


BOARD of SUPERVISORS



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MEMORANDUM

TO: Ben Rosenfield, City Controller, Office of the Controller

FROM:  Linda Wong, Assistant Clerk, Budget and Finance Committee
Board of Supervisors

DATE: May 21, 2019

SUBJECT: GENERAL OBLIGATION BOND INTRODUCED
March 3, 2020 Election

The Board of Supervisors' Budget and Finance Committee has received the following General Obligation Bond for the March 3, 2020, Election, introduced by Mayor Breed on May 7, 2019. These matters are being referred to you in accordance with Rules of Order 2.22.4.

File No. 190494

Ordinance calling and providing for a special election to be held in the City and County of San Francisco on Tuesday, March 3, 2020, for the purpose of submitting to San Francisco voters a proposition to incur the following bonded debt of the City and County: \$628,500,000 to finance the construction, acquisition, improvement, renovation, and seismic retrofitting of the Emergency Firefighting Water System, firefighting facilities and infrastructure, police facilities and infrastructure, facilities for the Department of Emergency Management's 911 Call Center, and other disaster response facilities and infrastructure for earthquake and public safety and related costs necessary or convenient for the foregoing purposes; authorizing landlords to pass-through 50% of the resulting property tax increase to residential tenants in accordance with Administrative Code, Chapter 37; finding that the estimated cost of such proposed project is and will be too great to be paid out of the ordinary annual income and revenue of the City and County and will require expenditures greater than the amount allowed therefor by the annual tax levy; reciting the estimated cost of such proposed project; fixing the date

of election and the manner of holding such election and the procedure for voting for or against the proposition; fixing the maximum rate of interest on such bonds and providing for the levy and collection of taxes to pay both principal and interest; prescribing notice to be given of such election; finding that a portion of the proposed bond is not a project under the California Environmental Quality Act (CEQA) and adopting findings under CEQA for the remaining portion of the proposed bond; finding that the proposed bond is in conformity with the eight priority policies of Planning Code, Section 101.1(b), and is consistent with the General Plan; consolidating the special election with the general election; establishing the election precincts, voting places, and officers for the election; waiving the word limitation on ballot propositions imposed by Municipal Elections Code, Section 510; complying with the restrictions on the use of bond proceeds specified in California Government Code, Section 53410; incorporating the provisions of Administrative Code, Sections 5.30-5.36; and waiving the time requirements specified in Administrative Code, Section 2.34.

File No. 190500

Resolution determining and declaring that the public interest and necessity demand the construction, acquisition, improvement, renovation, and seismic retrofitting of the Emergency Firefighting Water System, firefighting facilities and infrastructure, police facilities and infrastructure, facilities for the Department of Emergency Management's 911 Call Center, and other disaster response facilities and infrastructure for earthquake and public safety and related costs necessary or convenient for the foregoing purposes; authorizing landlords to pass-through 50% of the resulting property tax increase to residential tenants in accordance with Administrative Code, Chapter 37; finding that the estimated cost of \$628,500,000 for such proposed project is and will be too great to be paid out of the ordinary annual income and revenue of the City and County and will require expenditures greater than the amount allowed therefor by the annual tax levy; reciting the estimated cost of such proposed project; fixing the maximum rate of interest on such bonds and providing for the levy and collection of taxes to pay both principal and interest; finding that a portion of the proposed bond is not a project under the California Environmental Quality Act (CEQA) and adopting findings under CEQA for the remaining portion of the proposed bond; finding that the proposed bond is in conformity with the eight priority policies of Planning Code, Section 101.1(b), and is consistent with the General Plan; complying with the restrictions on the use of bond proceeds specified in California Government Code, Section 53410; and waiving the time requirements specified in Administrative Code, Section 2.34.

Please review and prepare a financial analysis of the proposed measures prior to the first Budget and Finance Committee hearing.

If you have any questions or concerns, please call me at (415) 554-7719 or email: linda.wong@sfgov.org. To submit documentation, please forward to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Todd Rydstrom, Deputy City Controller
Peg Stevenson, City Performance Director
Natasha Mihal, City Services Auditor

1 [General Obligation Bond Election - Earthquake Safety and Emergency Response - Not to
2 Exceed \$628,500,000]

3 **Ordinance calling and providing for a special election to be held in the City and County**
4 **of San Francisco on Tuesday, March 3, 2020, for the purpose of submitting to**
5 **San Francisco voters a proposition to incur the following bonded debt of the City and**
6 **County: \$628,500,000 to finance the construction, acquisition, improvement,**
7 **renovation, and seismic retrofitting of the Emergency Firefighting Water System,**
8 **firefighting facilities and infrastructure, police facilities and infrastructure, facilities for**
9 **the Department of Emergency Management's 911 Call Center, and other disaster**
10 **response facilities and infrastructure for earthquake and public safety and related**
11 **costs necessary or convenient for the foregoing purposes; authorizing landlords to**
12 **pass-through 50% of the resulting property tax increase to residential tenants in**
13 **accordance with Administrative Code, Chapter 37; finding that the estimated cost of**
14 **such proposed project is and will be too great to be paid out of the ordinary annual**
15 **income and revenue of the City and County and will require expenditures greater than**
16 **the amount allowed therefor by the annual tax levy; reciting the estimated cost of such**
17 **proposed project; fixing the date of election and the manner of holding such election**
18 **and the procedure for voting for or against the proposition; fixing the maximum rate of**
19 **interest on such bonds and providing for the levy and collection of taxes to pay both**
20 **principal and interest; prescribing notice to be given of such election; finding that a**
21 **portion of the proposed bond is not a project under the California Environmental**
22 **Quality Act (CEQA) and adopting findings under CEQA for the remaining portion of the**
23 **proposed bond; finding that the proposed bond is in conformity with the eight priority**
24 **policies of Planning Code, Section 101.1(b), and is consistent with the General Plan;**
25

1 consolidating the special election with the general election; establishing the election
2 precincts, voting places, and officers for the election; waiving the word limitation on
3 ballot propositions imposed by Municipal Elections Code, Section 510; complying with
4 the restrictions on the use of bond proceeds specified in California Government Code,
5 Section 53410; incorporating the provisions of Administrative Code, Sections 5.30-5.36;
6 and waiving the time requirements specified in Administrative Code, Section 2.34.

7
8 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
9 **Additions to Codes** are in *single-underline italics Times New Roman font*.
10 **Deletions to Codes** are in ~~*strikethrough italics Times New Roman font*~~.
11 **Board amendment additions** are in double-underlined Arial font.
12 **Board amendment deletions** are in ~~strikethrough Arial font~~.
13 **Asterisks (* * * *)** indicate the omission of unchanged Code
14 subsections or parts of tables.

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

16 Section 1. Findings.

17 A. This Board of Supervisors (this "Board") recognizes the need to safeguard and
18 enhance the City's earthquake safety and emergency response and recovery by rehabilitating
19 critical facilities that support the City's first responders.

20 B. The Earthquake Safety and Emergency Response Bond (the "Bond") will
21 provide funding to construct, improve and rehabilitate earthquake safety and emergency
22 responsiveness facilities and infrastructure (as described below in Section 3).

23 C. This Board now wishes to describe the terms of a ballot measure seeking
24 approval for the issuance of general obligation bonds to finance all or a portion of the City's
25 earthquake safety and response needs as described below.

Section 2. A special election is called and ordered to be held in the City on Tuesday,
the 3rd day of March, 2020, for the purpose of submitting to the electors of the City a

1 proposition to incur bonded indebtedness of the City for the project described in the amount
2 and for the purposes stated:

3 "SAN FRANCISCO EARTHQUAKE SAFETY AND EMERGENCY RESPONSE BOND,
4 2020. \$628,500,000 of bonded indebtedness to improve fire, earthquake, and emergency
5 response by improving, constructing, and/or replacing: deteriorating cisterns, pipes, and
6 tunnels, and related facilities to ensure firefighters a reliable water supply for fires and
7 disasters; neighborhood fire and police stations and supporting facilities; the City's 911 Call
8 Center; and other disaster response and public safety facilities, and to pay related costs, with
9 a duration up to 30 years from the time of issuance, an estimated tax rate of \$0.015/\$100 of
10 assessed property value, and estimated annual revenues of up to \$40,000,000, subject to
11 independent citizen oversight and regular audits; and authorizing landlords to pass-through to
12 residential tenants in units subject to Chapter 37 of the Administrative Code (the "Residential
13 Rent Stabilization and Arbitration Ordinance") 50% of the increase in the real property taxes
14 attributable to the cost of the repayment of the bonds."

15 The special election called and ordered shall be referred to in this ordinance as the
16 "Bond Special Election."

17 Section 3. PROPOSED PROGRAM. All contracts that are funded with the proceeds of
18 bonds authorized hereby shall be subject to the provisions of Chapter 83 of the Administrative
19 Code (the "First Source Hiring Program"), which fosters construction and permanent
20 employment opportunities for qualified economically disadvantaged individuals. In addition,
21 all contracts that are funded with the proceeds of bonds authorized hereby also shall be
22 subject to the provisions of Chapter 14B of the Administrative Code (the "Local Business
23 Enterprise and Non-Discrimination in Contracting Ordinance"), which assists small and micro
24 local businesses to increase their ability to compete effectively for the award of City contracts.
25 The proposed program can be summarized as follows:

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2 A. EMERGENCY FIREFIGHTING WATER SYSTEM. A portion of the Bond shall
3 be allocated to the construction, acquisition, improvement, renovation, retrofitting, completion
4 and seismic upgrading of the emergency firefighting water system (the "EFWS") and related
5 facilities, including but not limited to cisterns, pipes and tunnels, and related facilities
6 (collectively, the "EFWS Project").

7 B. FIREFIGHTING FACILITIES AND INFRASTRUCTURE. A portion of the Bond
8 shall be allocated to the construction, acquisition, improvement, renovation, retrofitting and
9 completion of critical firefighting facilities and infrastructure for earthquake safety and
10 emergency response, including without limitation, neighborhood fire stations, a Fire
11 Department training facility and supporting facilities (collectively, the "Firefighting Facilities
12 and Infrastructure").

13 C. POLICE FACILITIES AND INFRASTRUCTURE. A portion of the Bond shall be
14 allocated to the construction, acquisition, improvement, renovation, retrofitting and completion
15 of police facilities and infrastructure for earthquake safety and emergency response, including
16 without limitation, neighborhood police stations and supporting facilities (collectively, the
17 "Police Facilities and Infrastructure").

18 D. 911 CALL CENTER. A portion of the Bond shall be allocated to the construction,
19 improvement, renovation, retrofitting and completion of capital improvements to the City's 911
20 Call Center (the "911 Call Center").

21 E. DISASTER RESPONSE FACILITIES AND INFRASTRUCTURE. A portion of the
22 Bond shall be allocated to the construction, acquisition, improvement, renovation, retrofitting
23 and completion of seismically unsafe public facilities and infrastructure needed for effective
24 disaster response (collectively, the "Disaster Response Facilities and Infrastructure").
25

1 F. CITIZEN'S OVERSIGHT COMMITTEE. A portion of the Bond shall be used to
2 perform audits of the Bond, as further described in Section 15.

3 The proposed uses and amounts described in this Section 3 are estimates only and,
4 with the exception of Section 3F above, are subject, without limitation, to review and revision
5 by resolution by the Mayor and the Board.

6 Section 4. BOND ACCOUNTABILITY MEASURES

7 The Bond shall include the following administrative rules and principles:

8 A. OVERSIGHT. The proposed bond funds shall be subjected to approval
9 processes and rules described in the Charter and Administrative Code. Pursuant to
10 Administrative Code Section 5.31, the Citizens' General Obligation Bond Oversight
11 Committee shall conduct an annual review of bond spending and shall provide an annual
12 report of the bond program to the Mayor and the Board of Supervisors.

13 B. TRANSPARENCY. The City shall create and maintain a Web page outlining and
14 describing the bond program, progress, and activity updates. The City shall hold an annual
15 public hearing and review on the bond program and its implementation before the Capital
16 Planning Committee. The City shall also hold periodic public hearings and reviews on the
17 bond program and its implementation before the Police and Fire Commissions and the
18 Citizen's General Obligation Bond Oversight Committee.

19 Section 5. The estimated cost of the bond financed portion of the project described in
20 Section 2 above was fixed by the Board by the following resolution and in the amount
21 specified below:

22 Resolution No. _____, \$628,500,000.

23 Such resolution was passed by two-thirds or more of the Board and approved by the
24 Mayor of the City (the "Mayor"). In such resolution it was recited and found by the Board that
25 the sum of money specified is too great to be paid out of the ordinary annual income and

1 revenue of the City in addition to the other annual expenses or other funds derived from taxes
2 levied for those purposes and will require expenditures greater than the amount allowed by
3 the annual tax levy.

4 The method and manner of payment of the estimated costs described in this ordinance
5 are by the issuance of bonds of the City not exceeding the principal amount specified.

6 Such estimate of costs as set forth in such resolution is adopted and determined to be
7 the estimated cost of such bond financed improvements and financing, as designed to date.

8 Section 6. The Bond Special Election shall be held and conducted and the votes
9 received and canvassed, and the returns made and the results ascertained, determined and
10 declared as provided in this ordinance and in all particulars not recited in this ordinance such
11 election shall be held according to the laws of the State of California (the "State") and the
12 Charter of the City (the "Charter") and any regulations adopted under State law or the Charter,
13 providing for and governing elections in the City, and the polls for such election shall be and
14 remain open during the time required by such laws and regulations.

15 Section 7. The Bond Special Election is consolidated with the General Election
16 scheduled to be held in the City on Tuesday, March 3, 2020. The voting precincts, polling
17 places and officers of election for the March 3, 2020 General Election are hereby adopted,
18 established, designated and named, respectively, as the voting precincts, polling places and
19 officers of election for the Bond Special Election called, and reference is made to the notice of
20 election setting forth the voting precincts, polling places and officers of election for the March
21 3, 2020 General Election by the Director of Elections to be published in the official newspaper
22 of the City on the date required under the laws of the State of California.

23 Section 8. The ballots to be used at the Bond Special Election shall be the ballots to
24 be used at the March 3, 2020 General Election. The word limit for ballot propositions imposed
25 by Municipal Elections Code Section 510 is waived. On the ballots to be used at the Bond

1 Special Election, in addition to any other matter required by law to be printed thereon, shall
2 appear the following as a separate proposition:

3 "SAN FRANCISCO EARTHQUAKE SAFETY AND EMERGENCY RESPONSE BOND,
4 2020. To improve fire, earthquake, and emergency response by improving, constructing,
5 and/or replacing: deteriorating cisterns, pipes, and tunnels, and related facilities to ensure
6 firefighters a reliable water supply for fires and disasters; neighborhood fire and police stations
7 and supporting facilities; the City's 911 Call Center; and other disaster response and public
8 safety facilities, and to pay related costs, shall the City and County of San Francisco issue
9 \$628,500,000 in general obligation bonds, with a duration up to 30 years from the time of
10 issuance, an estimated average tax rate of \$0.015/\$100 of assessed property value, and
11 projected average annual revenues of \$40,000,000, subject to citizen oversight and regular
12 audits?

13 The City's current debt management policy is to keep the property tax rate for City
14 general obligation bonds below the 2006 rate by issuing new bonds as older ones are retired
15 and the tax base grows, though this property tax rate may vary based on other factors."

16 Each voter to vote in favor of the issuance of the foregoing bond proposition shall mark
17 the ballot in the location corresponding to a "YES" vote for the proposition, and to vote against
18 the proposition shall mark the ballot in the location corresponding to a "NO" vote for the
19 proposition.

20 Section 9. If at the Bond Special Election it shall appear that two-thirds of all the voters
21 voting on the proposition voted in favor of and authorized the incurring of bonded
22 indebtedness for the purposes set forth in such proposition, then such proposition shall have
23 been accepted by the electors, and bonds authorized shall be issued upon the order of the
24 Board. Such bonds shall bear interest at a rate not exceeding applicable legal limits.

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3 The votes cast for and against the proposition shall be counted separately and when
4 two-thirds of the qualified electors, voting on the proposition, vote in favor, the proposition
5 shall be deemed adopted.

6 Section 10. For the purpose of paying the principal and interest on the bonds, the
7 Board shall, at the time of fixing the general tax levy and in the manner provided by law, levy
8 and collect annually each year until such bonds are paid, or until there is a sum in the
9 Treasury of said City, or other account held on behalf of the Treasurer of said City, set apart
10 for that purpose to meet all sums coming due for the principal and interest on the bonds, a tax
11 sufficient to pay the annual interest on such bonds as the same becomes due and also such
12 part of the principal thereof as shall become due before the proceeds of a tax levied at the
13 time for making the next general tax levy can be made available for the payment of such
14 principal.

15 Section 11. This ordinance shall be published in accordance with any State law
16 requirements, and such publication shall constitute notice of the Bond Special Election and no
17 other notice of the Bond Special Election hereby called need be given.

18 Section 12. The Board, having reviewed the proposed legislation, makes the following
19 findings in compliance with the California Environmental Quality Act ("CEQA"), California
20 Public Resources Code Sections 21000 et seq., the CEQA Guidelines, 14 California Code of
21 Regulations Sections 15000 et seq., ("CEQA Guidelines"), and Administrative Code Chapter
22 31 ("Chapter 31"):

23 A. Emergency Firefighting Water System (EFWS) Project. For the reasons set
24 forth in the letter from the Environmental Review Officer of the Planning Department, dated
25 _____, a copy of which is on file with the Clerk of the Board in File No. _____

1 and incorporated by reference, the Board finds that the bond proposal as it relates to funds for
2 the EFWS Project is not subject to CEQA because as the establishment of a government
3 financing mechanism that does not involve any commitment to specific projects to be
4 constructed with the funds, it is not a project as defined by CEQA and the CEQA Guidelines.
5 The use of bond proceeds to finance any project or portion of any project with funds for the
6 EFWS Project portion of the Bond will be subject to approval of the Board upon completion of
7 planning and any further required environmental review under CEQA for the individual EFWS
8 projects.

9 B. Firefighting Facilities and Infrastructure. For the reasons set forth in the letter
10 from the Environmental Review Officer of the Planning Department, dated _____,
11 a copy of which is on file with the Clerk of the Board in File No. _____ and incorporated by
12 reference, the Board finds that the bond proposal as it relates to funds for Critical Firefighting
13 Facilities and Infrastructure is not subject to CEQA because as the establishment of a
14 government financing mechanism that does not involve any commitment to specific projects to
15 be constructed with the funds and no site has yet been identified for a training facility, it is not
16 a project as defined by CEQA and the CEQA Guidelines. The use of bond proceeds to
17 finance any project or portion of any project with funds for the Critical Firefighting Facilities
18 and Infrastructure portion of the Bond will be subject to approval of the Board upon completion
19 of planning and any further required environmental review under CEQA for the individual
20 Firefighting Facilities and Infrastructure projects.

21 C. Police Facilities and Infrastructure. For the reasons set forth in the letter from
22 the Environmental Review Officer of the Planning Department, _____ a copy of
23 which is on file with the Clerk of the Board in File No. _____ and incorporated by
24 reference, the Board finds that the bond proposal as it relates to funds for Police Facilities and
25 Infrastructure is not subject to CEQA because as the establishment of a government financing

1 mechanism that does not involve any commitment to specific projects to be constructed with
2 the funds, it is not a project as defined by CEQA and the CEQA Guidelines. The use of bond
3 proceeds to finance any project or portion of any project with funds for the Police Facilities
4 and Infrastructure portion of the Bond will be subject to approval of the Board upon completion
5 of planning and any further required environmental review under CEQA for the individual
6 Police Facilities and Infrastructure projects.

7 D. 911 Call Center. The Environmental Review Officer in the Planning Department
8 determined that the 911 Call Center project is exempt from environmental review as a Class 1
9 Categorical Exemption, existing facilities, in a written determination dated _____ and
10 contained in Planning Department File No. 2019-005262EEC and this Board's File No.
11 _____.

12 E. Disaster Response Facilities and Infrastructure. For the reasons set forth in the
13 letter from the Environmental Review Officer of the Planning Department, dated
14 _____, a copy of which is on file with the Clerk of the Board in File No. _____
15 and incorporated by reference, the Board finds that the bond proposal as it relates to funds for
16 Disaster Response Facilities and Infrastructure is not subject to CEQA because as the
17 establishment of a government financing mechanism that does not involve any commitment to
18 specific projects to be constructed with the funds, it is not a project as defined by CEQA and
19 the CEQA Guidelines. The use of bond proceeds to finance any project or portion of any
20 project with funds for the Disaster Response Facilities and Infrastructure portion of the Bond
21 will be subject to approval of the Board upon completion of planning and any further required
22 environmental review under CEQA for the individual Disaster Response Facilities and
23 Infrastructure projects.

24 Section 13. The Board finds and declares that the proposed Bond is (i) in conformity
25 with the priority policies of Section 101.1(b) of the Planning Code, (ii) in accordance with

1 Section 4.105 of the Charter and Section 2A.53(f) of the Administrative Code, and (iii)
2 consistent with the City's General Plan, and adopts the findings of the Planning Department,
3 as set forth in the General Plan Referral Report dated _____, a copy of which is on
4 file with the Clerk of the Board in File No. _____ and incorporates such findings
5 by reference.

6 Section 14. Under Section 53410 of the California Government Code, the bonds shall
7 be for the specific purpose authorized in this ordinance, and the proceeds of such bonds will
8 be applied only for such specific purpose. The City will comply with the requirements of
9 Sections 53410(c) and 53410(d) of the California Government Code.

10 Section 15. The Bonds are subject to, and incorporate by reference, the applicable
11 provisions of Administrative Code Sections 5.30 – 5.36 (the "Citizens' General Obligation
12 Bond Oversight Committee"). Under Section 5.31 of the Citizens' General Obligation Bond
13 Oversight Committee, to the extent permitted by law, one-tenth of one percent (0.1%) of the
14 gross proceeds of the Bonds shall be deposited in a fund established by the Controller's
15 Office and appropriated by the Board of Supervisors at the direction of the Citizens' General
16 Obligation Bond Oversight Committee to cover the costs of such committee.

17 Section 16. The time requirements specified in Section 2.34 of the Administrative
18 Code are waived.

19 Section 17. The City hereby declares its official intent to reimburse prior expenditures
20 of the City incurred or expected to be incurred prior to the issuance and sale of any series of
21 the Bonds in connection with the Project. The Board of Supervisors hereby declares the City's
22 intent to reimburse the City with the proceeds of the Bonds for expenditures with respect to
23 the Project (the "Expenditures" and each, an "Expenditure") made on and after that date that
24 is no more than 60 days prior to the passage of this Ordinance. The City reasonably expects
25 on the date hereof that it will reimburse the Expenditures with the proceeds of the Bonds.

1 Each Expenditure was and will be either (a) of a type properly chargeable to a capital
2 account under general federal income tax principles (determined in each case as of the date
3 of the Expenditure), (b) a cost of issuance with respect to the Bonds, (c) a nonrecurring item
4 that is not customarily payable from current revenues, or (d) a grant to a party that is not
5 related to or an agent of the City so long as such grant does not impose any obligation or
6 condition (directly or indirectly) to repay any amount to or for the benefit of the City. The
7 maximum aggregate principal amount of the Bonds expected to be issued for the Project is
8 \$628,500,000. The City shall make a reimbursement allocation, which is a written allocation
9 by the City that evidences the City's use of proceeds of the applicable series of Bonds to
10 reimburse an Expenditure, no later than 18 months after the later of the date on which the
11 Expenditure is paid or the related portion of the Project is placed in service or abandoned, but
12 in no event more than three years after the date on which the Expenditure is paid. The City
13 recognizes that exceptions are available for certain "preliminary expenditures," costs of
14 issuance, certain de minimis amounts, expenditures by "small issuers" (based on the year of
15 issuance and not the year of expenditure) and Expenditures for construction projects of at
16 least 5 years.

17 Section 18. The appropriate officers, employees, representatives and agents of the
18 City are hereby authorized and directed to do everything necessary or desirable to accomplish
19 the calling and holding of the Bond Special Election, and to otherwise carry out the provisions
20 of this ordinance.

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1 Section 19. Documents referenced in this ordinance are on file with the Clerk of the
2 Board of Supervisors in File No. _____, which is hereby declared to be a part of
3 this ordinance as if set forth fully herein.
4

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

8 By:


9 KENNETH D. ROUX
10 Deputy City Attorney
11 n:\financ\as2019\1900322\01357155.docx

LEGISLATIVE DIGEST

[General Obligation Bond Election - Earthquake Safety and Emergency Response - Not to Exceed \$628,500,000]

Ordinance calling and providing for a special election to be held in the City and County of San Francisco on Tuesday, March 3, 2020, for the purpose of submitting to San Francisco voters a proposition to incur the following bonded debt of the City and County: \$628,500,000 to finance the construction, acquisition, improvement, renovation, and seismic retrofitting of the Emergency Firefighting Water System, firefighting facilities and infrastructure, police facilities and infrastructure, facilities for the Department of Emergency Management's 911 Call Center, and other disaster response facilities and infrastructure for earthquake and public safety and related costs necessary or convenient for the foregoing purposes; authorizing landlords to pass-through 50% of the resulting property tax increase to residential tenants in accordance with Administrative Code, Chapter 37; finding that the estimated cost of such proposed project is and will be too great to be paid out of the ordinary annual income and revenue of the City and County and will require expenditures greater than the amount allowed therefor by the annual tax levy; reciting the estimated cost of such proposed project; fixing the date of election and the manner of holding such election and the procedure for voting for or against the proposition; fixing the maximum rate of interest on such bonds and providing for the levy and collection of taxes to pay both principal and interest; prescribing notice to be given of such election; finding that a portion of the proposed bond is not a project under the California Environmental Quality Act (CEQA) and adopting findings under CEQA for the remaining portion of the proposed bond; finding that the proposed bond is in conformity with the eight priority policies of Planning Code, Section 101.1(b), and is consistent with the General Plan; consolidating the special election with the general election; establishing the election precincts, voting places, and officers for the election; waiving the word limitation on ballot propositions imposed by Municipal Elections Code, Section 510; complying with the restrictions on the use of bond proceeds specified in California Government Code, Section 53410; incorporating the provisions of Administrative Code, Sections 5.30-5.36; and waiving the time requirements specified in Administrative Code, Section 2.34.

Existing Law

General Obligation Bonds of the City and County of San Francisco may be issued only with the assent of two-thirds of the voters voting on the proposition.

Ballot Proposition

This ordinance authorizes the following ballot proposition to be placed on the March 3, 2020 ballot:

"SAN FRANCISCO EARTHQUAKE SAFETY AND EMERGENCY RESPONSE BOND, 2020. To improve fire, earthquake and emergency response by improving,

constructing, and/or replacing: deteriorating cisterns, pipes, and tunnels, and related facilities to ensure firefighters a reliable water supply for fires and disasters; neighborhood fire and police stations and supporting facilities; the City's 911 Call Center; and other disaster response and public safety facilities, and to pay related costs, shall the City and County of San Francisco issue \$628,500,000 in general obligation bonds, with a duration up to 30 years from the time of issuance, an estimated average tax rate of \$0.015/\$100 of assessed property value, and projected average annual revenues of \$40,000,000, subject to citizen oversight and regular audits?"

The ordinance fixes the maximum rate of interest on the Bonds, and provides for a levy and collection of taxes to repay both the principal and interest on the Bonds. The ordinance also describes the manner in which the Bond Special Election will be held, and the ordinance provides for compliance with applicable state and local laws. The proposed ordinance includes accountability and transparency measures.

Background Information

A large magnitude earthquake would damage critical City and County of San Francisco (the "City") facilities and infrastructure, thereby compromising the capacity of first responders, including fire and police personnel, to respond effectively.

With adequate funding the City can (i) construct, acquire, improve, renovate, retrofit and complete and seismically upgrade the emergency firefighting water system (the "EFWS") and related facilities, including but not limited to cisterns, pipes and tunnels; and related facilities (collectively, the "EFWS Project"); (ii) construct, acquire, improve, renovate, retrofit and complete critical firefighting facilities and infrastructure for earthquake safety and emergency response including without limitation, neighborhood fire stations, a Fire Department training facility and related facilities (collectively, the "Firefighting Facilities and Infrastructure"); (iii) construct, acquire, improve, renovate, retrofit and complete police facilities and infrastructure for earthquake safety and emergency response including without limitation, neighborhood police stations and related facilities (collectively, the "Police Facilities and Infrastructure"); (iv) construct improve, renovate, retrofit and complete needed improvements to the City's 911 Call Center (the "911 Call Center"); and, (v) construct, acquire, improve, renovate, retrofit and complete critical disaster response facilities and infrastructure for greater earthquake safety and more effective emergency response (collectively, the "Disaster Response Facilities and Infrastructure").

The bond will provide funding for the EFWS, Firefighting Facilities and Infrastructure, Police Facilities and Infrastructure, the 911 Call Center, and Disaster Response Facilities and Infrastructure (all as further described in the ordinance).

The Board of Supervisors found that the amount of money specified for this project is and will be too great to be paid out of the ordinary annual income and revenue of the City, and will require expenditures greater than the amount allowed therefor by the annual tax levy.

1 [General Obligation Bonds - Earthquake Safety and Emergency Response - Not to Exceed
2 \$628,500,000]

3 **Resolution determining and declaring that the public interest and necessity demand**
4 **the construction, acquisition, improvement, renovation, and seismic retrofitting of the**
5 **Emergency Firefighting Water System, firefighting facilities and infrastructure, police**
6 **facilities and infrastructure, facilities for the Department of Emergency Management's**
7 **911 Call Center, and other disaster response facilities and infrastructure for earthquake**
8 **and public safety and related costs necessary or convenient for the foregoing**
9 **purposes; authorizing landlords to pass-through 50% of the resulting property tax**
10 **increase to residential tenants in accordance with Administrative Code, Chapter 37;**
11 **finding that the estimated cost of \$628,500,000 for such proposed project is and will be**
12 **too great to be paid out of the ordinary annual income and revenue of the City and**
13 **County and will require expenditures greater than the amount allowed therefor by the**
14 **annual tax levy; reciting the estimated cost of such proposed project; fixing the**
15 **maximum rate of interest on such bonds and providing for the levy and collection of**
16 **taxes to pay both principal and interest; finding that a portion of the proposed bond is**
17 **not a project under the California Environmental Quality Act (CEQA) and adopting**
18 **findings under CEQA for the remaining portion of the proposed bond; finding that the**
19 **proposed bond is in conformity with the eight priority policies of Planning Code,**
20 **Section 101.1(b), and is consistent with the General Plan; complying with the**
21 **restrictions on the use of bond proceeds specified in California Government Code,**
22 **Section 53410; and waiving the time requirements specified in Administrative Code,**
23 **Section 2.34.**

1 WHEREAS, The United States Geological Survey (the "U.S.G.S.") estimates a 72%
2 chance that one or more earthquakes of a magnitude of 6.7 or larger will occur in the Bay
3 Area before the year 2042; and

4 WHEREAS, The U.S.G.S. predicts that a large earthquake occurring today on the San
5 Andreas or Hayward Fault would likely cause hundreds of deaths and billions of dollars in
6 damage; and

7 WHEREAS, A large magnitude earthquake would damage critical City and County of
8 San Francisco (the "City") facilities and infrastructure, thereby compromising the capacity of
9 first responders, including fire and police personnel, to respond effectively; and

10 WHEREAS, With adequate funding the City can construct, acquire, improve, renovate,
11 retrofit, complete and seismically upgrade the emergency firefighting water system (the
12 "EFWS") and related facilities, including but not limited to cisterns, pipes and tunnels, and
13 related facilities (collectively, the "EFWS Project"); and

14 WHEREAS, With adequate funding the City can construct, acquire, improve, renovate,
15 retrofit and complete critical firefighting facilities and infrastructure for earthquake safety and
16 emergency response including without limitation, neighborhood fire stations, a Fire
17 Department training facility and related facilities (collectively, the "Firefighting Facilities and
18 Infrastructure"); and

19 WHEREAS, With adequate funding the City can construct, acquire, improve, renovate,
20 retrofit and complete police facilities and infrastructure for earthquake safety and emergency
21 response including without limitation, neighborhood police stations and related facilities
22 (collectively, the "Police Facilities and Infrastructure"); and,

23 WHEREAS, With adequate funding the City can construct improve, renovate, retrofit
24 and complete needed improvements to the City's 911 Call Center (the "911 Call Center"); and,
25

1 WHEREAS, With adequate funding the City can construct, acquire, improve, renovate,
2 retrofit and complete critical disaster response facilities and infrastructure for greater
3 earthquake safety and more effective emergency response (collectively, the "Disaster
4 Response Facilities and Infrastructure"); and

5 WHEREAS, The Earthquake Safety and Emergency Response Bond (the "Bond") will
6 provide funding for the EFWS, Firefighting Facilities and Infrastructure, Police Facilities and
7 Infrastructure, the 911 Call Center, and Disaster Response Facilities and Infrastructure; and

8 WHEREAS, The Board recognizes the need to safeguard and enhance the City's
9 earthquake and emergency response and recovery by rehabilitating critical facilities that
10 support the City's first responders; now, therefore, be it

11 RESOLVED, By the Board:

12 Section 1. The Board determines and declares that the public interest and necessity
13 demand the construction, acquisition, improvement, renovation, completion and seismic
14 retrofitting of the EFWS Project, Firefighting Facilities and Infrastructure, Police Facilities and
15 Infrastructure, 911 Call Center, and Disaster Response Facilities and Infrastructure, and the
16 payment of related costs necessary or convenient for the foregoing purposes.

17 Section 2. The estimated cost of \$628,500,000 of the Bond is and will be too great to
18 be paid out of the ordinary annual income and revenue of the City, will require an expenditure
19 greater than the amount allowed by the annual tax levy, and will require the incurrence of
20 bonded indebtedness in an amount not to exceed \$628,500,000.

21 Section 3. The Board, having reviewed the proposed legislation, makes the following
22 findings in compliance with the California Environmental Quality Act ("CEQA"), California
23 Public Resources Code, Sections 21000 et seq., the CEQA Guidelines, 14 California Code of
24 Regulations, Sections 15000 et seq., ("CEQA Guidelines"), and Administrative Code,
25 Chapter 31 ("Chapter 31"):

1 (i) Emergency Firefighting Water System (EFWS) Project. For the reasons set
2 forth in the letter from the Environmental Review Officer of the Planning Department, dated
3 _____, a copy of which is on file with the Clerk of the Board in File No. _____
4 and incorporated by reference, the Board finds that the bond proposal as it relates to funds for
5 the EFWS Project is not subject to CEQA because as the establishment of a government
6 financing mechanism that does not involve any commitment to specific projects to be
7 constructed with the funds, it is not a project as defined by CEQA and the CEQA Guidelines.
8 The use of bond proceeds to finance any project or portion of any project with funds for the
9 EFWS Project portion of the Bond will be subject to approval of the Board upon completion of
10 planning and any further required environmental review under CEQA for the individual EFWS
11 projects.

12 (ii) Firefighting Facilities and Infrastructure. For the reasons set forth in the letter
13 from the Environmental Review Officer of the Planning Department, dated _____,
14 a copy of which is on file with the Clerk of the Board in File No. _____ and incorporated by
15 reference, the Board finds that the bond proposal as it relates to funds for Critical Firefighting
16 Facilities and Infrastructure is not subject to CEQA because as the establishment of a
17 government financing mechanism that does not involve any commitment to specific projects to
18 be constructed with the funds and no site has yet been identified for a training facility, it is not
19 a project as defined by CEQA and the CEQA Guidelines. The use of bond proceeds to
20 finance any project or portion of any project with funds for the Critical Firefighting Facilities
21 and Infrastructure portion of the Bond will be subject to approval of the Board upon completion
22 of planning and any further required environmental review under CEQA for the individual
23 Firefighting Facilities and Infrastructure projects.

24 (iii) Police Facilities and Infrastructure. For the reasons set forth in the letter from
25 the Environmental Review Officer of the Planning Department, _____ a copy of

1 which is on file with the Clerk of the Board in File No. _____ and incorporated by
2 reference, the Board finds that the bond proposal as it relates to funds for Police Facilities and
3 Infrastructure is not subject to CEQA because as the establishment of a government financing
4 mechanism that does not involve any commitment to specific projects to be constructed with
5 the funds, it is not a project as defined by CEQA and the CEQA Guidelines. The use of bond
6 proceeds to finance any project or portion of any project with funds for the Police Facilities
7 and Infrastructure portion of the Bond will be subject to approval of the Board upon completion
8 of planning and any further required environmental review under CEQA for the individual
9 Police Facilities and Infrastructure projects.

10 (iv) 911 Call Center. The Environmental Review Officer in the Planning Department
11 determined that the 911 Call Center project is exempt from environmental review as a Class 1
12 Categorical Exemption, existing facilities, in a written determination dated _____ and
13 contained in Planning Department File No. 2019-005262EEC and this Board's File No.
14 _____.

15 (v) Disaster Response Facilities and Infrastructure. For the reasons set forth in the
16 letter from the Environmental Review Officer of the Planning Department, dated
17 _____, a copy of which is on file with the Clerk of the Board in File No. _____
18 and incorporated by reference, the Board finds that the bond proposal as it relates to funds for
19 Disaster Response Facilities and Infrastructure is not subject to CEQA because as the
20 establishment of a government financing mechanism that does not involve any commitment to
21 specific projects to be constructed with the funds, it is not a project as defined by CEQA and
22 the CEQA Guidelines. The use of bond proceeds to finance any project or portion of any
23 project with funds for the Disaster Response Facilities and Infrastructure portion of the Bond
24 will be subject to approval of the Board upon completion of planning and any further required
25

1 environmental review under CEQA for the individual Disaster Response Facilities and
2 Infrastructure projects.

3 Section 4. The Board finds and declares that the proposed Bond is (i) in conformity
4 with the eight priority policies of Planning Code, Section 101.1(b), (ii) in accordance with
5 Charter, Section 4.105 and Administrative Code, Section 2A.53(f), and (iii) consistent with the
6 General Plan, and adopts the findings of the Planning Department, as set forth in the General
7 Plan Referral Report dated _____, a copy of which is on file with the Clerk of the
8 Board in File No. _____ and incorporates such findings by reference.

9 Section 5. The time limit for approval of this resolution specified in Administrative
10 Code, Section 2.34 is waived.

11 Section 6. Under Administrative Code, Section 2.40, the ordinance submitting this
12 proposal to the voters shall contain a provision authorizing landlords to pass-through 50% of
13 the resulting property tax increases to residential tenants in accordance with Administrative
14 Code, Chapter 37.

15 Section 7. Documents referenced in this resolution are on file with the Clerk of the
16 Board of Supervisors in File No. _____, which is hereby declared to be a part of

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this resolution as if set forth fully herein.

APPROVED AS TO FORM:
DENNIS J. HERRERA
City Attorney

By: 
KENNETH DAVID ROUX
Deputy City Attorney
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