending. • The PUC projects that each division will have sufficient net revenues and unrestricted fund balance to maintain debt service coverage ratios in compliance with its financial policies. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • The PUC updated the financial plan to target a higher current coverage ratio (1.25x) compared to its Debt Service Coverage Policy (1.10x) to address concerns of rating agencies. PUC will propose updates to its financial policies in FY 2025-26 and we have recommended certain changes to them to clarify their policies. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> • Amend File 25-0601 to clarify that the proposed authorization increases the aggregate principal amount of water revenue bonds by \$14,131,507 • Approve File 25-0600, File 25-0602, and File 25-0601 as amended. 	

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.

Charter Section F1.113 states that 0.2 percent of the City's budget, excluding bond debt, must be set-aside for the Controller's audit fund.

City Charter Section 9.101 provides for two-year budgets and authorizes the Board of Supervisors to determine by resolution which budgets are on a two-year fixed budget. Section 9.101(g) provides for the Mayor to submit an ordinance to the Board of Supervisors, amending the second-year budgets of City departments with fixed two-year budgets, if the Controller projects that the City will experience significant increases or decreases in revenues or expenditures during the second year of such budgetary cycle.

File 23-1196 approved fixed two-year budgets for the Airport, Port, and Public Utilities Commission for FY 2024-25 and FY 2025-26 and defined "significant" budget changes as a five percent or more change in revenues or expenditures in non-General Fund funds and 2.5 percent change in General Fund funds.

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

The Public Utilities Commission (PUC) plans its capital spending over two- and ten-year time frames. The two-year capital budget accompanies the PUC's two-year operating budget and both two-year spending plans are subject to Board of Supervisors approval. In June 2024, the Board of Supervisors approved the SFPUC two-year FY 2024-25 and FY 2025-26 capital budget (File 24-0452). PUC capital projects are primarily funded by revenue bonds and operating revenue. Exhibit 1 below shows the PUC approved 10-year capital plan for each enterprise.

Exhibit 1: PUC 10 Year Capital Plan

Enterprise	FY 2026-35
Wastewater	\$5,889,029,154
Water	2,418,252,433
Hetch Hetchy Water	1,430,124,584
Hetch Hetchy Power	1,276,666,217
CleanPowerSF	48,448,303
Total	\$11,062,520,691

Source: PUC

10-Year Financial Plan

According to the PUC's 10-Year Financial Plan for FY 2025-26 – FY 2034-35, ratings agencies expressed concern about the forecast of debt service coverage in the Water and Wastewater Enterprises, and the potential depletion of reserves. According to PUC staff, the projected decrease in debt service coverage was still in compliance with the agency's financial policies. In 2024, S&P Global Ratings affirmed the Wastewater Enterprise's AA rating but lowered the outlook of the Wastewater Enterprise bonds from "stable" to "negative". Maintaining high bond ratings allows the PUC to access lower interest rates on revenue bonds, lowering borrowing costs and annual debt service. Additionally, PUC is required by charter section 8B.125 to "Establish rates, fees and charges at levels sufficient to improve or maintain financial condition and bond ratings at or above levels equivalent to highly rated utilities of each enterprise".

As a result of the ratings concerns, and as a result of lower volume forecasts, the PUC made changes to its 10-Year Financial Plan and plans to raise projected rates in the Water, Wastewater, and Power Enterprises to enhance forecasted debt service coverage and reserves. The PUC is also proposing to make changes to the funding sources for its two-year capital budget for the Water Enterprise. Specifically, the PUC is proposing to offset approximately \$14 million in revenue funding for water capital projects with debt through the issuance of additional corresponding Water Revenue Bonds in order to optimize debt service coverage in the budget and in future years.

Rating agencies affirmed the Water Enterprise's credit rating and stable outlook in March 2025, subsequent to the adoption of the 10-Year Financial Plan.

DETAILS OF PROPOSED LEGISLATION

File 25-0600 is an ordinance that appropriates and de-appropriates funding for the SFPUC's capital projects budget for a net de-appropriation of \$86,916, with no change to capital project expenditure budgets.

File 25-0602 is an ordinance that de-appropriates \$12,990,064 from SFPUC's operating budget in FY 2025-26.

File 25-0601 is an ordinance (a) authorizing the issuance and sale of tax-exempt or taxable Water Revenue Bonds by the San Francisco Public Utilities Commission (SFPUC) in an aggregate principal amount not to exceed \$1,054,138,857 to finance the costs of Water Enterprise capital projects; (b) authorizing the issuance of Water Revenue Refunding Bonds and the retirement of outstanding Water Enterprise Commercial Paper; (c) declaring the intent of SFPUC to reimburse itself with one or more issues of tax-exempt bonds or other forms of indebtedness; and (d) ratifying previous actions taken in connection with the issuance.

Capital Budget Sources Appropriation Changes (File 25-0600)

As mentioned above, the PUC is proposing changes to its capital budget to change the mix of revenue and debt funding sources for projects in order to optimize for financial policy goals regarding rate changes, debt service coverage and reserve levels. There are no changes to the

adopted capital project expenditure budget. As shown below, the overall change in funding is a reduction in \$86,916, which is not material across a \$1.8 billion budget. The PUC is proposing to offset approximately \$14.1 million in revenue funding for additional bond funding for the Water and Hetch Hetchy Water Enterprises and conversely to offset approximately \$5.2 million in bond funding for revenue funding for the Hetch Hetchy Power Enterprise.

Despite the proposed increase in debt funding in FY 2025-26, over the 10 Year Financial Planning period, PUC is overall decreasing its reliance on debt funding as part of its efforts to enhance its financial sustainability policy metrics over time. The latest plan projects 29 percent revenue funding vs. 22 percent in the prior version of the 10-year plan, exceeding the PUC's minimum policy target of 15 percent according to PUC staff.

Exhibit 2: Capital Budget Sources De-Appropriation and Appropriation Changes

Enterprise	FY 2025-26 Approved	FY 2025-26 Proposed	Proposed Change
<u>Bond Funded</u>			
Wastewater	\$804,162,291	\$804,157,905	(\$4,386)
Water	432,635,062	445,404,669	12,769,607
Hetch Hetchy Water	89,876,008	91,364,909	1,488,901
Hetch Hetchy Power	177,195,151	171,660,126	(5,535,025)
CleanPowerSF	0	0	0
<i>Subtotal, Bond Funded</i>	<i>1,503,868,512</i>	<i>1,512,587,609</i>	<i>8,719,097</i>
<u>Revenue & Fee Funded</u>			
Wastewater	139,374,061	139,378,447	4,386
Water	109,442,567	96,799,961	(12,642,606)
Hetch Hetchy Water	8,772,339	7,338,910	(1,433,429)
Hetch Hetchy Power	29,617,034	34,882,670	5,265,636
CleanPowerSF	516,430	516,430	0
<i>Subtotal, Revenue & Fee Funded</i>	<i>287,722,431</i>	<i>278,916,418</i>	<i>(8,806,013)</i>
<u>Total Sources</u>			
Wastewater	943,536,352	943,536,352	0
Water	542,077,629	542,204,630	127,001
Hetch Hetchy Water	98,648,347	98,703,819	55,472
Hetch Hetchy Power	206,812,185	206,542,796	(269,389)
CleanPowerSF	516,430	516,430	0
Total Sources	\$1,791,590,943	\$1,791,504,027	(\$86,916)

Source: PUC

Water Enterprise and Hetch Hetchy Water

As part of the PUC's 10-Year Financial Plan for FY 2025-26 – FY 2034-35, the PUC revised water and wastewater volume forecasts down, mainly due to slower post-pandemic and drought recovery. In addition, as explained above, due to rating agency concerns about weak financial metrics, PUC built in an additional buffer in revenue projections to improve debt service coverage

and reserves metrics. Lastly, the mix of debt vs. revenue funding for capital projects was adjusted across the 10 year forecast window to optimize for annual rate changes, debt service coverage and reserve levels in each year. This optimization of debt vs. revenue funding resulted in a reduction in the revenue contribution for capital projects of \$12.6 million in the Water Enterprise and \$1.5 million in the Hetch Hetchy Water Enterprise, for a total reduction of \$14.1 million in water revenues going to capital in FY 2025-26. The PUC is proposing to offset this reduction in revenue funding with additional water revenue bond funding for capital projects in these enterprises, including an increase of \$12.8 million in the Water Enterprise and an increase of \$1.5 million in Hetch Hetchy Water.

The Water Enterprise provides both regional water conveyance and local (in-city) water distribution.¹ The changes in funding for local water capital projects are offsetting changes in funding for regional water capital projects. Revenue funding for regional water projects is increasing by \$15.0 million (and is being offset by lower bond funding) due to the same reason as above. The PUC made changes in the 10-year financial plan to optimize for annual rate changes, debt service coverage and reserve levels in each year. Revenue funding for local water projects is decreasing by \$27.6 million (and is being offset by increased bond funding).

Power Enterprise

According to PUC staff, PUC is proposing to increase appropriations for power revenues for Hetch Hetchy Power Enterprise capital projects by \$5.3 million, again to optimize for debt vs. revenue funding for capital projects. This increase in revenue funding is offset by a proposed reduction in power revenue bond funding of \$5.5 million.

Operating Budget Appropriation Changes (File 25-0602)

The proposed ordinance that de-appropriates approximately \$13 million from the PUC's FY 2025-26 operating budget reflects the proposed changes to the capital budget. The proposed ordinance includes reductions in transfers of water revenues to capital projects.

Water Revenue Bond Issuance (File 25-0601)

In June 2024, the Board of Supervisors approved the issuance of \$1,040,007,350 of new Water Revenue Bonds to finance capital projects in the two-year capital budget (File 24-0455). According to PUC staff, the proposed ordinance updates the amount of the prior authorization to \$1,054,138,857, an increase of \$14.1 million, rather than authorizing an additional \$1.054 billion in water revenue bonds. However, this is not clearly stated in the ordinance. We recommend that the Board of Supervisors amend the proposed ordinance to clarify that the proposed authorization increases the aggregate principal amount of water revenue bonds by \$14,131,507.

¹ The regional water system includes the New Irvington Tunnel conveying water from the Hetch Hetchy Reservoir, the San Antonio and Calaveras Reservoirs in Alameda County, and the San Andreas and Crystal Springs Reservoirs on the Peninsula. The in-city distribution system is a series of pipelines that distributes water from the regional water system to residences and businesses in San Francisco

The PUC is proposing to increase the amount of water revenue bonds to offset a reduction in revenue funding for Water capital projects, as discussed above. File 25-0600 appropriates the proposed increase in water revenue bonds for water capital projects.

The proposed ordinance allows the issuance of commercial paper or other interim debt to finance the projects prior to the issuance of the revenue bonds and provide for SFPUC to access California Water Resources Control Board revolving loan funds or grant funds.

The SFPUC may issue taxable or tax-exempt bonds in one or more series through either a negotiated or competitive sale. Each bond authorization ordinance requires the SFPUC to report to the Board of Supervisors within 30 days of the bond issuance: (i) the principal amount sold and method of sale, (ii) true interest cost, (iii) final maturity, (iv) the facilities constructed and/or improved, and (v) a statement about the remaining bonding authorization.

In addition, the SFPUC may issue refunding bonds to repay outstanding Revenue Bond debt if the issuance of the refunding bonds results in net present value debt service savings of 3 percent and does not extend the maturity date. If the SFPUC issues refunding bonds, then the SFPUC needs to submit to the Board of Supervisors the final official statement for the refunding bonds and a statement from the financial advisor on the 3 percent net present value debt service savings. The Commission may also authorize refunding bonds if other benefits accrue. The authorization to issue refunding bonds extends through June 2030.

Proposition E Bond Funds

San Francisco voters approved Proposition E in 2002 and Proposition A in 2018, providing for the Board of Supervisors to authorize issuance of Water, Power, Wastewater Revenue Bonds and other forms of debt with two-thirds approval of the Board members. As shown below in Exhibit 3, the Board has authorized \$15.24 billion, of which \$10.73 billion has been issued and \$4.51 billion is authorized but not issued.

Exhibit 3: Proposition E Bond Authorizations

PUC Division	Authorized	Issued	Unissued	Proposed	New Total Authorized
Wastewater	\$8,052,606,653	\$5,625,155,128	\$2,427,451,525		\$8,052,606,653
Water	6,157,510,811	4,650,053,482	1,507,457,329	14,131,507	6,171,642,318
Power	1,029,790,456	456,378,000	573,412,456		1,029,790,456
Total	\$15,239,907,920	\$10,731,586,610	\$4,508,321,310	14,131,507	15,254,039,427

Source: SFPUC

Approval of the proposed bond authorization ordinance would increase the amount of bonds authorized in accordance with Proposition E to \$15.25 billion. The SFPUC plans to issue approximately \$10.28 billion in revenue bonds between FY 2025-26 to FY 2034-25, as per their 10-year Financial Plan (amounts are preliminary and subject to change due to market conditions and actual project spending).

1 [Increase of Wastewater Enterprise Interim Funding Program - Not to Exceed \$1,250,000,000;
2 Increase of Water Enterprise Interim Funding Program - Not to Exceed \$750,000,000;
3 Increase of Power Enterprise Interim Funding Program - Not to Exceed \$450,000,000]

4 **Ordinance authorizing (i) an increase of the aggregate principal amount of the**
5 **Wastewater Enterprise's Interim Funding Program from an aggregate principal amount**
6 **of \$750,000,000 to a not to exceed aggregate principal amount of \$1,250,000,000 to**
7 **finance on a short-term interim basis various capital projects benefitting the**
8 **Wastewater Enterprise; (ii) an increase of the aggregate principal amount of the Water**
9 **Enterprise's Interim Funding Program from an aggregate principal amount of**
10 **\$500,000,000 to a not to exceed aggregate principal amount of \$750,000,000 to finance**
11 **on a short-term interim basis various capital projects benefitting the Water Enterprise;**
12 **and (iii) an increase of the aggregate principal amount of the Power Enterprise's Interim**
13 **Funding Program from an aggregate principal amount of \$250,000,000 to a not to**
14 **exceed aggregate principal amount of \$450,000,000 to finance on a short-term interim**
15 **basis various capital projects benefitting the Power Enterprise; and ratifying previous**
16 **actions taken in connection therewith, as defined herein.**

17
18 Note: Additions are single-underline italics Times New Roman;
19 deletions are ~~striketrough italics Times New Roman~~.
20 Board amendment additions are double underlined.
21 Board amendment deletions are ~~striketrough normal~~.

22 Be it ordained by the People of the City and County of San Francisco ("City");

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

25 A. On November 5, 2002, the voters of the City approved Proposition E ("Proposition E"),
which among other things, authorized the San Francisco Public Utilities Commission

1 ("Commission") to issue indebtedness, including revenue bonds, notes, commercial
2 paper or other forms of indebtedness, when authorized by ordinance approved by a two-thirds
3 vote of the Board, for the purpose of (i) reconstructing, replacing, expanding, repairing or
4 improving wastewater facilities under the jurisdiction of the Commission ("Wastewater
5 Enterprise"), and (ii) reconstructing, replacing, expanding, repairing or improving water facilities
6 or clean water facilities or combinations of water and clean water facilities under the jurisdiction
7 of the Commission ("Water Enterprise"); and

8 B. On June 5, 2018, the voters of the City approved Proposition A ("Proposition A"),
9 which among other things, amended Section 8B.124 of the Charter of the City ("Charter") to
10 authorize the Commission to issue indebtedness, including revenue bonds, notes, commercial
11 paper or other forms of indebtedness, when authorized by ordinance approved by a two-thirds
12 vote of the Board, for the purpose of reconstructing, replacing, expanding, repairing or
13 improving power facilities under the jurisdiction of the Commission ("Power Enterprise"), or for
14 any other lawful purpose of the power facilities of the City in furtherance of the purposes
15 specified in Charter Section 8B.124, provided that the Commission is prohibited from financing
16 the construction of power plants that generate electricity using fossil fuels or nuclear energy
17 under Proposition A; and

18 C. Pursuant to Section 43.5 of the San Francisco Administrative Code ("Article V"),
19 enacted by Ordinance No. 203-98 adopted by the Board on June 8, 1998, and signed by the
20 Mayor of the City on June 19, 1998, as amended by Ordinance No. 270-06, adopted on
21 October 24, 2006 by the Board and signed by the Mayor on October 31, 2006,
22 the Board established a procedure pursuant to which the Commission may issue short-term
23 indebtedness (including the issuance of commercial paper and other forms of short-term
24 indebtedness) in anticipation of the issuance of its revenue bonds; and
25

1 D. As it relates to the Wastewater Enterprise: (i) the Board has previously approved
2 pursuant to Ordinance No. 266-06, adopted by the Board on October 24, 2006, and signed by
3 the Mayor on October 31, 2006, the establishment of a commercial paper program/interim
4 funding program ("Wastewater Interim Funding Program") for the Wastewater Enterprise and
5 the issuance of up to \$150 million, at that time, in aggregate principal amount of Wastewater
6 Enterprise commercial paper notes and/or bank notes outstanding at any one time; (ii) the
7 Board has approved pursuant to Ordinance No. 91-12, adopted by the Board on May 8, 2012,
8 and signed by the Mayor on May 14, 2012, an ordinance to authorize, an increase in the
9 Wastewater Interim Funding Program to an aggregate principal amount not-to-exceed \$300
10 million, at that time, of commercial paper notes and/or bank notes outstanding at any one time
11 from an aggregate principal amount of not-to-exceed \$150 million of commercial paper notes
12 and/or bank notes outstanding at any one time; (iii) the Board has approved pursuant to
13 Resolution No. 378-14, adopted by the Board on September 30, 2014, and signed by the
14 Mayor on October 9, 2014, a resolution to authorize, an increase in the Wastewater Interim
15 Funding Program to an aggregate principal amount not-to-exceed \$500 million, at that time, of
16 commercial paper notes and/or bank notes outstanding at any one time from an aggregate
17 principal amount of not-to-exceed \$300 million of commercial paper notes and/or bank notes
18 outstanding at any one time; and (iv) the Board has approved pursuant to Resolution No. 193-
19 17, adopted by the Board on May 23, 2017, and signed by the Mayor on May 26, 2017, an
20 increase in the Wastewater Interim Funding Program to an aggregate principal amount not-to-
21 exceed \$750 million from \$500 million aggregate principal amount of short-term indebtedness
22 (including, but not limited to, commercial paper notes and/or bank notes), outstanding at any
23 one time; and

24 E. Pursuant to (i) Ordinance No. 128-21, adopted by the Board on July 27, 2021 and
25 signed by the Mayor on August 4, 2021, (ii) Ordinance No. 110-22, adopted by the Board on

1 June 14, 2022 and signed by the Mayor on June 24, 2022, (iii) Ordinance No. 181-23, adopted
2 by the Board on July 25, 2023 and signed by the Mayor on July 28, 2023, and (iv) Ordinance
3 No. 125-24, adopted by the Board on June 11, 2024 and signed by the Mayor on June 21,
4 2024, the Board has authorized the issuance from time to time of up to \$4,030,588,703 of
5 Wastewater Enterprise revenue bonds and other forms of indebtedness of the Commission
6 under Proposition E, and in the anticipation of the issuance of such indebtedness, has
7 authorized the issuance of short-term indebtedness of the Commission; and

8 F. As it relates to the Water Enterprise: (i) the Board has previously approved pursuant
9 to Ordinance No. 300-03, adopted by the Board on May 6, 2003, and signed by the Mayor on
10 May 16, 2003, the establishment of a commercial paper program/interim funding program
11 ("Water Interim Funding Program") for the Water Enterprise and the issuance of up to \$250
12 million, at that time, in aggregate principal amount of Water Enterprise commercial paper notes
13 and/or bank notes outstanding at any one time; and (ii) the Board has previously approved
14 pursuant to Ordinance No. 311-08, adopted by the Board on December 16, 2008 and signed
15 by the Mayor on December 19, 2008, an increase in the Water Interim Funding Program from
16 an aggregate principal amount of \$250 million to an aggregate principal amount of \$500 million
17 outstanding at any one time; and

18 G. Pursuant to (i) Ordinance No. 174-20 adopted by the Board on September 29, 2020
19 and signed by the Mayor on October 1, 2020, (ii) Ordinance No. 112-22, adopted by the Board
20 on June 14, 2022 and signed by the Mayor on June 24, 2022, (iii) Ordinance No. 180-23,
21 adopted by the Board on July 25, 2023 and signed by the Mayor on July 28, 2023, and (iv)
22 Ordinance No. 131-24 adopted by the Board on June 18, 2024 and signed by the Mayor on
23 June 27, 2024, the Board has authorized the issuance from time to time of up to
24 \$1,887,552,493 of water revenue bonds and other forms of indebtedness of the Commission
25 under Proposition E, and in the anticipation of the issuance of such indebtedness, has

1 authorized the issuance of short-term indebtedness of the Commission; and

2 F. As it relates to the Power Enterprise: (i) the Board has previously approved pursuant
3 to Resolution No. 427-15, adopted by the Board on November 17, 2015, and signed by the
4 Mayor on November 25, 2015, the establishment of a commercial paper program/interim
5 funding program ("Power Interim Funding Program") for the Power Enterprise and the issuance
6 of up to \$90 million, at that time, in aggregate principal amount of Power Enterprise
7 commercial paper notes outstanding at any one time; and (ii) the Board has previously
8 approved pursuant to Ordinance No. 2-19, adopted by the Board on January 15, 2019, and
9 signed by the Mayor on January 18, 2019, an increase in the Power Interim Funding Program
10 from an aggregate principal amount of \$90 million to an aggregate principal amount of \$250
11 million of commercial paper notes outstanding at any one time; and

12 G. Pursuant to (i) Ordinance No. 142-18 adopted by the Board on June 12, 2018 and
13 signed by the Mayor on June 20, 2018, (ii) Ordinance No. 152-19 adopted by the Board on
14 June 25, 2019 and signed by the Mayor on June 28, 2019, (iii) Ordinance No. 127-21 adopted
15 by the Board on July 27, 2021 and signed by the Mayor on August 4, 2021, (iv) Ordinance No.
16 109-22 adopted by the Board on June 14, 2022 and signed by the Mayor on June 24, 2022, (v)
17 Ordinance No. 182-23 adopted by the Board on July 25, 2023 and signed by the Mayor on July
18 28, 2023, and (vi) Ordinance No. 126-24 adopted by the Board on June 11, 2024 and signed
19 by the Mayor on June 21, 2024, the Board has authorized the issuance from time to time of up
20 to \$836,960,525 of Power Enterprise revenue bonds and other forms of indebtedness of the
21 Commission under Proposition A and Sections 9.107(6) and 9.107(8) of the Charter, and in the
22 anticipation of the issuance of such indebtedness, has authorized the issuance of short-term
23 indebtedness of the Commission; and

24 H. Under Section 8B.124 of the Charter, the Board's authority to authorize an issuance
25 of debt under Proposition A or Proposition E, as applicable, is subject to the provision of

1 certain certifications of an independent engineer retained by Commission and certain
2 certifications by the San Francisco Planning Department, which certifications shall make the
3 findings and determinations set forth in Charter Section 8B.124 ("Proposition A Certificates" or
4 "Proposition E Certificates" (as applicable)), such Proposition A Certificates are on file with the
5 Clerk of the Board in, for the Water Enterprise, File No. 240455 and are part of Ordinance No.
6 131-24, and for the Wastewater Enterprise, File No. 240453 and are part of Ordinance
7 No. 125-24, and such Proposition E Certificates are on file with the Clerk of the Board in File
8 No. 240454 and are part of Ordinance No. 126-24; and

9 I. On September 10, 2024, the Commission approved Resolution No. 24-1093 to
10 authorize: (i) the expansion of the Wastewater Interim Funding Program through a \$500
11 million increase in the aggregate principal amount of short-term indebtedness authorized to be
12 outstanding at any one time under the Wastewater Interim Funding Program, increasing
13 authorization to \$1.250 billion from \$750 million of aggregate principal amount of short-term
14 indebtedness outstanding at any one-time (including, but not limited to, commercial paper
15 notes, revolving notes, bank notes, revolving lines of credit, any fixed and/or variable rate
16 short-term borrowing facility/program and/or any other short-term borrowing vehicle which
17 furthers the purpose and intent of the Wastewater Interim Funding Program), (ii) the expansion
18 of the Water Interim Funding Program through a \$250 million increase in the aggregate
19 principal amount of short-term indebtedness authorized to be outstanding at any one time
20 under the Water Interim Funding Program, increasing authorization to \$750 million from \$500
21 million of aggregate principal amount of short-term indebtedness outstanding at any one-time
22 (including, but not limited to, commercial paper notes, revolving notes, bank notes, revolving
23 lines of credit, any fixed and/or variable rate short-term borrowing facility/program and/or any
24 other short-term borrowing vehicle which furthers the purpose and intent of the Water Interim
25 Funding Program), and (iii) the expansion of the Power Interim Funding Program through a

1 \$200 million increase in the aggregate principal amount of short-term indebtedness authorized
2 to be outstanding at any one time under the Power Interim Funding Program, increasing
3 authorization to \$450 million from \$250 million of aggregate principal amount of short-term
4 indebtedness outstanding at any one-time (including, but not limited to, commercial paper
5 notes, revolving notes, bank notes, revolving lines of credit, any fixed and/or variable rate
6 short-term borrowing facility/program and/or any other short-term borrowing vehicle which
7 furthers the purpose and intent of the Power Interim Funding Program), contingent upon
8 adoption by the Board of this Ordinance; and

9 J. The Board now desires to authorize the expansions of the Wastewater Interim
10 Funding Program, the Water Interim Funding Program and the Power Interim Funding
11 Program as set forth herein and in accordance herewith.

12 Section 2. Approval and Authorization of Expansion of Wastewater Interim Funding
13 Program. The Board hereby approves the expansion of the Wastewater Interim Funding
14 Program through a \$500 million increase in the aggregate principal amount of short-term
15 indebtedness authorized to be outstanding at any one time under the Wastewater Interim
16 Funding Program, increasing authorization to \$1.250 billion from \$750 million of aggregate
17 principal amount of short-term indebtedness outstanding at any one-time (including, but not
18 limited to, commercial paper notes, revolving notes, bank notes, revolving lines of credit, any
19 fixed and/or variable rate short-term borrowing facility/program and/or any other short-term
20 borrowing vehicle which accomplishes the purpose and intent of the Wastewater Interim
21 Funding Program). The Board further approves of such short-term indebtedness to be issued
22 by or on behalf of the Commission and the Commission is hereby authorized to determine the
23 form of the document related to any such short-term indebtedness, the timing, the amount and
24 the manner of sale; provided, however, that such Commission authorization is subject to the
25 approval, by a resolution of the Commission, of the form of the document(s) related to such

1 short-term indebtedness and, in the case of any projects financed under Section 8B.124 of the
2 Charter, filing with the Clerk of the Board of the necessary Proposition E Certificates.

3 Section 3. Approval and Authorization of Expansion of Water Interim Funding
4 Program. The Board hereby approves the expansion of the Water Interim Funding Program
5 through a \$250 million increase in the aggregate principal amount of short-term indebtedness
6 authorized to be outstanding at any one time under the Water Interim Funding Program,
7 increasing authorization to \$750 million from \$500 million of aggregate principal amount of
8 short-term indebtedness outstanding at any one-time (including, but not limited to, commercial
9 paper notes, revolving notes, bank notes, revolving lines of credit, any fixed and/or variable
10 rate short-term borrowing facility/program and/or any other short-term borrowing vehicle which
11 accomplishes the purpose and intent of the Water Interim Funding Program). The Board
12 further approves of such short-term indebtedness to be issued by or on behalf of the
13 Commission and the Commission is hereby authorized to determine the form of the document
14 related to any such short-term indebtedness, the timing, the amount and the manner of sale;
15 provided, however, that such Commission authorization is subject to the approval, by a
16 resolution of the Commission, of the form of the document(s) related to such short-term
17 indebtedness and, in the case of any projects financed under Section 8B.124 of the Charter,
18 filing with the Clerk of the Board of the necessary Proposition E Certificates.

19 Section 4. Approval and Authorization of Expansion of Power Interim Funding
20 Program. The Board hereby approves the expansion of the Power Interim Funding Program
21 through a \$200 million increase in the aggregate principal amount of short-term indebtedness
22 authorized to be outstanding at any one time under the Power Interim Funding Program,
23 increasing authorization to \$450 million from \$250 million of aggregate principal amount of
24 short-term indebtedness outstanding at any one-time (including, but not limited to, commercial
25 paper notes, revolving notes, bank notes, revolving lines of credit, any fixed and/or variable

1 rate short-term borrowing facility/program and/or any other short-term borrowing vehicle which
2 accomplishes the purpose and intent of the Power Interim Funding Program). The Board
3 further approves of such short-term indebtedness to be issued by or on behalf of the
4 Commission and the Commission is hereby authorized to determine the form of the document
5 related to any such short-term indebtedness, the timing, the amount and the manner of sale;
6 provided, however, that such Commission authorization is subject to the approval, by a
7 resolution of the Commission, of the form of the document(s) related to such short-term
8 indebtedness and, in the case of any projects financed under Section 8B.124 of the Charter,
9 filing with the Clerk of the Board of the necessary Proposition A Certificates.

10 Section 5. General Authority. The General Manager of the Commission, the Controller
11 of the City, the Director of the Office of Public Finance, the Treasurer, the City Attorney and
12 other officers of the City and their duly authorized deputies and agents are hereby authorized
13 and directed, jointly and severally, to take such actions and to execute and deliver such
14 certificates, agreements, requests or other documents, as necessary or desirable to facilitate
15 the issuance, sale and delivery of the short-term indebtedness (including, but not limited to,
16 commercial paper notes, revolving notes, bank notes, revolving lines of credit, any fixed and/or
17 variable rate short-term borrowing facility/program and/or any other short-term borrowing
18 vehicle which accomplishes the purpose and intent of the respective Interim Funding
19 Program), and to otherwise carry out the provisions of this Ordinance. In addition, and subject
20 to any current and/or future ordinance/resolution of this Board, the proceeds of any short-term
21 indebtedness authorized herein and by such ordinance/resolution of this Board, may be used
22 to refund/refinance any outstanding short-term indebtedness.

23 Section 6. Ratification of Prior Actions. All actions authorized and directed by this
24 Ordinance and heretofore taken are hereby ratified, approved and confirmed by this Board.

25 ///

Section 7. Effective Date. Pursuant to Sections 14.102 and 8B.124 of the Charter, this Ordinance shall take effect thirty (30) days after its adoption.

APPROVED AS TO FORM:

DAVID CHIU
CITY ATTORNEY

BY: /s/
KATHERINE THURSBY-ORTEGA
Deputy City Attorney



City and County of San Francisco
Tails
Ordinance

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 240897

Date Passed: November 19, 2024

Ordinance authorizing (i) an increase of the aggregate principal amount of the Wastewater Enterprise's Interim Funding Program from an aggregate principal amount of \$750,000,000 to a not to exceed aggregate principal amount of \$1,250,000,000 to finance on a short-term interim basis various capital projects benefitting the Wastewater Enterprise; (ii) an increase of the aggregate principal amount of the Water Enterprise's Interim Funding Program from an aggregate principal amount of \$500,000,000 to a not to exceed aggregate principal amount of \$750,000,000 to finance on a short-term interim basis various capital projects benefitting the Water Enterprise; and (iii) an increase of the aggregate principal amount of the Power Enterprise's Interim Funding Program from an aggregate principal amount of \$250,000,000 to a not to exceed aggregate principal amount of \$450,000,000 to finance on a short-term interim basis various capital projects benefitting the Power Enterprise; and ratifying previous actions taken in connection therewith, as defined herein.

October 30, 2024 Budget and Finance Committee - RECOMMENDED

November 05, 2024 Board of Supervisors - PASSED ON FIRST READING

Ayes: 11 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

November 19, 2024 Board of Supervisors - FINALLY PASSED

Ayes: 11 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 240897

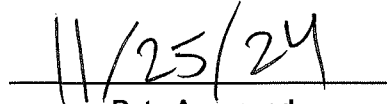
I hereby certify that the foregoing
Ordinance was FINALLY PASSED on
11/19/2024 by the Board of Supervisors of
the City and County of San Francisco.



A Angela Calvillo
Clerk of the Board



London N. Breed
Mayor



Date Approved

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 24-0031

WHEREAS, On September 26, 2023 and January 22, 26, 29 and February 2, 2024, this Commission heard and considered budget priorities for the department, and the San Francisco Public Utilities Commission (SFPUC) General Manager and Staff presented the preliminary proposed FY 2024-25 and FY 2025-26 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; and

WHEREAS, An overview of the proposed FY 2024-25 and FY 2025-26 Capital Budget for each SFPUC Enterprise is set forth as Attachment A and is on file with the Commission Secretary; and

WHEREAS, The proposed FY 2024-25 and FY 2025-26 Capital Budget must be submitted to, and approved by the Mayor and the Board of Supervisors; and

WHEREAS, This action does not constitute a project under the California Environmental Quality Act (CEQA) Guidelines section 15378(b)(4) because adoption of the Capital Budget involves creation of a government funding mechanism or other fiscal activities and does not involve any commitment to a specific project which may result in a potentially significant impact on the environment; and

WHEREAS, The SFPUC will consider approval of projects to be funded through this Capital Budget only after completion of any environmental review required by CEQA and Administrative Code Chapter 31 and any certification required by Proposition E (approved by the voters in 2002 for water and wastewater projects) and Proposition A (approved by the voters in 2018 for power projects); and

WHEREAS, This Commission has considered the proposed FY 2024-25 and FY 2025-26 Capital Budget for the Water Enterprise, Wastewater Enterprise, and Hetch Hetchy Water and Power, including the Power Enterprise and CleanPowerSF, which totals \$1,784,912,774 for FY 2024-25 and \$1,792,439,721 for FY 2025-26, as set forth in Attachment A to the February 13, 2024, staff report; now, therefore, be it

RESOLVED, That this Commission hereby adopts the FY 2024-25 and FY 2025-26 SFPUC Capital Budget in the amount of \$1,784,912,774 for FY 2024-25 and \$1,792,439,721 for FY 2025-26 and 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 29, 2024 and as set forth in the attached Attachment A, as follows:

FY 2024-25 Capital Budget	Amount	Financing Costs	Total
Wastewater	\$892,521,033	\$136,726,319	\$1,029,247,352
Water	456,053,637	61,964,962	518,018,599
Hetchy Water	152,774,787	26,351,105	179,125,892
Hetchy Power	52,035,690	5,902,981	57,938,671
CleanPowerSF	582,260	0	582,260
Total	\$1,553,967,407	\$230,945,367	\$1,784,912,774

FY 2025-26 Capital Budget	Amount	Financing Costs	Total
Wastewater	\$822,912,008	\$120,624,344	\$943,536,352
Water	477,182,370	64,895,259	542,077,629
Hetchy Water	180,765,665	30,351,763	211,117,428
Hetchy Power	85,482,971	9,708,911	95,191,882
CleanPowerSF	516,430	0	516,430
Total	\$1,554,459,622	\$225,580,277	\$1,792,439,721

and be it;

FURTHER RESOLVED, That the General Manager is authorized to reallocate funds within an Authority Code as provided in the staff report and Attachment A appended to this Resolution and to make further technical adjustments to these approved amounts as may be necessary, or upon further direction from the Commission, the Mayor, or 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 \$1,035,007,350 aggregate principal amount of Water Revenue Bonds and other forms of indebtedness, including commercial paper and State Revolving Fund (SRF) loans, (2) \$1,715,671,086 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) \$292,825,860 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 13, 2024.


Secretary, Public Utilities Commission

Attachment A

Two Year SFPUC Capital Budget FY 2024-25 and FY 2025-26

Attachment A Wastewater Enterprise

Funding Source

Authority	Description of Appropriation or Fund	FY 2024-25	FY 2025-26
19471	Proceeds Sale of Bonds	911,508,795	804,162,291
19141	Wastewater Revenue	112,415,407	133,891,216
19141	Wastewater Capacity Fee	5,323,150	5,482,845
	TOTAL - Funding Source	1,029,247,352	943,536,352

Use of Funds

Authority	Description of Appropriation or Fund	FY 2024-25	FY 2025-26
SSIP			
19142	Program Management	16,000,000	12,996,970
19142	Biosolids/Digester Project	378,512,525	188,532,739
19142	Treatment Plant Improvements - Southeast	83,860,148	113,581,087
19142	Treatment Plant Improvements - Other	54,491,438	57,913,311
19142	Collection System Improvements	15,587,483	44,773,049
	Stormwater Management/Green		
19142	Infrastructure	7,677,412	17,951,320
19142	Flood Resilience/Hydraulic Improvements	82,267,176	158,669,505
	TOTAL - SSIP	638,396,182	594,417,981
Non-SSIP			
19141	Renewal & Replacement-Collection System	128,538,826	142,124,003
19141	Renewal & Replacement-Treatment Facilities	24,000,000	25,000,000
19134	Treasure Island	36,624,859	4,272,611
19139	Wastewater Facilities and Infrastructure	64,961,166	57,097,413
	TOTAL - Non SSIP	254,124,851	228,494,027
19471	Financing Cost	136,726,319	120,624,344
	TOTAL - Use of Funds	1,029,247,352	943,536,352

Attachment A Water Enterprise

Funding Source

Authority	Description of Appropriation or Fund	FY 2024-25	FY 2025-26
17731	Proceeds Sale of Bonds	413,099,747	432,635,062
19133	Water Enterprise Revenue	99,977,942	104,353,430
19063	Water Capacity Fee	4,940,910	5,089,137
	TOTAL - Funding Source	518,018,599	542,077,629

Use Of Funds

Authority	Description of Appropriation or Fund	FY 2024-25	FY 2025-26
80526	Reg Water Facilities and Infra	203,597,839	122,663,166
80527	Watersheds & Right of Way	8,870,044	9,694,978
80528	Reg Alternative Water Supplies	6,240,441	7,449,609
	Total Regional Water	218,708,324	139,807,753
Local Water			
80529	Local Water Facilities and Infra	227,398,679	319,859,530
80530	Local Water Recourses (WRD)	9,946,634	17,515,087
	TOTAL - Local Water	237,345,313	337,374,617
17731	Financing Costs	61,964,962	64,895,259
	TOTAL - Use of Funds	518,018,599	542,077,629

Attachment A Hetch Hetchy

Funding Source		FY 2024-25	FY 2025-26
Authority	Description of Appropriation or Fund		
15366	Proceeds Sale Power Bonds	115,630,709	177,195,151
15366	Proceeds Sale Water Bonds	99,396,533	89,876,008
15405	Hetch Hetchy Revenue Funds (Power/Water)	20,222,482	37,238,254
15404	Cap and Trade Revenue	1,006,901	1,151,119
21284	Low Carbon Fuel Standard	807,938	848,778
	TOTAL - Funding Source	237,064,563	306,309,310
Use of Funds		FY 2024-25	FY 2025-26
Authority	Description of Appropriation or Fund		
15363	Water Infrastructure Projects	56,049,054	57,052,901
15364	Power Infrastructure Projects	25,730,244	61,113,838
15365	Joint Water/Power Projects	70,995,489	62,598,926
	TOTAL - Water	152,774,787	180,765,665
80427	Distribution Services Retail	30,100,000	54,739,676
80427	ITS Capital Projects	74,690	71,295
80427	Distribution Services Retail - Treasure Island	638,000	10,362,000
80427	Distribution Services Retail - Grid Connections	8,050,000	8,350,000
15377	Streetlights	3,615,000	3,615,000
15400	Small Renewables	1,000,000	1,000,000
15404	Energy Efficiency - General Fund	1,000,000	1,000,000
15383	Power Asset Acquisition	7,558,000	6,345,000
	TOTAL - Power	52,035,690	85,482,971
15366	Financing Cost Power	17,344,606	26,579,273
15366	Financing Cost Water	14,909,480	13,481,401
	Total Financing Costs	32,254,086	40,060,674
	TOTAL - Use of Funds	237,064,563	306,309,310

Attachment A CleanPowerSF

Funding Source

Authority	Description of Appropriation or Fund	FY 2024-25	FY 2024-25
80233	ITI from Cleanpower Funds	582,260	516,430
	TOTAL-Source of Fund	582,260	516,430

Use of Funds

Authority	Description of Appropriation or Fund	FY 2024-25	FY 2024-25
80233	Local Renewable Energy Program	582,260	516,430
	Total-Uses of Fund	582,260	516,430

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO.: 24-0193

WHEREAS, On November 5, 2002, the voters of the City and County of San Francisco (the “City”) approved Proposition E (“Proposition E”), which among other things, authorized the San Francisco Public Utilities Commission (the “Commission”) to issue indebtedness, including revenue bonds, notes, commercial paper or other forms of indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board of Supervisors of the City (the “Board”), for the purpose of (i) reconstructing, replacing, expanding, repairing or improving wastewater facilities under the jurisdiction of the Commission (the “Wastewater Enterprise”), and (ii) 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 “Water Enterprise”); and

WHEREAS, On June 5, 2018, the voters of the City approved Proposition A (“Proposition A”), which among other things, amended Section 8B.124 of the Charter of the City and County of San Francisco (the “Charter”) to authorize the Commission to issue indebtedness, including revenue bonds, notes, commercial paper or other forms of indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board, for the purpose of reconstructing, replacing, expanding, repairing or improving power facilities under the jurisdiction of the Commission (the “Power Enterprise”), or for any other lawful purpose of the power facilities of the City in furtherance of the purposes specified in Charter Section 8B.124, provided that the Commission is prohibited from financing the construction of power plants that generate electricity using fossil fuels or nuclear energy under Proposition A; and

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

WHEREAS, Under Section 8B.124 of the Charter, the Board’s authority to authorize an issuance of debt under Proposition A or Proposition E, as applicable, is subject to the provision of certain certifications of an independent engineer retained by the Commission and certain certifications by the San Francisco Planning Department, which certifications shall make the findings and determinations set forth in Charter Section 8B.124 (the “Proposition A Certificates” or “Proposition E Certificates” (as applicable)); and

WHEREAS, As it relates to the Wastewater Enterprise: (i) the Commission has previously authorized pursuant to Resolution No. 06-0164, approved by the Commission on September 26, 2006, and the Board has previously approved pursuant to Ordinance No. 266-06, adopted by the Board on October 24, 2006, and signed by the Mayor on October 31, 2006, the establishment of a commercial paper program/interim funding program (the “Wastewater Interim Funding Program”) for the Wastewater Enterprise and the issuance of up to \$150 million, at that time, in aggregate principal amount of Wastewater Enterprise commercial paper notes and/or bank notes outstanding at any one time; (ii) the Commission has previously authorized pursuant

to Resolution No. 11-0197, approved by the Commission on December 13, 2011, and the Board has approved pursuant to Ordinance No. 91-12, adopted by the Board on May 8, 2012, and signed by the Mayor on May 14, 2012, an ordinance to authorize, an increase in the Wastewater Interim Funding Program to an aggregate principal amount not to exceed \$300 million, at that time, of commercial paper notes and/or bank notes outstanding at any one time from an aggregate principal amount of not to exceed \$150 million of commercial paper notes and/or bank notes outstanding at any one time; (iii) the Commission has previously authorized pursuant to Resolution No. 14-0139, approved by the Commission on August 26, 2014, and the Board has approved pursuant to Resolution No. 378-14, adopted by the Board on September 30, 2014, and signed by the Mayor on October 9, 2014, a resolution to authorize, an increase in the Wastewater Interim Funding Program to an aggregate principal amount not to exceed \$500 million, at that time, of commercial paper notes and/or bank notes outstanding at any one time from an aggregate principal amount of not to exceed \$300 million of commercial paper notes and/or bank notes outstanding at any one time; and (iv) the Commission has previously authorized pursuant to Resolution No. 17-0086, approved by the Commission on April 25, 2017, and the Board has approved pursuant to Resolution No. 193-17, adopted by the Board on May 23, 2017, and signed by the Mayor on May 26, 2017, an increase in the Wastewater Interim Funding Program to an aggregate principal amount not to exceed \$750 million from \$500 million aggregate principal amount of short-term indebtedness (including, but not limited to, commercial paper notes and/or bank notes), outstanding at any one time; and

WHEREAS, Pursuant to (i) Ordinance No. 128-21, adopted by the Board on July 27, 2021 and signed by the Mayor on August 4, 2021, (ii) Ordinance No. 110-22, adopted by the Board on June 14, 2022 and signed by the Mayor on June 24, 2022, (iii) Ordinance No. 181-23, adopted by the Board on July 25, 2023 and signed by the Mayor on July 28, 2023, and (iv) Ordinance No. 125-24, adopted by the Board on June 11, 2024 and signed by the Mayor on June 21, 2024, the Board has authorized the issuance from time to time of up to \$4,030,588,703 of Wastewater Enterprise revenue bonds and other forms of indebtedness of the Commission under Proposition E, and in the anticipation of the issuance of such indebtedness, has authorized the issuance of short-term indebtedness of the Commission; and

WHEREAS, The Commission has determined that it is necessary and desirable to make certain additional improvements to the facilities of the Wastewater Enterprise and has further determined to finance such additional improvements through the issuance of Wastewater Enterprise revenue bonds and other forms of indebtedness, and in anticipation of issuance of such Wastewater Enterprise revenue bonds and other forms of indebtedness, through the expansion of the Wastewater Interim Funding Program, the Commission now desires to increase the aggregate principal amount of short-term indebtedness authorized to be outstanding at any one time under the Wastewater Interim Funding Program by \$500 million, increasing authorization to \$1.250 billion from \$750 million of aggregate principal amount of short-term indebtedness outstanding at any one-time (including, but not limited to, commercial paper notes, revolving notes, bank notes, revolving lines of credit, any fixed and/or variable rate short-term borrowing facility/program and/or any other short-term borrowing vehicle which furthers the purpose and intent of the Wastewater Interim Funding Program), contingent upon the preparation and introduction of an ordinance for approval by the Board and acceptance by the Mayor (referred to herein, and describing all Enterprises, as the “Proposed Ordinance”); and

WHEREAS, As it relates to the Water Enterprise: (i) the Commission has previously authorized pursuant to Resolution No. 03-0048, approved by the Commission on March 25, 2003, and the Board has previously approved pursuant to Ordinance No. 300-03, adopted by the Board on May 6, 2003, and signed by the Mayor on May 16, 2003, the establishment of a commercial paper program/interim funding program (the “Water Interim Funding Program”) for the Water

Enterprise and the issuance of up to \$250 million, at that time, in aggregate principal amount of Water Enterprise commercial paper notes and/or bank notes outstanding at any one time; and (ii) the Commission has previously authorized pursuant to Resolution No. 08-0202, approved by the Commission on October 30, 2008, and the Board has previously approved pursuant to Ordinance No. 311-08, adopted by the Board on December 16, 2008 and signed by the Mayor on December 19, 2008, an increase in the Water Interim Funding Program from an aggregate principal amount of \$250 million to an aggregate principal amount of \$500 million outstanding at any one time; and

WHEREAS, Pursuant to (i) Ordinance No. 174-20 adopted by the Board on September 29, 2020 and signed by the Mayor on October 1, 2020, (ii) Ordinance No. 112-22, adopted by the Board on June 14, 2022 and signed by the Mayor on June 24, 2022, (iii) Ordinance No. 180-23, adopted by the Board on July 25, 2023 and signed by the Mayor on July 28, 2023, and (iv) Ordinance No. 131-24 adopted by the Board on June 18, 2024 and signed by the Mayor on June 27, 2024, the Board has authorized the issuance from time to time of up to \$1,887,552,493 of water revenue bonds and other forms of indebtedness of the Commission under Proposition E, and in the anticipation of the issuance of such indebtedness, has authorized the issuance of short-term indebtedness of the Commission; and

WHEREAS, The Commission has determined that it is necessary and desirable to make certain additional improvement to the facilities of the Water Enterprise and has further determined to finance such additional improvements through the issuance of Water Enterprise revenue bonds and other forms of indebtedness, and in anticipation of issuance of such Water Enterprise revenue bonds and other forms of indebtedness, through the expansion of the Water Interim Funding Program, the Commission now desires to increase the aggregate principal amount of short-term indebtedness authorized to be outstanding at any one time under the Water Interim Funding Program by \$250 million, increasing authorization to \$750 million from \$500 million of aggregate principal amount of short-term indebtedness outstanding at any one-time (including, but not limited to, commercial paper notes, revolving notes, bank notes, revolving lines of credit, any fixed and/or variable rate short-term borrowing facility/program and/or any other short-term borrowing vehicle which furthers the purpose and intent of the Water Interim Funding Program), contingent upon approval of the Proposed Ordinance; and

WHEREAS, As it relates to the Power Enterprise: (i) the Commission has previously authorized pursuant to Resolution No. 15-0183, approved by the Commission on September 8, 2015, and the Board has previously approved pursuant to Resolution No. 427-15, adopted by the Board on November 17, 2015, and signed by the Mayor on November 25, 2015, the establishment of a commercial paper program/interim funding program (the “Power Interim Funding Program”) for the Power Enterprise and the issuance of up to \$90 million, at that time, in aggregate principal amount of Power Enterprise commercial paper notes outstanding at any one time; and (ii) the Commission has previously authorized pursuant to Resolution No. 18-0188, approved by the Commission on November 13, 2018, and the Board has previously approved pursuant to Ordinance No. 2-19, adopted by the Board on January 15, 2019, and signed by the Mayor on January 18, 2019, an increase in the Power Interim Funding Program from an aggregate principal amount of \$90 million to an aggregate principal amount of \$250 million of commercial paper notes outstanding at any one time; and

WHEREAS, Pursuant to (i) Ordinance No. 142-18 adopted by the Board on June 12, 2018 and signed by the Mayor on June 20, 2018, (ii) Ordinance No. 152-19 adopted by the Board on June 25, 2019 and signed by the Mayor on June 28, 2019, (iii) Ordinance No. 127-21 adopted by the Board on July 27, 2021 and signed by the Mayor on August 4, 2021, (iv) Ordinance No. 109-22 adopted by the Board on June 14, 2022 and signed by the Mayor on June

24, 2022, (v) Ordinance No. 182-23 adopted by the Board on July 25, 2023 and signed by the Mayor on July 28, 2023, and (vi) Ordinance No. 126-24 adopted by the Board on June 11, 2024 and signed by the Mayor on June 21, 2024, the Board has authorized the issuance from time to time of up to \$836,960,525 of Power Enterprise revenue bonds and other forms of indebtedness of the Commission under Proposition A and Sections 9.107(6) and 9.107(8) of the Charter, and in the anticipation of the issuance of such indebtedness, has authorized the issuance of short-term indebtedness of the Commission; and

WHEREAS, The Commission has determined that it is necessary and desirable to make certain additional improvement to the facilities of the Power Enterprise and has further determined to finance such additional improvements through the issuance of Power Enterprise revenue bonds and other forms of indebtedness, and in anticipation of issuance of such Power Enterprise revenue bonds and other forms of indebtedness, through the expansion of the Power Interim Funding Program, the Commission now desires to increase the aggregate principal amount of short-term indebtedness authorized to be outstanding at any one time under the Power Interim Funding Program by \$200 million, increasing authorization to \$450 million from \$250 million of aggregate principal amount of short-term indebtedness outstanding at any one-time (including, but not limited to, commercial paper notes, revolving notes, bank notes, revolving lines of credit, any fixed and/or variable rate short-term borrowing facility/program and/or any other short-term borrowing vehicle which accomplishes the purpose and intent of the Water Interim Funding Program), contingent upon approval of the Proposed Ordinance; and

WHEREAS, The Proposition A Certificates and the Proposition E Certificates (as applicable), meeting the Proposition A requirements and the Proposition E requirements (as applicable) are, or will be, on file with the Clerk of the Board in accordance with Proposition A and Proposition E, in accordance with Section 8B.124 of the Charter; and

WHEREAS, This action does not constitute a “project” under the California Environmental Quality Act Guidelines section 15378(b)(4) because approval of the expansion of the Wastewater, Water, and Power Enterprise Interim Funding Programs and authorization of the Proposed Ordinance would constitute the creation of a government funding mechanism, which does not involve any commitment to a specific project that may result in a potentially significant physical change in the environment; now, therefore, be it

RESOLVED by the Public Utilities Commission of the City and County of San Francisco, as follows:

Section 1. Proposed Ordinance. The SFPUC General Manager or the General Manager’s designee, is instructed to prepare and introduce an ordinance consistent with the terms stated in this Resolution and describing the expansions of the Wastewater Interim Funding Program, Water Interim Funding Program and Power Interim Funding Program, for adoption by the Board and approval by the Mayor, subject to filing with the Clerk of the Board the necessary Proposition E Certificates and Proposition A Certificates (as applicable).

Section 2. Expansion of Wastewater Interim Funding Program. The Commission hereby approves the expansion of the Wastewater Interim Funding Program and a \$500 million increase in the aggregate principal amount of short-term indebtedness authorized to be outstanding at any one time under the Wastewater Interim Funding Program, increasing authorization to \$1.250 billion from \$750 million of aggregate principal amount of short-term indebtedness outstanding at any one-time. The General Manager or their designee is authorized to issue up to \$1.250 billion in aggregate principal amount of short-term indebtedness (including, but not limited to, commercial paper notes, revolving notes, bank notes, revolving lines of credit, any fixed and/or

variable rate short-term borrowing facility/program and/or any other short-term borrowing vehicle which accomplishes the purpose and intent of the Wastewater Interim Funding Program) outstanding at any one-time in accordance with the terms hereof.

Section 3. Expansion of Water Interim Funding Program. The Commission hereby approves the expansion of the Water Interim Funding Program and a \$250 million increase in the aggregate principal amount of short-term indebtedness authorized to be outstanding at any one time under the Water Interim Funding Program, increasing authorization to \$750 million from \$500 million of aggregate principal amount of short-term indebtedness outstanding at any one-time. The General Manager or their designee is authorized to issue up to \$750 million in aggregate principal amount of short-term indebtedness (including, but not limited to, commercial paper notes, revolving notes, bank notes, revolving lines of credit, any fixed and/or variable rate short-term borrowing facility/program and/or any other short-term borrowing vehicle which accomplishes the purpose and intent of the Water Interim Funding Program) outstanding at any one-time in accordance with the terms hereof.

Section 4. Expansion of Power Interim Funding Program. The Commission hereby approves the expansion of the Power Interim Funding Program and a \$200 million increase in the aggregate principal amount of short-term indebtedness authorized to be outstanding at any one time under the Power Interim Funding Program, increasing authorization to \$450 million from \$250 million of aggregate principal amount of short-term indebtedness outstanding at any one-time. The General Manager or their designee is authorized to issue up to \$450 million aggregate principal amount of short-term indebtedness (including, but not limited to, commercial paper notes, revolving notes, bank notes, revolving lines of credit, any fixed and/or variable rate short-term borrowing facility/program and/or any other short-term borrowing vehicle which accomplishes the purpose and intent of the Power Interim Funding Program) outstanding at any one-time in accordance with the terms hereof.

Section 5. Limitations. This Resolution shall be ineffective unless and until a Proposed Ordinance is adopted by the Board and approved by the Mayor.

Section 6. Ratification. All actions heretofore taken by the officials, employees and agents of the Commission with respect to the expansions of the Wastewater Interim Funding Program, Water Interim Funding Program and Power Interim Funding Program are hereby approved, confirmed and ratified.

Section 7. Effective Date. This resolution shall take effect from and after its adoption.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting on September 10, 2024.

T. Lennear

Director of Commission Affairs
San Francisco Public Utilities Commission



To: Rafael Mandelman, President of the Board of Supervisors
From: Sophia Kittler, Mayor's Budget Director
Date: May 30, 2025
Re: 30-Day Waiver Requests

RECEIVED *Ak*
BOARD OF SUPERVISORS
SAN FRANCISCO
2025 MAY 30 PM04:19

President Mandelman,

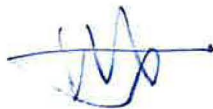
The Mayor's Office Respectfully requests 30-day hold waivers for the following pieces of trailing legislation:

- City Administrator's Office:
 - Administrative Code - City Hall Short Term License Fees
 - Administrative Code - Transferring Data Collection Oversight Duties from the City Administrator to the Human Rights Commission
 - Administrative Code - Treasure Island Development Authority
- Controller's Office:
 - Resolution Adjusting the Access Line Tax with the Consumer Price Index of 2025
 - Administrative Code - Eliminating Budget Savings Incentive Fund
 - Neighborhood Beautification and Graffiti Clean-up Fund Tax Designation Ceiling
- Department of Building Inspection:
 - Building, Subdivision, and Administrative Codes - Fee Adjustment and Building Inspection Fund Subfunds
- Department of Early Childhood:
 - Business and Tax Regulations Code - Early Care and Education Commercial Rents Tax Baseline - FY 2025-2026 and 2026-2027
- Department of Public Health:
 - Accept and Expend Grants - Recurring State Grant Funds - Department of Public Health - FY2025-2026
 - Grant Agreement - California Department of Social Services - Community Care Expansion Program - Anticipated Revenue to the City \$9,895,834
 - Various Codes - Environmental Health Permit, Fee, and Penalties Revisions
 - Delegation of 9.118 Authority - Accept and Expend Grant - San Francisco Health Authority, a local governmental entity doing business as the San Francisco Health Plan ("Health Plan" or "SFHP") - Housing and Homelessness Incentive Program ("HHIP") Expanding San Francisco Department of Public Health Recuperative Care Community Supports - \$2,489,698.63
 - Delegation of 9.118 Authority - Accept and Expend Grant - San Francisco Health Authority, a local governmental entity doing business as the San Francisco Health Plan ("Health Plan" or "SFHP") - Incentive Payment Program ("IPP") San Francisco Department of Public Health Epic Enhancement Implementation Project - \$6,000,000
 - Health Code - Patient Rates for Fiscal Years 2025-2026 and 2026-2027
- Department of Public Works:
 - Public Works, Subdivision Codes - Fee Modification and Waiver
- Department of Homelessness and Supportive Housing:
 - Homelessness and Supportive Housing Fund - FYs 2025-2026 and 2026-2027 Expenditure Plan

- Funding Reallocation - Our City, Our Home Homelessness Gross Receipts Tax - Services to Address Homelessness - \$88,495,000 Plus Future Revenue Through FY 2027-28
- Public Library:
 - Accept and Expend Grant - Friends of San Francisco Public Library - Annual Grant Award - Up to \$1,072,600 of In-Kind Gifts, Services, and Cash Monies - FY2025-2026
- Office of Community Investment and Infrastructure:
 - Office of Community Investment and Infrastructure, operating as Successor Agency to the San Francisco Redevelopment Agency, Fiscal Year 2025-26 Budget
 - Office of Community Investment and Infrastructure, operating as Successor Agency to the San Francisco Redevelopment Agency, Fiscal Year 2025-26 Interim Budget
- Office of the Public Defender:
 - Accept and Expend Grant - Retroactive - Immigration Defense Unit - Crankstart Foundation - Amendment to the Annual Salary Ordinance for FYs 2024-25 and 2025-26 - \$3,400,000
- Police Department:
 - Administrative Code - Vehicle Registration Fees and Police Fingerprint Identification Fund
- Public Utilities Commission:
 - De-appropriation – San Francisco Public Utilities Commission Capital Projects Budget - \$86,916 - FY2025-2026
 - De-appropriation – San Francisco Public Utilities Commission - \$12,990,064 - FY2025-2026
 - San Francisco Public Utilities Commission Water Revenue Bond and Other Forms of Indebtedness Issuance - Not to Exceed \$1,054,138,857
- Recreation and Parks Department:
 - Accept and Expend Bequest - Estate of William Benjamin Bobo - Benches, Park Furnishings and Park Improvements Across San Francisco - \$3,600,000
 - Park Code - Court Reservations
 - Authorizing Paid Parking in Golden Gate Park
 - Park Code - Cost Recovery for Use of Golf Courses, Outdoor Event Facilities, Picnic Areas, and Athletic Fields
 - Park Code - Recreation Program Fees

Should you have any questions, please email Adam Thongsavat at adam.thongsavat@sfgov.org.

Sincerely,



Sophia Kittler
Mayor's Budget Director

President, District 8
BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. No. 554-6968
Fax No. 554-5163
TDD/TTY No. 544-5227

RAFAEL MANDELMAN

PRESIDENTIAL ACTION

Date:

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.

(Primary Sponsor)

Title.

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)

Start Time:

End Time:

Temporary Assignment:

Partial

Full Meeting

Rafael Mandelman, President
Board of Supervisors



To: Angela Calvillo, Clerk of the Board of Supervisors
From: Sophia Kittler, Mayor's Budget Director
Date: May 30, 2025
Re: Mayor's FY 2025-26 and FY 2026-27 Budget Submission

RECEIVED AK
BOARD OF SUPERVISORS
SAN FRANCISCO
2025 MAY 30 PM04:18

Madam Clerk,

In accordance with City and County of San Francisco Charter, Article IX, Section 9.100, the Mayor's Office hereby submits the Mayor's proposed budget by May 30th, corresponding legislation, and related materials for Fiscal Year (FY) 2025-26 and FY 2026-27.

In addition to the Mayor's Proposed FY 2025-26 and FY 2026-27 Budget Book, the following items are included in the Mayor's submission:

- Proposed Interim Budget and Annual Appropriation Ordinance (AAO)
- Proposed Interim Annual Salary Ordinance (ASO)
- Proposed Budget and Annual Appropriation Ordinance (AAO)
- Proposed Annual Salary Ordinance (ASO)
- Administrative Provisions for both, but separate documents of the AAO and ASO, in tracked changes, and on pleading paper
- Proposed Budget for the Office of Community Investment and Infrastructure
- A Transfer of Function letter detailing the transfer of positions from one City department to another
- An Interim Exception letter to the ASO
- PUC Capital Amendment and Debt Authorization
- Prop J Certification Letters
- A letter addressing funding levels for consumer price index increases for nonprofit corporations or public entities for the coming two fiscal years
- 40 pieces of trailing legislation
- Memo to the Board President requesting for 30-day rule waivers on ordinances

Please note the following:

- Technical adjustments to the June 1 budget are being prepared, but are not submitted with this set of materials.

Sincerely,

A handwritten signature in blue ink, appearing to read "SK", with a green checkmark to its right.

Sophia Kittler
Mayor's Budget Director

cc: Members of the Board of Supervisors
Budget & Legislative Analyst's Office
Controller

No	DEPT	Item	Description	Type of Legislation	File #
1	ADM	Code Amendment	Amending the Administrative Code to modify the fees for the use of City Hall	Ordinance	250591
2	ADM	Code Amendment	Amending the Administrative Code to transfer responsibilities for oversight of the collection of sexual orientation and gender identity data from the City Administrator to the Human Rights Commission and removing obsolete reporting requirements	Ordinance	250593
3	ADM	Code Amendment	Amending the Administrative Code to clarify the status of the Treasure Island Development Authority ("TIDA") as a City department	Ordinance	250594
4	ADM	Continuing Prop J	Convention Facilities Management	Resolution	250615
5	ADM	Continuing Prop J	Security Services for RED Buildings	Resolution	250615
6	ADM	Continuing Prop J	Custodial Services for RED Buildings	Resolution	250615
7	ADM	Continuing Prop J	Security Guard Service at Central Shops	Resolution	250615
8	BOS	Continuing Prop J	Budget and Legislative Analyst Services	Resolution	250615
9	CON	Access Line Tax	Resolution concurring with the Controller's establishment of the Consumer Price Index for 2025, and adjusting the Access Line Tax by the same rate.	Resolution	250612
10	CON	Code Amendment	Amending the Administrative Code to eliminate the Budget Savings Incentive Fund	Ordinance	250595
11	CON	Neighborhood Beautification and Graffiti Clean-up Fund Tax	Adopting the Neighborhood Beautification and Graffiti Clean-up Fund Tax designation ceiling for tax year 2025	Ordinance	250596
12	DBI	DBI Fee Changes	Amending the Building, Subdivision, and Administrative Codes to adjust fees charged by the Department of Building Inspection and to establish Subfunds within the Building Inspection Fund; and affirming the Planning Department's determination under the California Environmental Quality Act	Ordinance	250592
13	DEC	Early Care and Education	Modifying the baseline funding requirements for early care and	Ordinance	250597

		Commercial Rents Tax Baseline	education programs in Fiscal Years (FYs) 2025-2026 and 2026-2027, to enable the City to use the interest earned from the Early Care and Education Commercial Rents Tax for those baseline programs		cont'd 250597
14	DPH	State Recurring Grants FY25-36	Authorizing the acceptance and expenditure of Recurring State grant funds by the San Francisco Department of Public Health for Fiscal Year (FY) 2025-2026	Resolution	250618
15	DPH	CCE Expansion Grant	Grant Agreement - California Department of Social Services - Community Care Expansion Program - Anticipated Revenue to the City \$9,895,834	Resolution	250619
16	DPH	Code Amendment	Various Codes - Environmental Health Permit, Fee, and Penalties Revisions	Ordinance	250606
17	DPH	HHIP Grant	Delegation of 9.118 Authority - Accept and Expend Grant - San Francisco Health Authority, a local governmental entity doing business as the San Francisco Health Plan ("Health Plan" or "SFHP") - Housing and Homelessness Incentive Program ("HHIP") Expanding San Francisco Department of Public Health Recuperative Care Community Supports - \$2,489,698.63	Resolution	250620
18	DPH	IPP Grant	Delegation of 9.118 Authority - Accept and Expend Grant - San Francisco Health Authority, a local governmental entity doing business as the San Francisco Health Plan ("Health Plan" or "SFHP") - Incentive Payment Program ("IPP") San Francisco Department of Public Health Epic Enhancement Implementation Project - \$6,000,000	Resolution	250621
19	DPH	Patient Revenues	Amending the Health Code to set patient rates for services provided by the Department of Public Health (DPH), for Fiscal Years 2025-2026 and 2026-2027; and authorizing DPH to waive or reduce fees to meet the needs of low-income patients through its	Resolution Ordinance	250607

			provision of charity care and other discounted payment programs		cont'd 250607
20	DPH	Continuing Prop J	Healthcare Security at Primary Care Clinics	Resolution	250615
21	DPW	DPW Fee Changes	Public Works, Subdivision Codes - Fee Modification and Waiver	Ordinance	250608
22	DPW	Continuing Prop J	Yard Operations and Street Tree Nursery	Resolution	250615
23	HOM	Continuing Prop J	Security Services	Resolution	250615
24	HOM	Continuing Prop J	Homelessness and Supportive Housing security services	Resolution	250615
25	HOM	Homelessness and Supportive Housing Fund	Approving the FYs 2025-2026 and 2026-2027 Expenditure Plan for the Department of Homelessness and Supportive Housing Fund	Resolution	250613
26	HOM	Our City, Our Home Homelessness Gross Receipts Tax	Funding Reallocation - Our City, Our Home Homelessness Gross Receipts Tax - Services to Address Homelessness - \$88,495,000 Plus Future Revenue Through FY 2027-28	Ordinance	250609
27	LIB	Friends of the Library A&E	Annual Accept & Expend legislation for the SFPL's Friends of the Library Fund	Resolution	250614
28	MOHCD	Continuing Prop J	Treeline Security Inc services for City-owned properties in predevelopment for affordable housing sites	Resolution	250615
29	OCII	OCII Budget Resolution	Office of Community Investment and Infrastructure, operating as Successor Agency to the San Francisco Redevelopment Agency, Fiscal Year 2025-26 Budget	Resolution	250611
30	OCII	OCII Interim Budget Resolution	Office of Community Investment and Infrastructure, operating as Successor Agency to the San Francisco Redevelopment Agency, Fiscal Year 2025-26 Interim Budget	Resolution	250610
31	PDR	Crankstart Foundation Grant A&E	Accept and Expend Grant - Retroactive - Immigration Defense Unit - Crankstart Foundation - Amendment to the Annual Salary Ordinance for FYs 2024-25 and 2025-26 - \$3,400,000	Ordinance	250598
32	POL	Code Amendment	Registration Fees and Fingerprint ID Fund	Ordinance	250599
33	PUC	Fixed Budget Amendment	Continues waiving certain small business first-year permit, license, and business registration fees	Ordinance	250602

34	REC	Bobo Estate A&E	Accept and Expend Bequest - Estate of William Benjamin Bobo - Benches, Park Furnishings and Park Improvements Across San Francisco - \$3,600,000	Resolution	250616
35	REC	Code Amendment	Amending the Park Code to authorize the Recreation and Park Department to charge fees for reserving tennis/pickleball courts at locations other than the Golden Gate Park Tennis Center; and affirming the Planning Department's determination under the California Environmental Quality Act	Ordinance	250603
36	REC	Authorizing Paid Parking in Golden Gate Park	Authorizing the Municipal Transportation Agency (SFMTA) to set parking rates in Golden Gate Park in accordance with Park Code provisions that authorize SFMTA rate-setting on park property; and affirming the Planning Department's determination under the California Environmental Quality Act	Resolution	250617
37	REC	Code Amendment	PUC Cost Recovery Fee	Ordinance	250604
38	REC	Code Amendment	Scholarship Recovery Fee	Ordinance	250605
39	REG	Continuing Prop J	Assembly and mailing of vote-by-mail ballot packets	Resolution	250615
40	SHF	Continuing Prop J	Jail Food Service	Resolution	250615



To: Angela Calvillo, Clerk of the Board of Supervisors
From: Sophia Kittler, Mayor's Budget Director
Date: May 30, 2025
Re: San Francisco Public Utilities Commission Water Revenue Bond and Other
Forms of Indebtedness Issuance - Not to Exceed \$1,054,138,857

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2025 MAY 30 PM 04:35

Ordinance authorizing the issuance and sale of tax-exempt or taxable Water Revenue Bonds and other forms of indebtedness by the San Francisco Public Utilities Commission ("Commission") in an aggregate principal amount not to exceed \$1,054,138,857 to finance the costs of various capital water and Hetch Hetchy Water projects benefitting the Water Enterprise pursuant to amendments to the San Francisco Charter enacted by the voters on November 5, 2002 as Proposition E; authorizing the issuance of Water Revenue Refunding Bonds and the retirement of outstanding Water 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 in connection with the previously listed matters.

Should you have any questions, please email Adam Thongsavat at adam.thongsavat@sfgov.org.