File No. 150466 **Committee Item No.** 12
Board Item No. ________________

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Completed by: Linda Wong **Date** May 15, 2015
Completed by: Linda Wong **Date** ________________

FILE NO. 150466 RESOLUTION NO.

[Sale of General Obligation Bonds - Transportation and Road Improvement Bonds - Not to Exceed $67,540,000]

Resolution authorizing and directing the sale of not to exceed $67,540,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (Transportation and Road Improvement Bonds, 2014), Series 2015B; prescribing the form and terms of said bonds; authorizing the execution, authentication, and registration of said bonds; providing for the appointment of depositories and other agents for said bonds; providing for the establishment of accounts related to said bonds; providing for the manner of sale of said bonds by competitive sale; approving the forms of Official Notice of Sale and Notice of Intention to Sell Bonds; directing the publication of the Notice of Intention to Sell Bonds; approving the form of the Preliminary Official Statement and the form and execution of the Official Statement relating to the sale of said bonds; approving the form of the Continuing Disclosure Certificate; authorizing and approving modifications to documents, as defined herein; waiving the deadline for submission of Bond Accountability Reports; adopting findings under the California Environmental Quality Act (CEQA), CEQA Guidelines and Chapter 31 of the Administrative Code; ratifying certain actions previously taken as defined herein; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale, and delivery of said bonds, as defined herein.

WHEREAS, By Resolution No. 228-14 adopted by the Board of Supervisors (the "Board") of the City and County of San Francisco (the "City") on July 8, 2014 and signed by the Mayor of the City (the "Mayor") on July 18, 2014, it was determined and declared that public interest and necessity demands the acquisition, construction and improvement of street, transportation and related infrastructure therein described (the "Project"); and,

WHEREAS, By Ordinance No. 148-14 passed by the Board on July 15, 2014, and signed by the Mayor on July 24, 2014 (the "Bond Ordinance"), the Board duly called a special election to be held on November 4, 2014 (the "Bond Election"), for the purpose of submitting to the electors of the City a proposition to incur bonded indebtedness in the amount of $500,000,000 to finance the Project ("2014 Proposition A") , and such proposition was approved by not less than a two-thirds vote of the qualified electors of the City voting on such proposition; and

WHEREAS, By Resolution No. __________ (the "Authorizing Resolution"), adopted by the Board on the date hereof, the City authorized the issuance of not to exceed $500 million of its General Obligation Bonds (Transportation and Road Improvement Bonds, 2014) (the "Bonds"); and,

WHEREAS, None of the previously authorized Bonds have been issued to date; and

WHEREAS, It is now necessary and desirable to issue an aggregate principal amount of not to exceed $67,540,000 City and County of San Francisco General Obligation Bonds (Transportation and Road Improvement Bonds, 2014), Series 2015B (the "Series 2015B Bonds"), to finance a portion of the costs of the Project; and,

WHEREAS, The Series 2015B Bonds are being issued pursuant to the Authorizing Resolution and Title 5, Division 2, Part 1, Chapter 3, Article 4.5 of the California Government Code, the Charter of the City (the "Charter"), the Bond Ordinance and the Bond Election; and

WHEREAS, On March 27, 2014, the Planning Commission reviewed and considered the Transit Effectiveness Project (the "TEP") Final Environmental Impact Report (the "FEIR") and found, in Motion 19105, that its contents and the procedures through which the FEIR was prepared, publicized, and reviewed complied with the provisions of the California

Environmental Quality Act ("CEQA"), California Public Resources Code Sections 21000 et seq., the CEQA Guidelines, 15 Cal, Administrative Code Sections 15000 et seq., ("CEQA Guidelines"), and Chapter 31 of the San Francisco Administrative Code, and certified the FEIR as complete; a copy of the FEIR and said motion are on file with the Clerk of the Board of Supervisors or his or her designee (the "Clerk of the Board of Supervisors") in File No. 150466 and are incorporated in this Resolution by this reference; and

WHEREAS, On March 28, 2014, the San Francisco Municipal Transportation Agency ("SFMTA") Board of Directors, in Resolution No. 14-041, approved the TEP, now known as the Muni Forward Program, and approved various service-related capital improvements and travel time reduction proposals to improve transit performance along various Municipal Railway routes, and as part of Resolution No. 14-041, the SFMTA Board of Directors adopted findings under CEQA, the CEQA Guidelines, and Chapter 31 of the Administrative Code ("CEQA Findings"), including a statement of overriding considerations and a Mitigation Monitoring and Reporting Program ("MMRP"),.which Resolution, CEQA Findings, and MMRP are on file with the Clerk of the Board of Supervisors in File No. 150466 and are incorporated in this Resolution by this reference; and

WHEREAS, The SFMTA Board of Directors approved, on November 18, 2014, in Resolution 14-066, the 7-Haight Noriega (formerly 71-Haight) Travel Time Reduction Proposal (TTRP.71); and approved, on October 7, 2014, in Resolution 14-148, the 9-San Bruno Rapid Travel Time Reduction Proposal (TTRP.9); and approved, on September 2, 2014, in Resolution 14-137, the 10 Townsend Contraflow Lane Extension (SCI.2); copies of which are on file with the Clerk of the Board of Supervisors in File No. 150466 and incorporated by this reference in this Resolution; and

WHEREAS, Funding for the Better Market Street Project and the Pedestrian Safety Improvements will be used for further planning, design and related outreach, and SFMTA and the Department of Public Works retain the absolute discretion to (1) modify the projects to mitigate significant adverse environmental impacts; (2) select feasible alternatives which avoid significant adverse impacts of the projects; (3) require the implementation of specific measures to mitigate the significant adverse environmental impacts of the projects; (4) reject the projects if the economic and social benefits of the projects do not outweigh otherwise unavoidable significant adverse environmental impacts; or (5) approve the projects after the completion of any required environmental review under CEQA upon a finding that the economic and social benefits of the project outweigh otherwise unavoidable significant adverse impacts; and

WHEREAS, On June 29, 2009, the Peninsula Joint Powers Board, as lead agency under CEQA, found that Caltrain upgrades for the Communications Based Overlay Signal System ("CBOSS") Positive Train Control system was exempt from CEQA under Public Resources Code section 21080(b)(10) and CEQA Guidelines section 15301(f) and issued a Notice of Exemption ("NOE"), a copy of which is on file with the Clerk of the Board of Supervisors in File No. 150466 and is incorporated in this Resolution by this reference; and

WHEREAS, The Citizens' General Obligation Bond Oversight Committee shall conduct an annual review of bond spending and shall provide an annual report on the management of the program to the Mayor and the Board, and, to the extent permitted by law, one-tenth of one percent (0.1%) of the gross proceeds of the Series 2015B Bonds shall be deposited in a fund established by the City Controller's Office and appropriated by the Board at the direction of the Citizens' General Obligation Bond Oversight Committee to cover the costs of such Committee and its review process; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the City and County of San Francisco, as follows:

Section 1. Recitals. All of the recitals in this Resolution are true and correct.

Section 2. Conditions Precedent. All conditions, things and acts required by law to exist, to happen and to be performed precedent to the issuance of the Series 2015B Bonds and the adoption of this Resolution exist, have happened and have been performed in due time, form and manner in accordance with applicable law, and the City is now authorized pursuant to the Bond Election and the Charter and applicable law to incur indebtedness in the manner and form provided in this Resolution.

Section 3. Documents. The documents presented to the Board and on file with the Clerk of the Board of Supervisors are contained in File No. 150466.

Section 4. Issuance and Sale of Series 2015B Bonds; Determination of Certain Terms; Designation. The Board hereby authorizes the issuance and sale of not to exceed $67,540,000 in aggregate principal amount of Bonds to be designated as "City and County of San Francisco General Obligation Bonds (Transportation and Road Improvement Bonds, 2014), Series 2015B" (or such other designation as may be necessary or appropriate), for the purposes set forth in the Bond Ordinance and in 2014 Proposition A approved by the voters at the Bond Election.

The Director of Public Finance of the City or his or her designee (the "Director of Public Finance") is hereby authorized to determine, for the Series 2015B Bonds, the sale date, the interest rates, the definitive principal amount, the maturity dates and the redemption dates, if any, and the terms of any optional or mandatory redemption thereof, subject to the other specific provisions of this Resolution, including the following terms and conditions: (i) the Series 2015B Bonds shall not have a true interest cost in excess of 12% (as such term is defined in the Official Notice of Sale (as defined in Section 13(a) hereof); and (ii) the Series 2015B Bonds shall not have a final maturity date after June 15, 2041. The Director of Public Finance is further authorized to give the Series 2015B Bonds such additional or other series designation, or to modify such series designation, as may be necessary or appropriate to distinguish the Series 2015B Bonds from every other series of Bonds and from other bonds issued by the City.

Section 5. <u>Execution, Authentication and Registration of the Series 2015B Bonds.</u>

Each of the Series 2015B Bonds shall be in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof. The officers of the City are hereby directed to cause the Series 2015B Bonds to be prepared in sufficient quantity for delivery to or for the account of the purchaser thereof and the Controller of the City or his or her designee (the "Controller") is hereby directed to cause the blanks in the Series 2015B Bonds to be completed in accordance with the Authorizing Resolution and the Bond Award (as defined in Section 13(c) hereof), to procure their execution by the proper officers of the City (including by facsimile signature if necessary or convenient) and authentication as provided in this Section, and to deliver the Series 2015B Bonds when so executed and authenticated to said purchaser in exchange for the purchase price thereof, all in accordance with the Authorizing Resolution.

The Series 2015B Bonds and the certificate of registration and authentication, to be manually executed by the Treasurer of the City or designee thereof (the "City Treasurer"), and the form of assignment to appear on the Series 2015B Bonds shall be substantially in the form attached hereto as Exhibit A (a copy of which is on file with the Clerk of the Board of Supervisors and which is hereby declared to be a part of this Resolution as if fully set forth in this Resolution), with such necessary or appropriate variations, omissions and insertions as permitted or required by this Resolution.

Only Series 2015B Bonds bearing a certificate of registration and authentication executed by the City Treasurer shall be valid or obligatory for any purpose or entitled to the benefits of the Authorizing Resolution and this Resolution, and such certificate of the City Treasurer, executed as provided in this Resolution, shall be conclusive evidence that the

Series 2015B Bonds so authenticated have been duly authenticated and delivered under, and are entitled to the benefits of, the Authorizing Resolution and this Resolution.

The Controller shall assign a distinctive letter, or number, or letter and number to each Series 2015B Bond authenticated and registered by the City Treasurer and shall maintain a record thereof which shall be available for inspection.

Section 6. Registration Books. The City Treasurer shall keep or cause to be kept, at the office of the City Treasurer, or at the designated office of any registrar appointed by the City Treasurer, separate and sufficient books for the registration and transfer of Series 2015B Bonds, which books shall at all times be open to inspection, and upon presentation for such purpose, the City Treasurer shall, under such reasonable regulations as he or she may prescribe, register or transfer or cause to be registered or transferred, on said books Series 2015B Bonds, as provided in this Resolution. The City and the City Treasurer may treat the registered owners of each Series 2015B Bond in such registration book (the "Registered Owners") as the absolute owners thereof for all purposes, and the City and the City Treasurer shall not be affected by any notice to the contrary.

Section 7. Transfer or Exchange of Series 2015B Bonds. Any Series 2015B Bond may, in accordance with its terms, be transferred upon the registration books required to be kept pursuant to the provisions of Section 6 hereof, by the Registered Owner, in person or by the duly authorized attorney of such person in writing, upon surrender of such Series 2015B Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the City Treasurer.

Any Series 2015B Bond may be exchanged at the office of the City Treasurer for a like aggregate principal amount of other authorized denominations of the same interest rate and maturity.

Whenever any Series 2015B Bond shall be surrendered for transfer or exchange, the designated City officials shall execute (as provided in Section 5 hereof) and the City Treasurer shall authenticate and deliver a new Series 2015B Bond of the same interest rate and maturity in a like aggregate principal amount. The City Treasurer shall require the payment by any Registered Owner requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer or exchange.

No transfer or exchange of Series 2015B Bonds shall be required to be made by the City Treasurer during the period from the Record Date (as defined in Section 8 hereof) next preceding each interest payment date to such interest payment date or after a notice of redemption shall have been mailed with respect to such Series 2015B Bonds.

Section 8. Terms of the Series 2015B Bonds; General Redemption Provisions.

(a) Date of the Series 2015B Bonds. The Series 2015B Bonds shall be dated the date of their delivery or such other date (the "Dated Date"), as specified in the Bond Award.

(b) Payment of the Series 2015B Bonds. The principal of the Series 2015B Bonds shall be payable in lawful money of the United States of America to the Registered Owner thereof, upon the surrender thereof at maturity or earlier redemption at the office of the City Treasurer. The interest on the Series 2015B Bonds shall be payable in like lawful money to the Registered Owner whose name appears on the bond registration books of the City Treasurer as the Registered Owner thereof as of the close of business on the last day of the month immediately preceding an interest payment date (the "Record Date"), whether or not such day is a Business Day (as defined below).

Except as may be otherwise provided in connection with any book-entry only system applicable to the Series 2015B Bonds, payment of the interest on any Series 2015B Bond shall be made by check mailed on the interest payment date to its Registered Owner at such Owner's address as it appears on the registration books as of the Record Date; provided, however, if any interest payment date occurs on a day that banks in California or New York are closed for business or the New York Stock Exchange is closed for business, then such payment shall be made on the next succeeding day that banks in both California and New York are open for business and the New York Stock Exchange is open for business (each, a "Business Day"); and provided, further, that the Registered Owner of an aggregate principal amount of at least $1,000,000 of Series 2015B Bonds may submit a written request to the City Treasurer on or before a Record Date preceding an interest payment date for payment of interest on the next succeeding interest payment date and thereafter by wire transfer to a commercial bank located within the United States of America.

For so long as any Series 2015B Bonds are held in book-entry form by a securities depository selected by the City pursuant to Section 11 hereof, payment of principal and interest shall be made to the Registered Owner of the Series 2015B Bonds designated by such securities depository by wire transfer of immediately available funds.

(c) Interest on the Series 2015B Bonds. The Series 2015B Bonds shall bear interest at rates to be determined upon the sale of the Series 2015B Bonds, calculated on the basis of a 360-day year comprised of twelve 30-day months, payable on December 15, 2015 (or such other date as may be designated in the applicable Bond Award), and semiannually thereafter on June 15 and December 15 of each year. Each Series 2015B Bond shall bear interest from the interest payment date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the Record Date next preceding any interest payment date to the interest payment date, inclusive, in which event it shall bear interest from such interest payment date, or unless it is authenticated on or before the first Record Date, in which event it shall bear interest from the Dated Date; provided, however, that if, at the time of authentication of any Series 2015B Bond, interest is in default on the Series 2015B Bonds, such Series 2015B Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on the Series 2015B Bonds or from the Dated Date if the first interest payment is not made.

(d) Optional Redemption. The Series 2015B Bonds shall be subject to optional redemption prior to maturity as provided in the Official Notice of Sale or the Bond Award.

(e) Mandatory Redemption. The Series 2015B Bonds shall be subject to mandatory redemption at par, by lot, in any year in which the purchaser thereof has designated that the principal amount payable with respect to that year shall constitute a mandatory sinking fund payment, as and to the extent permitted by the Official Notice of Sale. Any Series 2015B Bonds subject to mandatory redemption shall be designated as such in the Official Notice of Sale or the Bond Award.

The principal of and interest on the Series 2015B Bonds subject to mandatory redemption shall be paid from the Series 2015B Bond Subaccount (as defined in Section 9 hereof), pursuant to Section 9 hereof. In lieu of any such mandatory redemption for the Series 2015B Bonds, at any time prior to the selection of the Series 2015B Bonds for mandatory redemption, the City may apply amounts on deposit in the Series 2015B Bond Subaccount to purchase Series 2015B Bonds subject to such redemption, at public or private sale, as and when and at such prices not in excess of the principal amount thereof (including sales commission and other charges but excluding accrued interest), as the City may determine.

(f) Selection of Series 2015B Bonds for Redemption. Whenever less than all of the outstanding Series 2015B Bonds are called for redemption on any date, the City Treasurer will select the maturities of the Series 2015B Bonds to be redeemed in the sole discretion of the City Treasurer. Whenever less than all of the outstanding Series 2015B Bonds maturing on any one date are called for redemption on any one date, the City Treasurer will select the Series 2015B Bonds or portions thereof, in denominations of $5,000 or any integral multiple thereof, to be redeemed from the outstanding Series 2015B Bonds maturing on such date not previously selected for redemption, by lot in any manner which the City Treasurer deems fair. If the Series 2015B Bonds to be optionally redeemed are also subject to mandatory redemption, the City Treasurer shall designate the mandatory sinking fund payment or payments (or portions thereof) against which the principal amount of the Series 2015B Bonds optionally redeemed shall be credited.

(g) Notice of Redemption. The date on which Series 2015B Bonds that are called for redemption are to be presented for redemption is herein called the "Redemption Date." The City Treasurer shall mail, or cause to be mailed, notice of any redemption of Series 2015B Bonds, postage prepaid, to the respective Registered Owner thereof at the addresses appearing on the registration books not less than twenty (20) days nor more than sixty (60) days prior to the Redemption Date. The notice of redemption shall (i) state the Redemption Date; (ii) state the redemption price; (iii) state the maturity dates of the Series 2015B Bonds to be redeemed and, if less than all of any such maturity is called for redemption, the distinctive numbers of the Series 2015B Bonds of such maturity to be redeemed, and in the case of any Series 2015B Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed; (iv) state the CUSIP number, if any, of each Series 2015B Bond to be redeemed; (v) require that such Series 2015B Bonds be surrendered by the Registered Owners at the office of the City Treasurer or his or her agent; and (vi) give notice that interest on such Series 2015B Bonds or portions of such Series 2015B Bonds to be redeemed will cease to accrue after the designated Redemption Date. Notice of optional redemption may be conditional upon receipt of funds or other events specified in the notice of redemption as provided in Section 8(j) hereof.

The actual receipt by the Registered Owner of any Series 2015B Bond of notice of such redemption shall not be a condition precedent to redemption, and failure to receive such notice, or any defect in such notice so mailed, shall not affect the validity of the proceedings for the redemption of such Series 2015B Bonds or the cessation of accrual of interest on such Series 2015B Bonds on the Redemption Date.

Notice of such redemption also shall be given, or caused to be given, by the City Treasurer, by (i) registered or certified mail, postage prepaid, (ii) confirmed facsimile transmission, (iii) overnight delivery service, or (iv) to the extent acceptable to the intended recipient, email or similar electronic means, to (A) all organizations registered with the Securities and Exchange Commission as securities depositories and (B) such other services or organizations as may be required in accordance with the Continuing Disclosure Certificate described in Section 19 hereof.

The notice or notices required for redemption shall be given by the City Treasurer, or any agent appointed by the City. A certificate of the City Treasurer or such other appointed agent of the City that notice of redemption has been given to the Registered Owner of any Series 2015B Bond in accordance with this Resolution shall be conclusive against all parties.

(h) Series 2015B Redemption Account. At the time the City Treasurer determines to optionally call and redeem any of the Series 2015B Bonds, the City Treasurer or his or her agent shall establish a redemption account to be described or known as the "General Obligation Bonds (Transportation and Road Improvement Bonds, 2014), Series 2015B Redemption Account" (the "Series 2015B Redemption Account"), and prior to or on the Redemption Date there must be set aside in the Series 2015B Redemption Account moneys available for the purpose and sufficient to redeem, as provided in this Resolution, the Series 2015B Bonds designated in said notice of redemption, subject to the provisions of Section 8(j) hereof. Said moneys must be set aside in the Series 2015B Redemption Account solely for the purpose of, and shall be applied on or after the Redemption Date to, payment of the redemption price of the Series 2015B Bonds to be redeemed upon presentation and surrender of such Series 2015B Bonds. Any interest due on or prior to the Redemption Date may be paid from the Series 2015B Bond Subaccount as provided in Section 9 hereof or from the Series 2015B Redemption Account. Moneys held from time to time in the Series 2015B Redemption Account shall be invested by the City Treasurer pursuant to the City's policies and guidelines for investment of moneys in the General Fund of the City. If, after all of the Series 2015B Bonds have been redeemed and canceled or paid and canceled, there are moneys remaining in the Series 2015B Redemption Account, said moneys shall be transferred to the General Fund of the City or to such other fund or account as required by applicable law; provided, however, that if said moneys are part of the proceeds of refunding bonds, said moneys shall be transferred pursuant to the resolution authorizing such refunding bonds.

(i) Effect of Redemption. When notice of optional redemption has been given, substantially as provided in this Resolution, and when the amount necessary for the redemption of the Series 2015B Bonds called for redemption (principal, premium, if any, and accrued interest to such Redemption Date) is set aside for that purpose in the Series 2015B Redemption Account, the Series 2015B Bonds designated for redemption shall become due and payable on the Redemption Date therefor, and upon presentation and surrender of said Series 2015B Bonds at the place specified in the notice of redemption, such Series 2015B Bonds shall be redeemed and paid at said redemption price out of the Series 2015B Redemption Account. No interest will accrue on such Series 2015B Bonds called for redemption after the Redemption Date and the Registered Owners of such Series 2015B Bonds shall look for payment of such Series 2015B Bonds only to the Series 2015B Redemption Account. All Series 2015B Bonds redeemed shall be canceled forthwith by the City Treasurer and shall not be reissued.

(j) Conditional Notice of Optional Redemption; Rescission of Redemption. Any notice of optional redemption given as provided in Section 8(g) hereof may provide that such redemption is conditioned upon: (i) deposit in the Series 2015B Redemption Account of sufficient moneys to redeem the Series 2015B Bonds called for optional redemption on the anticipated Redemption Date, or (ii) the occurrence any other event specified in the notice of redemption. If conditional notice of optional redemption has been given, substantially as provided herein, and on the scheduled Redemption Date (A) sufficient moneys to redeem the Series 2015B Bonds called for optional redemption on the Redemption Date have not been deposited in the Series 2015B Redemption Account, or (B) any other event specified in the notice of redemption as a condition to the redemption has not occurred, then (y) the Series 2015B Bonds for which conditional notice of redemption was given shall not be redeemed on the anticipated Redemption Date and shall remain Outstanding for all purposes of this Resolution, and (z) the redemption not occurring shall not constitute an event of default under this Resolution or the Authorizing Resolution.

The City may rescind any optional redemption and notice thereof for any reason on any date prior to any Redemption Date by causing written notice of the rescission to be given to the Registered Owners of all Series 2015B Bonds so called for redemption. Notice of such rescission of redemption shall be given in the same manner notice of redemption was originally given. The actual receipt by the Registered Owner of any Series 2015B Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice so mailed shall not affect the validity of the rescission.

Section 9. <u>Series 2015B Bond Subaccount.</u> There is hereby established with the City Treasurer a special subaccount in the General Obligation Bonds (Transportation and Road Improvement Bonds, 2014) Bond Account (the "Bond Account") created pursuant to the

Authorizing Resolution to be designated the "General Obligation Bonds (Transportation and Road Improvement Bonds, 2014), Series 2015B Bond Subaccount" (the "Series 2015B Bond Subaccount"), to be held separate and apart from all other accounts of the City. Any bid premium received upon the delivery of the Series 2015B Bonds shall be deposited into the Series 2015B Bond Subaccount. All interest earned on amounts on deposit in the Series 2015B Bond Subaccount shall be retained in the Series 2015B Bond Subaccount.

On or prior to the date on which any payment of principal of or interest on the Series 2015B Bonds is due, including any Series 2015B Bonds subject to mandatory redemption on said date, the City Treasurer shall allocate to and deposit in the Series 2015B Bond Subaccount, from amounts held in the Bond Account, an amount which, when added to any available moneys contained in the Series 2015B Bond Subaccount, is sufficient to pay principal of and interest on the Series 2015B Bonds on such date.

On or prior to the date on which any Series 2015B Bonds are to be redeemed at the option of the City pursuant to this Resolution, the City Treasurer may allocate to and deposit in the Series 2015B Redemption Account, from amounts held in the Bond Account pursuant to Section 8 of the Authorizing Resolution, an amount which, when added to any available moneys contained in the Series 2015B Redemption Account, is sufficient to pay principal, interest and premium, if any, with respect to such Series 2015B Bonds on such date. The City Treasurer may make such other provision for the payment of principal of and interest and any redemption premium on the Series 2015B Bonds as is necessary or convenient to permit the optional redemption of the Series 2015B Bonds.

Amounts in the Series 2015B Bond Subaccount may be invested in any investment of the City in which moneys in the General Fund of the City are invested. The City Treasurer may (i) commingle any of the moneys held in the Series 2015B Bond Subaccount with other City moneys, or (ii) deposit amounts credited to the Series 2015B Bond Subaccount into a separate fund or funds for investment purposes only; provided, however, that all of the moneys held in the Series 2015B Bond Subaccount shall be accounted for separately notwithstanding any such commingling or separate deposit by the City Treasurer.

Section 10. Series 2015B Project Subaccount. There is hereby established with the City Treasurer a special subaccount in the General Obligation Bonds (Transportation and Road Improvement Bonds, 2014) Project Account (the "Project Account") created pursuant to the Authorizing Resolution to be designated the "General Obligation Bonds (Transportation and Road Improvement Bonds, 2014), Series 2015B Project Subaccount" (the "Series 2015B Project Subaccount"), to be held separate and apart from all other accounts of the City. All interest earned on amounts on deposit in the Series 2015B Project Subaccount shall be retained in the Series 2015B Project Subaccount. Amounts in the Series 2015B Project Subaccount shall be expended in accordance with the provisions of the Authorizing Resolution for the acquisition, construction or reconstruction of the Project or portions thereof.

Amounts in the Series 2015B Project Subaccount may be invested in any investment of the City in which moneys in the General Fund of the City are invested. The City Treasurer may (i) commingle any of the moneys held in the Series 2015B Project Subaccount with other City moneys, or (ii) deposit amounts credited to the Series 2015B Project Subaccount into a separate fund or funds for investment purposes only; provided, however, that all of the moneys held in the Series 2015B Project Subaccount (including interest earnings) hereunder shall be accounted for separately notwithstanding any such commingling or separate deposit by the City Treasurer.

The City Treasurer also is hereby authorized to pay or cause to be paid from the proceeds of the Series 2015B Bonds on deposit in the Series 2015B Project Subaccount, on behalf of the City, the costs of issuance associated with the Series 2015B Bonds. Costs of issuance of the Series 2015B Bonds shall include, without limitation, bond and financial printing expenses, mailing and publication expenses, rating agency fees, the fees and expenses of paying agents, registrars, financial consultants, disclosure counsel and co-bond counsel and the reimbursement of departmental expenses in connection with the issuance of the Series 2015B Bonds.

Section 11. <u>Appointment of Depositories and Other Agents</u>. The City Treasurer is authorized and directed to appoint one or more depositories as he or she may deem desirable and the procedures set forth in Sections 6, 7 and 8 hereof relating to registration of ownership of the Series 2015B Bonds and payments and redemption notices to owners of the Series 2015B Bonds may be modified to comply with the policies and procedures of such depository. The City will not have any responsibility or obligation to any purchaser of a beneficial ownership interest in any Series 2015B Bonds or to any participants in such depository with respect to (a) the accuracy of any records maintained by such securities depository or any participant therein; (b) any notice that is permitted or required to be given to the Registered Owners of such Series 2015B Bonds under this Resolution; (c) the selection by such securities depository or any participant therein of any person to receive payment in the event of a partial redemption of such Series 2015B Bonds; (d) the payment by such securities depository or any participant therein of any amount with respect to the principal or redemption premium, if any, or interest due with respect to such Series 2015B Bonds; (e) any consent given or other action taken by such securities depository as the Registered Owner of such Series 2015B Bonds; or (f) any other matter.

The Depository Trust Company ("DTC") is hereby appointed as securities depository for the Series 2015B Bonds. The Series 2015B Bonds shall be initially issued only in book-entry form. Upon initial issuance, the ownership of each Series 2015B Bond shall be registered in the bond registration books in the name of Cede & Co., as nominee of DTC. So long as each Series 2015B Bond is registered in book-entry form, each Series 2015B Bond shall be registered in the name of Cede & Co. or in the name of such successor nominee as may be designated from time to time by DTC or any successor as depository.

The City Treasurer is hereby also authorized and directed to appoint one or more agents, as he or she may deem necessary or desirable. To the extent permitted by applicable law and under the supervision of the City Treasurer, such agents may serve as paying agent, fiscal agent, rebate calculation agent, escrow agent or registrar for the Series 2015B Bonds, or may assist the City Treasurer in performing any or all of such functions and such other duties as the City Treasurer shall determine. If the City Treasurer appoints one or more paying agents, the procedures set forth in Sections 6 and 8 hereof relating to registration of ownership of the Series 2015B Bonds and payments and redemption notices to Registered Owner of the Series 2015B Bonds may be modified to comply with the policies and procedures of such paying agent. Such agents shall serve under such terms and conditions as the City Treasurer shall determine. The City Treasurer may remove or replace agents appointed pursuant to this paragraph at any time.

Section 12. Defeasance Provisions. Payment of all or any portion of the Series 2015B Bonds may be provided for prior to the respective stated maturities of the Series 2015B Bonds by irrevocably depositing with the City Treasurer (or any commercial bank or trust company designated by the City Treasurer to act as escrow agent with respect thereto):

(a) An amount of cash equal to the principal amount of all of such Series 2015B Bonds or a portion thereof, and all unpaid interest thereon to maturity, except that in the case of the Series 2015B Bonds that are to be redeemed prior to such Series 2015B Bonds' respective stated maturities and in respect of which notice of such redemption shall have been given as provided in Section 8 hereof or an irrevocable election to give such notice shall have been made by the City, the amount to be deposited shall be the principal amount thereof, all unpaid interest thereon to the Redemption Date, and premium, if any, due on such Redemption Date; or

(b) Defeasance Securities (as defined below) not subject to call, except as provided below in the definition thereof, maturing and paying interest at such times and in such amounts, together with interest earnings and cash, if required, as will, without reinvestment, as certified by an independent certified public accountant, be fully sufficient to pay the principal and all unpaid interest to maturity, or to the Redemption Date, as the case may be, and premium, if any, due on the Series 2015B Bonds to be paid or redeemed, as such principal and interest come due; provided, that, in the case of such Series 2015B Bonds that are to be redeemed prior to maturity, notice of such redemption shall be given as provided in Section 8 hereof or an irrevocable election to give such notice shall have been made by the City; then, all obligations of the City with respect to said outstanding Series 2015B Bonds shall cease and terminate, except only the obligation of the City to pay or cause to be paid from the funds deposited pursuant to paragraph (a) or (b) of this Section 12, to the owners of such Series 2015B Bonds all sums due with respect thereto; provided, that the City shall have received an opinion of nationally recognized bond counsel, that provision for the payment of such Series 2015B Bonds has been made in accordance with this Section 12.

For purposes of this Section 12, "Defeasance Securities" shall mean any of the following that at the time are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

(1) United States Obligations (as defined below); and

(2) Pre-refunded fixed interest rate municipal obligations meeting the following conditions: (a) the municipal obligations are not subject to redemption prior to maturity, or the trustee has been given irrevocable instructions concerning their calling and redemption and the issuer has covenanted not to redeem such obligations other than as set forth in such

instructions; (b) the municipal obligations are secured by cash or United States Obligations; (c) the principal of and interest on the United States Obligations (plus any cash in the escrow fund or the Series 2015B Redemption Account) are sufficient to meet the liabilities of the municipal obligations; (d) the United States Obligations serving as security for the municipal obligations are held by a trustee or escrow agent; (e) the United States Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and (f) the municipal obligations are rated (without regard to any numerical modifier, plus or minus sign or other modifier), at the time of original deposit to the escrow fund, by two of the Rating Agencies (as defined herein) not lower than the rating then maintained by the respective Rating Agency on United States Obligations.

For purposes of this Section 12, "United States Obligations" shall mean (i) direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including without limitation, the interest component of Resolution Funding Corporation (REFCORP) bonds that have been stripped by request to the Federal Reserve Bank of New York in book-entry form or (ii) any security issued by an agency or instrumentality of the United States of America that is selected by the Director of Public Finance that results in the escrow fund being rated by two of the Rating Agencies, at the time of the initial deposit to the escrow fund and upon any substitution or subsequent deposit to the escrow fund, no lower than the rating then maintained by the respective Rating Agency on United States Obligations described in (i) above.

For purposes of this Section 12, "Rating Agencies" shall mean Moody's Investors Service, Inc., Fitch Ratings, and Standard and Poor's Rating Services, or any other nationally recognized bond rating agency that is the successor to any of the foregoing rating agencies or that is otherwise established after the date hereof.

Section 13 Official Notice of Sale; Receipt of Bids; Bond Award.

(a) Official Notice of Sale. The form of proposed Official Notice of Sale inviting bids for the Series 2015B Bonds (the "Official Notice of Sale") submitted to the Board is hereby approved and adopted as the Official Notice of Sale inviting bids for the Series 2015B Bonds, with such changes, additions and modifications as may be made in accordance with Section 20 hereof. The Director of Public Finance is hereby authorized and directed to cause to be mailed or otherwise circulated to prospective bidders for the Series 2015B Bonds copies of the Official Notice of Sale, subject to such corrections, revisions or additions as may be acceptable to the Director of Public Finance.

(b) Receipt of Bids. Bids shall be received on the date designated by the Director of Public Finance pursuant to Section 4 hereof and the Official Notice of Sale.

(c) Bond Award. As provided in the Official Notice of Sale, the City may reject any and all bids received for any reason. The Controller is hereby authorized to award the Series 2015B Bonds to the responsible bidder whose bid (i) is timely received and conforms to the Official Notice of Sale, except to the extent informalities and irregularities are waived by the City as permitted by the Official Notice of Sale, and (ii) represents the lowest true interest cost to the City in accordance with the procedures described in the Official Notice of Sale. The award, if made, shall be set forth in a certificate signed by the Controller setting forth the terms of the Series 2015B Bonds and the original purchasers thereof (the "Bond Award"). The Controller shall provide a copy of the Bond Award as soon as practicable to the Clerk of the Board of Supervisors and the Director of Public Finance; provided, however, that failure to provide such copies shall not affect the validity of the Bond Award.

Section 14. Publication of Notice of Intention to Sell Bonds. The form of proposed Notice of Intention to Sell the Series 2015B Bonds (the "Notice of Intention to Sell Bonds") submitted to the Board is hereby approved and adopted as the Notice of Intention to Sell the

Series 2015B Bonds, and the Director of Public Finance is hereby authorized and directed to cause the Notice of Intention to Sell Bonds, subject to such corrections, revisions or additions as may be made in accordance with Section 20 hereof, to be published once in The Bond Buyer or another financial publication generally circulated throughout the State of California.

Section 15. Sale of Series 2015B Bonds; Solicitation of Competitive Bids. The Board hereby authorizes the sale of the Series 2015B Bonds by solicitation of competitive bids for the purchase of the Series 2015B Bonds on the date and at the place determined in accordance with the Official Notice of Sale and Section 4 hereof.

Section 16. Disposition of Proceeds of Sale. The proceeds of sale of the Series 2015B Bonds shall be applied by the City Treasurer as follows: (a) accrued interest, if any, shall be deposited into the Series 2015B Bond Subaccount, (b) original issue premium, if any, shall be deposited into the Series 2015B Bond Subaccount, and (c) remaining proceeds of sale shall be deposited into the Series 2015B Project Subaccount.

Section 17. Official Statement. The form of proposed Preliminary Official Statement describing the Series 2015B Bonds (the "Preliminary Official Statement") submitted to the Board is hereby approved and adopted as the Preliminary Official Statement describing the Series 2015B Bonds, with such additions, corrections and revisions as may be determined to be necessary or desirable to be made in accordance with Section 20 hereof. The Controller is hereby authorized to cause the distribution of a Preliminary Official Statement deemed final for purposes of Securities and Exchange Commission Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"), and to sign a certificate to that effect. The Director of Public Finance is hereby authorized and directed to cause to be printed and mailed or electronically distributed to prospective bidders for the Series 2015B Bonds copies of the Preliminary Official Statement in substantially the form of the Preliminary Official Statement approved and adopted hereby, as completed, supplemented, corrected or revised. The Controller is authorized and directed to approve, execute, and deliver the final Official Statement with respect to the Series 2015B Bonds, which final Official Statement shall be in the form of the Preliminary Official Statement, with such additions, corrections and revisions as may be determined to be necessary or desirable made in accordance with Section 20 hereof and as are permitted under the Rule. The Director of Public Finance is hereby authorized and directed to cause to be printed and mailed or electronically distributed copies of the final Official Statement to all actual initial purchasers of the Series 2015B Bonds.

Section 18. Tax Covenants.

(a) General. The City hereby covenants with the owners and holders of the Series 2015B Bonds that, notwithstanding any other provisions of this Resolution, it shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of interest on the Series 2015B Bonds under Section 103 of the Code, and the regulations issued thereunder, as the same may be amended from time to time, and any successor provisions of law. Reference to a particular section of the Code shall be deemed to be a reference to any successor to any such section. The City shall not, directly or indirectly, use or permit the use of proceeds of the Series 2015B Bonds or any of the property financed or refinanced with proceeds of the Series 2015B Bonds, or any portion thereof, by any person other than a governmental unit (as such term is used in Section 141 of the Code), in such manner or to such extent as would result in the loss of exclusion of interest on the Series 2015B Bonds from gross income for federal income tax purposes.

(b) Use of Proceeds. The City shall not take any action, or fail to take any action, if any such action or failure to take action would cause the Series 2015B Bonds to be "private activity bonds" within the meaning of Section 141 of the Code, and in furtherance thereof, shall not make any use of the proceeds of the Series 2015B Bonds or any of the property financed or refinanced with proceeds of the Series 2015B Bonds, or any portion thereof, or any other funds of the City, that would cause the Series 2015B Bonds to be "private activity bonds" within the meaning of Section 141 of the Code. To that end, so long as any Series 2015B Bonds are outstanding, the City, with respect to such proceeds and property and such other funds, will comply with applicable requirements of the Code and all regulations of the United States Department of the Treasury issued thereunder, to the extent such requirements are, at the time, applicable and in effect. The City shall establish reasonable procedures necessary to ensure continued compliance with Section 141 of the Code and the continued qualification of the Series 2015B Bonds as "governmental bonds."

(c) Arbitrage. The City shall not, directly or indirectly, use or permit the use of any proceeds of the Series 2015B Bonds, or of any property financed or refinanced by the Series 2015B Bonds, or other funds of the City, or take or omit to take any action, that would cause the Series 2015B Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the City shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent such requirements are, at the time, in effect and applicable to the Series 2015B Bonds.

(d) Federal Guarantee. The City shall not make any use of the proceeds of the Series 2015B Bonds or any other funds of the City, or take or omit to take any other action, that would cause the Series 2015B Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(e) Information Reporting. The City shall take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code with respect to the Series 2015B Bonds.

(f) Hedge Bonds. The City shall not make any use of the proceeds of the Series 2015B Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Series 2015B Bonds to be considered "hedge bonds" within the meaning of Section 149(g) of the Code unless the City takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code.

(g) Compliance with Tax Certificate. In furtherance of the foregoing tax covenants of this Section 18, the City covenants that it will comply with the provisions of the Tax Certificate to be executed by the City with respect to the Series 2015B Bonds, dated the date of issuance of the Series 2015B Bonds, as such Tax Certificate may be amended from time to time. This covenant shall survive payment in full or defeasance of the Series 2015B Bonds.

Section 19. Continuing Disclosure Certificate. The form of Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") to be signed by the City to permit the original purchasers of the Series 2015B Bonds to comply with the Rule, submitted to the Board is hereby approved and adopted as the Continuing Disclosure Certificate, with such additions, corrections and revisions as may be determined to be necessary or desirable to be made in accordance with Section 20 hereof. The Controller is hereby authorized and directed to execute the Continuing Disclosure Certificate on behalf of the City and deliver the Continuing Disclosure Certificate to the original purchasers of the Series 2015B Bonds.

Section 20. Modification to Documents. Any City official authorized by this Resolution to execute any document is hereby further authorized, in consultation with the City Attorney and co-bond counsel, to approve and make such changes, additions, amendments or modifications to the document or documents such official is authorized to execute as may be necessary or advisable (provided that such changes, additions, amendments or modifications shall not authorize an aggregate principal amount of Series 2015B Bonds in excess of $67,540,000 or conflict with the provisions of Section 4 hereof). The approval of any change, addition, amendment or modification to any of the aforementioned documents shall be evidenced conclusively by the execution and delivery of the document in question.

Section 21. Ratification. All actions heretofore taken by officials, employees and agents of the City with respect to the sale and issuance of the Series 2015B Bonds are hereby approved, confirmed and ratified.

Section 22. Relationship to Authorizing Resolution. In the event of any conflict between this Resolution and the Authorizing Resolution, the terms of this Resolution shall control. Without limiting the foregoing and notwithstanding the provisions of the Authorizing Resolution, the City is not obligated to transfer money from the General Fund of the City to the Bond Account to pay the principal of or interest on the Series 2015B Bonds.

Section 23. Accountability Reports. The Series 2015B Bonds are subject to accountability requirements under the City's Administrative Code and the Bond Ordinance. The deadline for submission of the Accountability Reports under Administrative Code Section 2.71(a) is hereby waived with respect to the Series 2015B Bonds.

Section 24. Citizens' Oversight Committee. The Series 2015B Bonds are subject to, and incorporate by reference, the applicable provisions of San Francisco Administrative Code Sections 5.30-5.36 (the "Citizens' General Obligation Bond Oversight Committee, to the extent permitted by law, one-tenth of one percent (0.1%) of the gross proceeds of the Series 2015B Bonds shall be deposited in a fund established by the Controller's Office and appropriated by the Board at the direction of the Citizens' General Obligation Bond Oversight Committee to cover the costs of such Committee.

Section 25. CEQA Determinations.

(a) Muni Forward Program. The Board has reviewed and considered the information contained in the TEP FEIR, the CEQA Findings contained in Resolution No. 14-041, the project approval findings contained in Resolution Nos. 14-066, 14-148 and 14-137, and all written and oral information provided by the Planning Department, the public, relevant public agencies, SFMTA staff and other experts and the administrative files; and based on the record as a whole, finds that the TEP FEIR is adequate for the actions taken by this Resolution to fund various Muni Forward projects. The Board adopts as its own the CEQA Findings for the TEP Project made by SFMTA contained in Resolution No. 14-041, including the Statement of Overriding Considerations and the TEP MMRP. The Board finds that the funding for the Muni Forward Program as reflected in this resolution is consistent with the Project described in the TEP FEIR. The Board additionally finds that the Project implementation does not require major revision to the TEP FEIR due to (1) the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; (2) a substantial change with respect to the circumstances under which the project analyzed in the FEIR will be undertaken that would require major revisions to the FEIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the FEIR, or (3) new information of substantial importance to the project analyzed in the FEIR that has become available which would indicate that (i) the Muni Forward Program will have significant effects not discussed in the FEIR; (ii) significant environmental effects will be substantially more severe; (iii) mitigation measures or alternatives found not feasible which would reduce one or more significant effects have become feasible; or (iv) mitigation measures or alternatives which are considerably different from those in the FEIR will substantially reduce one or more significant effects on the environment.

(b) Better Market Street Project and Pedestrian Safety Improvements. The Board finds that funding approved by this Resolution for the Better Market Street Project and Pedestrian Safety Improvements will be used for further planning, design and related outreach, which are actions not subject to CEQA under CEQA Section 21065 and CEQA Guidelines Sections 15262 and 15378.

(c) Communications Based Overlay Signal System Positive Train Control System. The Board, acting as a responsible agency under CEQA for approval of funding for the CBOSS Positive Train Control System, concurs with the determination of the lead agency under CEQA, the Peninsula Joint Powers Board, that this project is categorically exempt from CEQA as set forth in the CBOSS Positive Train Control System NOE.

Section 26. General Authority. The Clerk of the Board of Supervisors, the Mayor, the City Treasurer, the Director of Public Finance, the City Attorney and the Controller are each hereby authorized and directed in the name and on behalf of the City to take any and all steps and to issue, deliver or enter into any and all certificates, requisitions, agreements, notices, consents, and other documents as may be necessary to give effect to the provisions of this Resolution, including but not limited to letters of representations to any depository or depositories, which they or any of them might deem necessary or appropriate in order to consummate the lawful issuance, sale and delivery of the Series 2015B Bonds. Any such actions are solely intended to further the purposes of this Resolution, and are subject in all respects to the terms of this Resolution. No such actions shall increase the risk to the City or require the City to spend any resources not otherwise granted herein. Final versions of any such documents (showing marked changes, if any) shall be provided to the Clerk of the Board of Supervisors for inclusion in the official file within 30 days of execution by all parties, together with a brief explanation of any changes from the date of the adoption of this Resolution.

APPROVED AS TO FORM:
DENNIS J. HERRERA
City Attorney

By: Kenneth David Roux
KENNETH DAVID ROUX
Deputy City Attorney

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EXHIBIT A

[FORM OF SERIES 2015B BOND]

Unless this bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the City or its agent for registration of transfer, exchange, or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge, or other use of this bond for value or otherwise by or to any person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Number R-___ UNITED STATES OF AMERICA Amount

STATE OF CALIFORNIA $_______________

CITY AND COUNTY OF SAN FRANCISCO

GENERAL OBLIGATION BONDS

(TRANSPORTATION AND ROAD IMPROVEMENT BONDS, 2014),

SERIES 2015B

Interest Rate Maturity DateDated CUSIP Number

June 15, _____

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: DOLLARS

THE CITY AND COUNTY OF SAN FRANCISCO, State of California (the “City”), acknowledges itself indebted to and promises to pay to the Registered Owner specified above or registered assigns, on the Maturity Date specified above, the Principal Amount of this bond specified above in lawful money of the United States of America, and to pay interest on the Principal Amount in like lawful money from the interest payment date next preceding the date of authentication of this bond (unless this bond is authenticated as of the day during the period from the last day of the month next preceding any interest payment date (the "Record Date") to such interest payment date, inclusive, in which event it shall bear interest from such interest payment date, or unless this bond is authenticated on or before November 30, 2015, in which event it shall bear interest from its dated date) until payment of such Principal Amount, at the Interest Rate per annum specified above calculated on the basis of a 360-day year comprised of twelve 30-day months, payable on December 15, 2015, and semiannually thereafter on June 15 and December 15 in each year; provided, however, if any interest payment date occurs on a day that banks in California or New York are closed for business or the New York Stock Exchange is closed for business, then such payment shall be made on the next succeeding day that banks in both California and New York are open for business and the New York Stock Exchange is open for business (a "Business Day"). The Principal Amount of this bond is payable to the Registered Owner of this bond upon the surrender of this bond at the office of the Treasurer of the City (the "City Treasurer"). The interest on this bond is payable to the person whose name appears on the bond registration books of the City Treasurer as the Registered Owner of this bond as of the close of business on the Record Date immediately preceding an interest payment date, whether or not such day is a Business Day, such interest to be paid by check mailed on the interest payment date to such Registered Owner at such Owner's address as it appears on such registration books; provided, however, that the Registered Owner of bonds in an aggregate principal amount of at least $1,000,000 may submit a written request to the City Treasurer on or before the Record

Date preceding any interest payment date for payment of interest hereon by wire transfer to a commercial bank located in the United States of America.

This bond is one of a duly authorized issue of bonds of like tenor (except for such variations, if any, as may be required to designate varying numbers, denominations, interest rates and maturities), in the aggregate principal amount of $__________ (the "Series 2015B Bonds"), which is part of a bond authorization in the aggregate original principal amount of $500,000,000 and is authorized by the affirmative votes of more than two-thirds of the voters voting at a special election duly and legally called, held and conducted, in the City on November 4, 2014 and is issued and sold by the City pursuant to and in strict conformity with the provisions of the Constitution and laws of the State of California, and Charter of the City and of resolutions adopted by the Board of Supervisors of the City (the "Board of Supervisors") on __________, 2015 (together with the related Certificate of Award, the "Resolutions").

The Series 2015B Bonds are issuable as fully registered bonds without coupons in the denominations of $5,000 or any integral multiple thereof, provided that no bond shall have principal maturing on more than one principal maturity date. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Resolutions, the Series 2015B Bonds may be exchanged for a like aggregate principal amount of Series 2015B Bonds or other authorized denominations of the same interest rate and maturity.

This bond is transferable by the Registered Owner, in person or by its attorney duly authorized in writing, at said office of the City Treasurer, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolutions, and upon surrender and cancellation of this bond. Upon such transfer, a new bond or bonds of authorized denomination or denominations for the same interest rate and same aggregate principal amount will be issued to the transferee in exchange for this bond.

The City Treasurer will not be required to exchange or register the transfer of this bond during the period (a) from the Record Date for an interest payment date to the opening of business of such interest payment date or (b) after notice of redemption of this bond or any portion of this bond has been mailed.

The Series 2015B Bonds maturing on or before June 15, 20__ are not subject to redemption prior to maturity. The Series 2015B Bonds maturing on and after June 15, 20__ are subject to optional redemption, from any available funds, in whole or in part, on any date on or after June 15, 20__, at redemption price equal to 100% of the principal amount redeemed, together with accrued interest to the redemption date, without premium. If less than all of the outstanding Series 2015B Bonds are to be redeemed, they may be redeemed in any order of maturity as determined by the City. If less than all of the outstanding Series 2015B Bonds of a maturity are to be redeemed, the Series 2015B Bonds or portions of Series 2015B Bonds of such maturity to be redeemed shall be selected by the City Treasurer, in authorized denominations of $5,000 or integral multiples of that amount, from among Series 2015B Bonds of that maturity not previously called for redemption, by lot in any manner which the City Treasurer deems fair.

The Series 2015B Bonds maturing on June 15, 20__, shall be subject to mandatory sinking fund redemption on June 15 or each of the years 20__ through 20__, inclusive, and at maturity in the respective amounts provide in the Resolutions.

Notice of the redemption of the Series 2015B Bonds shall be given or caused to be given to the Registered Owner of each Series 2015B Bond or portion of a Series 2015B Bond called for redemption not less than 20 or more than 60 days before any date established for redemption of the Series 2015B Bonds, by the City Treasurer on behalf of the City, by first class mail, postage prepaid, sent to the Registered Owner's last address, if any, appearing on the registration books kept by the City Treasurer.

Any notice of optional redemption may provide that such redemption is conditional upon occurrence of a specified event, as provided in the Resolutions. In the event that such conditional notice of optional redemption has been given, and on the scheduled Redemption Date such condition has not been satisfied, the Series 2015B Bonds for which notice of conditional optional redemption was given shall not be redeemed and shall remain Outstanding for all purposes of the Resolutions and the redemption not occurring shall not constitute an event of default under the Resolutions.

In addition, the City may rescind any optional redemption and notice thereof for any reason on any date prior to any Redemption Date by causing written notice of the rescission to be given to the Registered Owners of the Series 2015B Bonds so called for redemption. Notice of such rescission of redemption shall be given in the same manner notice of redemption was originally given. The actual receipt by the Registered Owner of any Series 2015B Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice so mailed shall not affect the validity of the rescission.

Official notice of redemption having been given as aforesaid, the Series 2015B Bonds or portions of Series 2015B Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless such redemption and notice of it shall have been rescinded or unless the City shall default in the payment of the redemption price), such Series 2015B Bonds or portions of Series 2015B Bonds shall cease to bear interest. Neither the failure to mail such redemption notice, nor any defect in any notice so mailed, to any particular Registered Owner, shall effect the sufficiency of such notice with respect to the other Series 2015B Bonds.

Notice of redemption, or notice of rescission of an optional redemption, having been properly given, failure of a Registered Owner to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or redemption action described in the notice.

The City and the City Treasurer may treat the Registered Owner of this bond as the absolute owner of this bond for all purposes, and the City and the City Treasurer shall not be affected by any notice to the contrary.

The City Treasurer may appoint agents to serve as bond registrar or paying agent, as provided in the Resolutions.

The Board of Supervisors hereby certifies, recites and declares that the total amount of indebtedness of said City, including the amount of this bond, is within the limit provided by law, that all acts, conditions and things required by the law to be done or performed precedent to and in the issuance of this bond have been done and performed in strict conformity with the laws authorizing the issuance of this bond, that this bond is in the form prescribed by order of the Board of Supervisors duly made and entered on its minutes, and the money for the payment of principal of this bond, and the payment of interest thereon, shall be raised by taxation upon the taxable property of said City as provided in the Resolutions.

This Series 2015B Bond shall not be entitled to any benefit under the Resolutions, or become valid or obligatory for any purpose, until the Certificate of Registration and Authentication hereon endorsed shall have been signed by the City Treasurer.

IN WITNESS WHEREOF the Board of Supervisors of the City and County of San Francisco (the "Board") has caused this Series 2015B Bond to be executed by the Mayor of the City and County of San Francisco, and to be countersigned by the Clerk of said Board, all as of __________, 2015.

____
Mayor of the City and
County of San Francisco

Countersigned:

____
Clerk of the Board of Supervisors

CERTIFICATE OF REGISTRATION AND AUTHENTICATION

This is one of the Series 2015B Bonds described in the within-mentioned Resolutions, which has been authenticated on the date set forth below.

Date of Authentication: , 20__.

By: ______________________________
Treasurer of the City and County
of San Francisco

ASSIGNMENT

FOR VALUE RECEIVED the undersigned do(es) hereby sell, assign and transfer unto

____

(Name, Address, and Tax Identification or Social Security Number of Assignee)

the within-mentioned registered bond and hereby irrevocably constitute(s) and appoint(s) ______________________________ attorney, to transfer the same on the books of the paying agent with full power of substitution in the premises.

Dated: ____________________ ____________________________

NOTE: The signature to this assignment must correspond with the name as written on the face of the within bond in every particular, without enlargement or any change whatsoever.

Signature Guaranty: ______________________________

NOTE: Signature must be approved by a qualified guarantor.

______________________________Tax ID Number:________________________

Items 11, 12 and 13 Files 15-0459, 15-0466 & 15-0467	Department: Municipal Transportation Agency (MTA)

EXECUTIVE SUMMARY

Legislative Objectives

- File 15-0467: The proposed resolution would approve the issuance of $500,000,000 of 2014 Transportation and Road Improvement General Obligation (GO) Bonds.
- File 15-0466: The proposed resolution would authorize the sale of $67,540,000 of 2014 Transportation and Road Improvement GO Bonds Series 2015B.
- File 15-0459: The proposed ordinance would (1) appropriate $67,540,000 of the 2015B Series Bond proceeds; (b) adopt findings under the California Environmental Quality Act (CEQA); and (c) place these funds on Controller's Reserve pending the sale of the bonds.

Key Points

- The $500 million Transportation and Road Improvement GO Bond is dedicated to constructing, redesigning, and rebuilding streets and sidewalks to increase Muni service reliability, ease traffic congestion, reduce vehicle travel times, enhance pedestrian and bicycle safety, and improve disabled access.
- The Office of Public Finance plans to sell $67,540,000 in Series 2014B bonds in July 2015.
- The proposed $67,540,000 appropriation includes (a) $50,900,986 to the SFMTA for Muni Forward Rapid Network improvements and $7,940,882 to satisfy a portion of the City's contribution to Caltrain positive train control safety upgrades; and (b) $8,698,132 to DPW for the Better Market Street Project.

Fiscal Impact

- Estimated average annual debt service on the bonds is $4,502,500. Total estimated interest payments are $23,180,000, resulting in total principal and interest payments of $90,050,000 over the 20-year life of the bonds.
- As of April 1, 2015, outstanding GO bonds total $2.05 billion, equal to 1.13 percent of the net assessed value of property in the City. Issuance of $67,540,000 in new GO Bonds increases outstanding bonds by 0.03 percent to 1.16 percent of total net assessed value of property in San Francisco.

Policy Consideration

- According to information provided by SFMTA and DPW, the two departments use different methods to calculate direct and indirect labor rates charged to capital projects. SFMTA's rates charged to capital projects are one-third higher than rates charged by DPW

Recommendations

- Request the Controller to evaluate SFMTA's methodology to calculate direct and indirect labor rates and make recommendations concerning these rates prior to the next issuance of Transportation and Road Improvement Bonds, anticipated in May 2016.
- Approve the proposed resolution (File 15-0467).
- Approve the proposed resolution (File 15-0466).
- Approve the proposed ordinance (File 15-0459).

MANDATE STATEMENT / BACKGROUND

Mandate Statement

Section 9.105 of the City's Charter provides that the issuance and sale of General Obligation (GO) bonds is subject to Board of Supervisors approval in accordance with State law or local procedures adopted by ordinance.

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

Background

On November 4, 2014, a two-thirds majority of voters of the City approved Proposition A, the San Francisco Transportation and Road Improvement General Obligation (GO) Bond to finance the construction, acquisition, and improvement of various transportation and transit-related improvements, and other related costs. Proposition A authorizes the City to issue $500,000,000 in GO Bonds to implement various infrastructure repairs and improvements identified by the Transportation 2030 Task Force. The projects to be funded through the proposed bond sale include: pedestrian and bicycle safety improvements, San Francisco Municipal Transportation Agency (SFMTA) facility upgrades, accessibility improvements, traffic signal improvements, Muni Forward Rapid Network improvements, street infrastructure improvements, Caltrain upgrades, streetscape and other transit corridor improvements.

DETAILS OF PROPOSED LEGISLATION

File 15-0467: The proposed resolution would (a) authorize the issuance of not to exceed $500,000,000 aggregate principal amount of City and County of San Francisco General Obligation (GO) Bonds (Transportation and Road Improvement Bonds, 2014); (b) authorize the execution, authentication, and registration of said bonds; (c) provide for the levy of a tax to pay the principal and interest thereof; (d) provide for the appointment of depositories and other agents for said bonds; (e) provide for the establishment of accounts related thereto; (f) ratify certain actions previously taken; and (g) grant general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said bonds.

File 15-0466: The proposed resolution would (a) authorize and direct the sale of not to exceed $67,540,000 aggregate principal amount of City and County of San Francisco General Obligation (GO) Bonds (Transportation and Road Improvement Bonds, 2014), Series 2015B; (b) prescribe the form and terms of said bonds; (c) authorize the execution, authentication, and registration of said bonds; (d) provide for the appointment of depositories and other agents for said bonds; (e) provide for the establishment of accounts related to said bonds; (f) provide for the manner of sale of said bonds by competitive sale; (g) approve the forms of Official Notice of Sale and Notice of Intention to Sell Bonds; direct the publication of the Notice of Intention to Sell Bonds; (h) approve the form of the Preliminary Official Statement and the form and execution of the Official Statement relating to the sale of said bonds; (i) approve the form of the Continuing

Disclosure Certificate; (j) authorize and approve modifications to documents; (k) waive the deadline for submission of Bond Accountability Reports; (l) adopt findings under the California Environmental Quality Act ("CEQA"), CEQA Guidelines and Chapter 31 of the Administrative Code; (m) ratifying certain actions previously taken; and (n) granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale, and delivery of said bonds.

File 15-0459: The proposed ordinance would (a) appropriate $67,540,000 of the 2015B Series Transportation and Road Improvement General Obligation Bond proceeds in FY2014-2015, including $8,698,132 to the Department of Public Works for Better Market Street Projects and $58,841,868 to the Municipal Transportation Agency for Muni Forward Rapid Network Improvement Projects, Pedestrian Safety Improvement Projects, and the Caltrain Communications Based Overlay Signal System Positive Train Control System; (b) adopt findings under the California Environmental Quality Act (CEQA), CEQA Guidelines, and Administrative Code, Chapter 31; and (c) place these funds on Controller's Reserve pending the sale of the bonds.

Authorization to Issue $500,000,000 in GO Bonds (File 15-0467)

The proposed resolution would authorize the issuance of Transportation and Road Improvement GO Bonds in maximum aggregate amount of $500,000,000, to be issued in multiple series. According to Ms. Sonali Bose, SFMTA Chief Financial Officer, the tentative schedule of issuance involves four series that will extend until November, 2018, as shown in Table 1, below. These dates may change depending on the timing of actual funding needs of the eligible projects.

Table 1: Transportation and Road Improvement GO Bond Issuance Schedule

Date	Amount	Series
July, 2015	$67,540,000	Series 2015B
May, 2016	$112,800,000	To be determined
May, 2017	$219,320,000	To be determined
Nov., 2018	$100,340,000	To be determined
Total	**$500,000,000**	

Sale of $67,540,000 2015B Series Transportation and Road GO Bonds (File 15-0466)

The proposed resolution would authorize the sale of 2015B Series Transportation and Road Improvement GO Bonds in the amount of $67,540,000, and approve accompanying documentation announcing and providing for the sale of the bonds through competitive bidding.

<u>Financing Parameters for Series 2015B</u>

According to Ms. Nadia Sesay, Director of Public Finance, based on current project cost estimates and schedules, the Office of Public Finance (OPF) expects to issue $66,870,000 under conservative assumptions of market conditions prevailing at the expected time of sale. The additional authorized amount of $670,000 above the expected issuance amount allows for fluctuations in market conditions from the date of authorization by the Board of Supervisors to the time of the sale of the Bonds. Table 2 below outlines anticipated sources and uses for the Bonds.

Table 2: Sources and Uses Series 2015B GO Bonds

Sources	
Par Amount	$66,870,000
Reserve Proceeds	$670,000
Total Not-To-Exceed Amount	**$67,540,000**
Uses	
Project	
Transportation & Road Improvement Project Funds	$66,001,534
Controller's Audit Fund	$132,003
Projects Subtotal	$66,133,537
Costs of Issuance	$502,418
Underwriter's Discount	$167,175
Citizens' GO Bond Oversight Committee	$66,870
Costs of Issuance Subtotal	$736,463
Subtotal Uses	**$66,870,000**
Reserve Pending Bond Sale	$670,000
Total Uses	**$67,540,000**

$67,540,000 Appropriation (File 15-0459)

The proposed ordinance would appropriate the $67,540,000 in funds generated from the sale of Series 2015B GO Bonds for specific projects within SFMTA and the Department of Public Works (DPW) as follows:

- $50,900,986 or 75.4% of the total to SFMTA for Muni Forward Rapid Network[1], and Pedestrian Safety Improvement Projects;
- $7,940,882 or 11.8% to SFMTA for a portion of San Francisco's contribution to Caltrain system upgrades for the Communications Based Overlay Signal System (CBOSS) Positive Train Control (PTC) system[2]; and
- $8,698,132 or 12.9% to DPW for the Better Market Street Project[3]. The cost of each project and the associated costs of bond issuance are summarized in Table 3 below.

[1] SFMTA's Muni Forward project is based on the Transit Effectiveness Project (TEP), a planning process using technology, technical expertise, and community outreach to identify needed improvements to the Municipal Railway (Muni) system. Muni Forward includes the Rapid Network, which creates rapid bus and light rail lines on heavily travelled transit lines.

[2] The CBOSS PTC is an advanced signal system that can monitor and control train movements and provide safety enhancements, mandated by the Federal Rail Safety Act of 2008.

Table 3: SFMTA and DPW Project and Associated Costs

	SFMTA		DPW	
	Muni Forward and Pedestrian Safety Improvements	**Contribution to Caltrain CBOSS**	**Better Market Street Project**	**Total**
Project Cost	$49,741,534	$7,760,000	$8,500,000	$66,001,534
Cost of Issuance	$378,643	$59,071	$64,704	$502,418
Underwriter's Discount	$125,990	$19,655	$21,530	$167,175
Reserve	$504,940	$78,774	$86,286	$670,000
Oversight & Audit Funds	$149,879	$23,382	$25,612	$198,873
Project Total	**$50,900,986**	**$7,940,882**	**$8,698,132**	**$67,540,000**

The funds generated by the sale of Series 2015B GO Bonds will fund 21 total projects, including 14 Muni Forward transportation improvements, five pedestrian safety improvements, San Francisco's contribution to Caltrain upgrades, and DPW's Better Market Street Project. These projects are summarized in Attachment I.

Environmental Review and California Environmental Quality Act (CEQA) Provisions

Muni Forward Rapid Network Improvements and Pedestrian Safety Improvements:

Attachment II, prepared by SFMTA, shows the status of environmental review and SFMTA Board of Directors approval of the Muni Forward Rapid Network Improvements and Pedestrian Safety Improvements, which make up $50,900,986 of the requested appropriation.

Caltrain Upgrades for CBOSS:

On June 29, 2009, the Peninsula Joint Powers Board found that the CBOSS was exempt from CEQA under Public Resources Code section 21080(b)(10) and CEQA Guidelines section 15301(f). The portion of the requested appropriation dedicated to this upgrade is $7,940,882.

Better Market Street:

The Department of Public Works is the project lead for the Better Market Street Project, which will cost an estimated $400 million in total. DPW is requesting $8,698,132 from this appropriation to begin the design phase for this project. The Planning Department is currently preparing an environmental impact report (EIR) on the Better Market Street Project in compliance with CEQA. DPW will perform initial design while the project is under environmental review. According to Ms. Simone Jacques, Budget Manager for DPW, the EIR is expected to be published at the end of 2016, and be certified in February 2017. After the EIR is certified, DPW can pursue final design and clear the project through the National

[3] The Better Market Street project is sponsored by DPW in coordination with the Planning Department and SFMTA to redesign and provide various transportation and streetscape improvements to Market Street between Octavia Boulevard and the Embarcadero.

Environmental Policy Act (NEPA). NEPA clearance is needed to make the project eligible for federal funding.

According to Ms. Bose, SFMTA and DPW decided to move forward with the Better Market Street Project even though the EIR will not be finalized until February 2017 in order to begin planning and design for the project. The SFMTA Board of Directors will have to approve the project components pertaining to traffic changes, street striping and other transit-related issues, while DPW will retain overall leadership on the project. Cost estimates for positions dedicated to the Better Market Street Project are shown in Table 4, below, which was provided by DPW.

Table 4: Better Market Street Planning and Design Positions Funded by GO Bond Series 2015B

Staff	FY 2015-16	Description
Public Works Engineers and Landscape Architects	$2,500,000	Assumes average cost of $250,000 per FTE, 4 people starting in January 2016 and 8 people starting July 2015.
SFMTA Engineers (Transit Elements)	$4,676,300	Assumes average cost of $463,000 per FTE, 4 FTE starting in January 2016 and 8 FTEs starting July 2015.
Project Management	$1,319,050	Assumes average cost of $350,000 per FTE with mix of 3.7 Public Works Project Managers, SFMTA Project Managers, Project Manager Assistants and Analysts.
Total	**$8,495,350**	

Outside Contracting

Attachment III, provided by SFMTA, shows the plan for the competitive selection of contractors for the Muni Forward Rapid Network Improvements and Pedestrian Safety Improvements projects.

According to Ms. Jacques, there are no plans under the Better Market Street Project to utilize consultants or outside contractors with the $8,495,350 funded with 2015B Series GO Bonds.

FISCAL IMPACT

Annual Debt Service

Based upon a conservative estimate of 3.15% interest rate, OPF estimates that average annual debt service on the 2015B Series Transportation and Road Improvement GO Bonds is approximately $4,502,500. The anticipated total par value of $66,870,000 is estimated to result in approximately $23,180,000 in interest payments over the life of the Bonds. The total estimated principal and interest payment over the approximate 20-year life of the Bonds is approximately $90,050,000. Based on market conditions expected to exist at the time of the sale, the Bonds could be structured with a 25-year life.

Debt Limit

Section 9.106 of the City Charter limits the amount of GO Bonds the City can have outstanding at any given time to 3 percent of the total assessed value of property in San Francisco. The City calculates its debt limit on the basis of total assessed valuation net of non-reimbursable and homeowner exemptions. On this basis, the City's gross general obligation debt limit for FY 2014-15 is approximately $5.45 billion, based on a net assessed valuation of approximately $181.8 billion. As of April 1, 2015, the City had outstanding approximately $2.05 billion in aggregate principal amount of General Obligation bonds, which equals approximately 1.13 percent of the net assessed valuation for fiscal year 2014-15. If all of the City's authorized and unissued bonds were issued, the total debt would be 1.83 percent of the net assessed value of property in the City. If the Board of Supervisors approves the sale of $67,540,000 in Series 2015B GO Bonds, the debt ratio would increase by 0.03 percentage points to 1.16, well under the 3 percent limit.

Property Tax Rates

Under financial constraints adopted by the Capital Planning Committee, debt service on approved and issued GO bonds may not increase property owners' long-term property tax rates above FY 2005-06 levels. The FY 2005-06 property tax rate for the GO bond fund was $0.1201 per $100 of assessed value.

The current property tax rate for the GO bond fund is $0.1157 per $100 of assessed value. If the Board of Supervisors approves the issuance of $67,540,000 in Series 2015B Bonds, the GO bond fund property tax rate would increase by $0.00317 per $100 of assessed valuation. The total property tax rate for the general obligation bond fund in FY 2015-16 would be $0.1189 per $100 of assessed valuation, which is less than the Capital Planning Committee's financial constraint of $0.1201 per $100.

The owner of a single-family residence with an assessed value of $500,000, assuming a homeowner's exemption of $7,000, would pay average annual additional Property Taxes to the City of $15.63 per year if the anticipated $66,870,000 Transportation and Road Improvement General Obligation Bonds are sold.

POLICY CONSIDERATION

According to information provided by SFMTA and DPW, the two departments use different methods to calculate direct and indirect labor rates charged to capital projects. SFMTA's rates charged to capital projects are one-third higher than rates charged by DPW. Table 5 below shows the difference in total direct and indirect labor rates charged by SFMTA and DPW for two positions: 5502 Project Manager I and 5203 Assistant Engineer. As shown in Table 5, SFMTA's annual labor rate for the Project Manager I position is $157,529 or 34% higher than DPW's annual labor rate. SFMTA's annual labor rate for the Assistant Engineer is $133,513 or 35% higher than DPW's annual labor rate.

Table 5: Comparison of SFMTA and DPW Annual Labor Rate Charged to Capital Projects

SFMTA Annual Labor Rate	Project Manager	Assistant Engineer	DPW Annual Labor Rate	Project Manager	Assistant Engineer
Salary	$124,686	$99,944	Salary	$124,686	$99,944
Fringe Benefits	$71,121	$60,045	Fringe Benefits (42.52%)	$53,016	$42,496
Total Compensation	$195,807	$159,989	Bureau Overhead (51.79%)	$64,575	$51,761
Overhead (138.50%)	$271,193	$221,585	Department Overhead (53.89%)	$67,193	$53,860
Annual Labor Rate	**$467,000**	**$381,574**	**Annual Labor Rate**	**$309,471**	**$248,061**

Difference in Annual Labor Rate (SFMTA-DPW)		
Amount	**$157,529**	**$133,513**
Percent	**34%**	**35%**

The Budget and Legislative Analyst recommends that the Board of Supervisors request the Controller to evaluate SFMTA's methodology to calculate direct and indirect labor rates and make recommendations concerning these rates prior to the next issuance of Transportation and Road Improvement Bonds, anticipated in May 2016.

RECOMMENDATIONS

1. Request the Controller to evaluate SFMTA's methodology to calculate direct and indirect labor rates and make recommendations concerning these rates prior to the next issuance of Transportation and Road Improvement Bonds, anticipated in May 2016
2. Approve the proposed resolution (File 15-0467).
3. Approve the proposed resolution (File 15-0466).
4. Approve the proposed ordinance (File 15-0459).

Attachment I: MTA and DPW Projects Detail

Project Category	Project Name	Description	Amount
Muni Forward Rapid Network Improvements	7 Haight-Noriega: Haight Street Rapid Project	The 7 Haight-Noriega is one of Muni's busiest routes, serving about 13,000 customers every day and is an important east-west bus route. This project includes optimizing transit stop locations, adding transit bulbs, creating signalized transit queue jumps, and replacing all-way STOP-controlled intersections with traffic signals. The changes are expected to reduce transit travel time by 20% in the corridor.	$10,700,000
Muni Forward Rapid Network Improvements	10 Townsend: Sansome Contraflow Signals	The 10 Townsend's route currently travels via an indirect path as it turns south because Sansome Street is a one-way northbound street north of Washington Street. This results in longer than necessary travel time and causes route unreliability. This project will construct a Muni contraflow lane on Sansome Street south of Washington Street to Market Street. This requires the modification of three existing traffic signals from Broadway to Washington Street. Curb ramps will also be installed at each of the four corners at three intersections along this section of Sansome Street. This will result in reduced travel time and improved operating conditions by enabling a right turn from Broadway directly onto Sansome Street.	$1,900,000
Muni Forward Rapid Network Improvements	9 San Bruno: 11th St and Bayshore Blvd Rapid Project	The 9 San Bruno is one of Muni's busiest routes, serving about 12,000 customers every day and is an important north-south bus route. This project includes implementing various street improvements, such as optimized stop placements, bus bulbs, pedestrian improvements, bicycle paths behind bus stops, and other changes that help transit vehicles navigate safely and efficiently. The changes in this project, combined with improvements on Potrero Avenue are expected to reduce transit travel time by 20%.	$4,400,000
Muni Forward Rapid Network Improvements	5 Fulton: East of 6th Ave (Inner) Rapid Project	The 5 Fulton is a Rapid Network route and an important connector between the Richmond District and Downtown. The route's reliability and travel time are hampered in this segment by traffic congestion and closely spaced stops. This project will implement various enhancements throughout the corridor, including new bus bulbs, transit stop optimization, removing all-way stop controls at intersections, adding turn pockets, and building new pedestrian bulbs. The changes will reduce transit travel time and improve reliability on the 5 Fulton corridor.	$4,800,000

Project Category	Project Name	Description	Amount
Muni Forward Rapid Network Improvements	N Judah: Arguello to 9th Ave Rapid Project	The N Judah rail line has one of the highest riderships in the Muni network and carries approximately 45,000 daily customers on an average weekday. The main causes of delay to the N Judah include long passenger boarding and alighting times, a high number of stop signs along the route and areas of closely spaced transit stops. This project will build transit priority lanes with efficient stop spacing, create better boarding zones to make it safer and faster for passengers to get on board, and make it easier to find stops and shelters with improved signage. The project will reduce transit travel time and improve reliability.	$2,800,000
Muni Forward Rapid Network Improvements	30 Stockton: East of Van Ness Ave Transit Priority Project	The 30 Stockton is one of Muni's busiest routes, serving about 28,000 customers every day. The corridor faces significant congestion and other obstacles that frequently prevent efficient transit vehicle movement. This project includes optimizing bus stop locations, adding new transit bulbs and extending existing transit bulbs, establishing transit-only lanes, and widening travel lanes. Implement engineering changes to reduce travel time and improve reliability on the 30 Stockton corridor between the intersection of Van Ness Avenue and Chestnut Street and Market Street.	$2,700,000
Muni Forward Rapid Network Improvements	30 Stockton: Chestnut St (W of VN) Transit Priority Project	The 30 Stockton is one of Muni's busiest routes, serving about 28,000 customers every day. This project includes optimizing bus stop locations, adding new transit bulbs and extending existing transit bulbs, establishing transit-only lanes, and widening travel lanes. The changes will make it safer to walk, increase the frequency and reliability of service, and enhance the customer experience along Chestnut, Broderick, Divisadero and Jefferson streets, west of Van Ness Avenue. This would improve an east-west portion of the Rapid Network connecting the future Van Ness Bus Rapid Transit with the 30 Stockton.	$5,400,000
Muni Forward Rapid Network Improvements	14 Mission: Division to Randall (Inner) Rapid Project	Mission Street is a Rapid Corridor and carries some of the heaviest loads in the Muni system. Primary causes of delay include long passenger boarding and alighting times, friction between parking and loading vehicles, double-parked vehicles, getting stuck behind right-turning cars, narrow lanes, and areas of closely spaced transit stops. This project will construct traffic engineering changes and related improvements for the 14 Mission on Mission Street between South Van Ness Avenue and Cesar Chavez Street. Changes include new transit lanes and enhancements to existing transit lanes, bus bulbs and pedestrian improvements, signalized transit queue-jump lanes, turn pockets, and optimized transit stop placements. Together, the proposed changes are anticipated to reduce the travel time of the 14 Mission by about 8-10 minutes in each direction (16-20 minutes total) within the study area (12- 14 percent reduction), improving the average operating speed to 7-8 miles per hour and improving service reliability.	$500,000

Project Category	Project Name	Description	Amount
Muni Forward Rapid Network Improvements	22 Fillmore: Overhead Catenary System on Church/ Duboce (overhead lines)	The 22 Fillmore passes through red transit-only lanes along Church Street to improve route reliability. In this segment, the overhead wires are not directly overhead resulting in delays when buses lose contact with these wires. This project will modify the alignment overhead wires for the 22 Fillmore along Church Street to provide more reliable transit service.	$800,000
Muni Forward Rapid Network Improvements	22 Fillmore: Overhead Catenary System on 16th St & Kansas (overhead lines)	This project will construct overhead bypass wires on Kansas between 17th and 16th Streets for the 22 Fillmore to enable the 33 Stanyan to provide service to Potrero Hill.	$800,000
Muni Forward Rapid Network Improvements	33 Stanyan: Overhead Catenary System on Guerrero (overhead lines)	The 33 Stanyan currently travels north on Mission Street as it travels between 16th and 18th streets. This segment of Mission Street is crowded with numerous Mission corridor Muni routes resulting in delays to the 33 Stanyan when it attempts to travel through. The additional buses also cause delays to the higher-ridership Mission corridor Muni routes. This project will construct new overhead wires along Guerrero Street between 16th and 18th streets to alleviate transit congestion on Mission Street and provide better connections with the 22 Fillmore. Further outreach will determine the final alignment.	$2,900,000
Muni Forward Rapid Network Improvements	28 19th Avenue: 19th Ave Rapid Project	The 28 19th Avenue corridor along Park Presidio and 19th Avenue faces significant congestion and other obstacles that frequently prevent efficient transit vehicle movement. This project will construct, in coordinated with a Caltrans repaving project, various enhancements throughout the corridor, such as stop placement optimization, turn pockets, and bus bulbs. The changes will result in 20% reduced travel times and improved reliability on the 28 19th Avenue corridor between the intersections of California Street and Park Presidio and Junipero room Serra Boulevard and 19th Avenue.	$4,100,000
Muni Forward Rapid Network Improvements	14 Mission: Mission & S Van Ness Transit Priority Project	Mission Street is a Rapid Corridor and carries some of the heaviest loads in the Muni system. Primary causes of delay include long passenger boarding and alighting times, friction between parking and loading vehicles, double-parked vehicles, getting stuck behind right-turning cars, narrow lanes, and areas of closely spaced transit stops. This project will construct traffic engineering changes and related improvements for the 14 Mission on Mission Street east of South Van Ness Ave. Changes include new transit lanes and enhancements to existing transit lanes, bus bulbs and pedestrian improvements, signalized transit queue-jump lanes, turn pockets, and optimized transit stop placements. Together, the proposed changes are anticipated to reduce the travel time of the 14 Mission by about 8-10 minutes in each direction (16-20 minutes total) within the study area (12-14 percent reduction), improving the average operating speed to 7-8 miles per hour and improving service reliability.	$1,400,000

Project Category	Project Name	Description	Amount
Muni Forward Rapid Network Improvements	30 Stockton: Terminal Overhead Catenary System Upgrades (overhead lines)	Modify the Overhead Catenary System at the 30 Stockton Terminal in the Marina to reverse the route of the bus. Scope includes modifying locations of poles and the overhead centenary wires. This will enable more efficient terminal operations and provide a more suitable location for bus layovers.	$500,000
Total Muni Forward			**$43,700,000**
Pedestrian Safety Improvements	New Signals on High Injury Corridors (10 intersections)	Project to plan and design new traffic signals at 8 locations and 2 flashing beacon systems at these Walkfirst Pedestrian High Injury Corridors. Project includes planning and design of pedestrian countdown signals, conduits, new poles, vehicular signal heads, mast-arms where justified, curb ramps where not already present, street lighting, new controllers and Rectangular Rapid Flash Beacons (RRFB).	$500,000
Pedestrian Safety Improvements	Add PCS to High Injury Corridors (18 locations)	Project to plan and design upgrade traffic signals at 18 locations so that Pedestrian Countdown Signals (PCS) can be added on Walkfirst Pedestrian High Injury Corridors. Project includes planning and designing for PCS infrastructure including conduits, new poles, vehicular signal heads, mast-arms where justified, curb ramps where not already present, street lighting, and new controllers.	$800,000
Pedestrian Safety Improvements	Curb Bulbs on High Injury Corridors (19 Intersections)	The Scope of work includes planning and designing permanent measures identified through the WalkFirst Process, including bulbs-outs.	$1,200,000
Pedestrian Safety Improvements	Geary Pedestrian Improvements	This project includes the planning and design of pedestrian safety measures such as bulbs and countdown signals along the Geary corridor.	$300,000
Pedestrian Safety Improvements	Pedestrian Safety Improvements Related to Muni Forward	This project will implement permanent pedestrian improvements in conjunction with Muni Forward projects. Specific intersections and treatments will be determined as the projects proceed through design.	$3,300,000
Total Pedestrian Safety Improvements			**$6,100,000**
Total SFMTA for SFMTA Projects			**$49,800,000**
Caltrain	Communications Based Overlay Signal System	Satisfy a portion of the City's $39 million total contribution to Caltrain for upgrades for the Communications Based Overlay Signal System (CBOSS) Positive Train Control (PTC) system.	$7,800,000
Total Appropriation to SFMTA for SFMTA and Caltrain projects			**$57,600,000**

Project Category	Project Name	Description	Amount
Major Transit Corridor Improvements	Better Market Street Project (Appropriation to Public Works)	Market Street serves as the spine of the City's transportation system, with approximately 250,000 transit boardings and alightings on Market Street each weekday. As such, transit improvements on Market Street have significant benefits to transit service system-wide. The proposed $400 million project includes bus bulbs, enhancement to transit stops, stop spacing, and accessibility improvements, including widening boarding platforms, and rehabilitation of Muni Rail and Overhead Lines, which can significantly improve mobility and safety for all users, and improve travel time while increasing accessibility. The money allocated for this proposed project would provide funding for additional planning, design and related outreach.	$8,500,000
Total Appropriation to Public Works			**$8,500,000**
Total Appropriation to SFMTA & Public Works			**$66,100,000**

Attachment II: MTA and DPW Project Approval and CEQA Status

Project Category	Project Name	Included in the Transit Effectiveness Project (TEP)/ Muni Forward? (Yes, No)	Date of SFMTA Board of Directors Approval	Approval Date for CEQA determination by Planning
		MTA Projects		
Muni Forward Rapid Network Improvements	7 Haight-Noriega: Haight Street Rapid Project	Yes	November 18, 2014[1]	March 27, 2014[2]
Muni Forward Rapid Network Improvements	10 Townsend: Sansome Contraflow Lane Extension	Yes	September 2, 2014[3]	March 27, 2014[2]
Muni Forward Rapid Network Improvements	9 San Bruno: 11th St and Bayshore Blvd Rapid Project	Yes	October 7, 2014[4]	March 27, 2014[2]
Muni Forward Rapid Network Improvements	5 Fulton: East of 6th Ave (Inner) Rapid Project	Yes	March 28, 2014[5]	March 27, 2014[2]
Muni Forward Rapid Network Improvements	N Judah: Arguello to 9th Ave Rapid Project	Yes	March 28, 2014[5]	March 27, 2014[2]
Muni Forward Rapid Network Improvements	30 Stockton: East of Van Ness Ave Transit Priority Project	Yes	March 28, 2014[5]	March 27, 2014[2]
Muni Forward Rapid Network Improvements	30 Stockton: Chestnut St (W of VN) Transit Priority Project	Yes	March 28, 2014[5]	March 27, 2014[2]
Muni Forward Rapid Network Improvements	14 Mission: Division to Randall (Inner) Rapid Project	Yes	March 28, 2014[5]	March 27, 2014[2]
Muni Forward Rapid Network Improvements	22 Fillmore: Overhead Catenary System on Church/ Duboce (overhead lines)	Yes	March 28, 2014[5]	March 27, 2014[2]

Project Category	Project Name	Included in the Transit Effectiveness Project (TEP)/ Muni Forward? (Yes, No)	Date of SFMTA Board of Directors Approval	Approval Date for CEQA determination by Planning
Muni Forward Rapid Network Improvements	22 Fillmore: Overhead Catenary System on 16th St & Kansas (overhead lines)	Yes	March 28, 2014[5]	March 27, 2014[2]
Muni Forward Rapid Network Improvements	33 Stanyan: Overhead Catenary System on Guerrero (overhead lines)	Yes	March 28, 2014[5]	March 27, 2014[2]
Muni Forward Rapid Network Improvements	28 19th Avenue: 19th Ave Rapid Project	Yes	March 28, 2014[5]	March 27, 2014[2]
Muni Forward Rapid Network Improvements	14 Mission: Mission & S Van Ness Transit Priority Project	Yes	March 28, 2014[5]	March 27, 2014[2]
Muni Forward Rapid Network Improvements	30 Stockton: Terminal Overhead Catenary System Upgrades (overhead lines)	Yes	March 28, 2014[5]	March 27, 2014[2]
Pedestrian Safety Improvements	New Signals on High Injury Corridors (10 intersections)	No	Approval pending completion of planning, design and environmental review.	Not completed. GO Bond will fund planning, design, outreach and completing environmental review.
Pedestrian Safety Improvements	Add PCS to High Injury Corridors (18 locations)	No	Approval pending completion of planning, design and environmental review.	Not completed. GO Bond will fund planning, design, outreach and completing environmental review.

Project Category	Project Name	Included in the Transit Effectiveness Project (TEP)/ Muni Forward? (Yes, No)	Date of SFMTA Board of Directors Approval	Approval Date for CEQA determination by Planning
Pedestrian Safety Improvements	Curb Bulbs on High Injury Corridors (19 Intersections)	No	Approval pending completion of planning, design and environmental review.	Not completed. GO Bond will fund planning, design, outreach and completing environmental review.
Pedestrian Safety Improvements	Geary Pedestrian Improvements	No	Approval pending completion of planning, design and environmental review.	Not completed. GO Bond will fund planning, design, outreach and completing environmental review.
Pedestrian Safety Improvements	Pedestrian Safety Improvements Related to Muni Forward	Yes	March 28, 2014[5]	March 27, 2014[2]
Caltrain	Communications Based Overlay Signal System	No	Memorandum of Understanding entered into by City and County of San Francisco, January 15, 2013.	CEQA Exemption per Peninsula Joint Powers Board, June 29, 2009.
		DPW Projects		
Major Transit Corridor Improvements	Better Market Street Project	No	Portions of project that require SFMTA Board approval will come before board as needed.	Funding in this appropriation is for planning and design stages; EIR expected late 2016.

[1] MTA Board Resolution 14-166.
[2] TEP EIR was approved on March 27, 2014 in Planning Commission Motion No. 19105.
[3] MTA Board Resolution 14-137.
[4] MTA Board Resolution 14-148.
[5] This TEP project category was approved on March 28, 2014 in SFMTA Board Resolution 14-041. However, not all of the specific projects have been approved by the SFMTA Board of Directors.

Attachment III: Contracting Plan for MTA Projects

Project Category	Project Name	Amount	Total Project (as % of Total) Soft Costs (Design, Permitting)	Hard Costs (Construction)	Delivery Mechanism	Phase(s) of Work Funded with Series 2015B Appropriation
Muni Forward Rapid Network Improvements	7 Haight-Noriega: Haight Street Rapid Project	$10,700,000	29%	71%	Competitively bid contract overseen by DPW	Construction
Muni Forward Rapid Network Improvements	10 Townsend: Sansome Contraflow Signals	$1,900,000	17%	83%	Competitively bid contract overseen by DPW	Construction
Muni Forward Rapid Network Improvements	9 San Bruno: 11th St and Bayshore Blvd Rapid Project	$4,400,000	24%	76%	Competitively bid contract overseen by DPW	Construction
Muni Forward Rapid Network Improvements	5 Fulton: East of 6th Ave (Inner) Rapid Project	$4,800,000	27%	73%	Competitively bid contract overseen by SFMTA	Construction
Muni Forward Rapid Network Improvements	N Judah: Arguello to 9th Ave Rapid Project	$2,800,000	25%	75%	Competitively bid contract overseen by SFMTA	Construction
Muni Forward Rapid Network Improvements	30 Stockton: East of Van Ness Ave Transit Priority Project	$2,700,000	20%	80%	Competitively bid contract overseen by DPW	Construction
Muni Forward Rapid Network Improvements	30 Stockton: Chestnut St (W of VN) Transit Priority Project	$5,400,000	24%	74%	Competitively bid contract overseen by DPW	Design and Construction
Muni Forward Rapid Network Improvements	14 Mission: Division to Randall (Inner) Rapid Project	$500,000	20%	80%	Competitively bid contract overseen by DPW	Design and Construction
Muni Forward Rapid Network Improvements	22 Fillmore: Overhead Catenary System on Church/ Duboce (overhead lines)	$800,000	26%	74%	Competitively bid contract overseen by SFMTA	Design and Construction

Project Category	Project Name	Amount	Total Project (as % of Total) Soft Costs (Design, Permitting)	Total Project (as % of Total) Hard Costs (Construction)	Delivery Mechanism	Phase(s) of Work Funded with Series 2015B Appropriation
Muni Forward Rapid Network Improvements	22 Fillmore: Overhead Catenary System on 16th St & Kansas (overhead lines)	$800,000	26%	74%	Competitively bid contract overseen by SFMTA	Design and Construction
Muni Forward Rapid Network Improvements	33 Stanyan: Overhead Catenary System on Guerrero (overhead lines)	$2,900,000	27%	73%	Competitively bid contract overseen by SFMTA	Design and Construction
Muni Forward Rapid Network Improvements	28 19th Avenue: 19th Ave Rapid Project	$4,100,000	26%	74%	Competitively bid contract overseen by DPW	Construction
Muni Forward Rapid Network Improvements	14 Mission: Mission & S Van Ness Transit Priority Project	$1,400,000	23%	77%	Competitively bid contract overseen by DPW	Construction
Muni Forward Rapid Network Improvements	30 Stockton: Terminal Overhead Catenary System Upgrades (overhead lines)	$500,000	26%	74%	Competitively bid contract overseen by SFMTA	Design
Pedestrian Safety Improvements	New Signals on High Injury Corridors (10 intersections)	$500,000	Split for total project not yet available; Series 2015B issuance is 100% for soft costs		Delivery mechanism will be finalized when construct phase funds requested	Planning and Design
Pedestrian Safety Improvements	Add PCS to High Injury Corridors (18 locations)	$800,000	Split for total project not yet available; Series 2015B issuance is 100% for soft costs		Delivery mechanism will be finalized when construct phase funds requested	Planning and Design
Pedestrian Safety Improvements	Curb Bulbs on High Injury Corridors (19 Intersections)	$1,200,000	Split for total project not yet available; Series 2015B issuance is 100% for soft costs		Delivery mechanism will be finalized when construct phase funds requested	Planning and Design

Project Category	Project Name	Amount	Total Project (as % of Total) Soft Costs (Design, Permitting)	Hard Costs (Construction)	Delivery Mechanism	Phase(s) of Work Funded with Series 2015B Appropriation
Pedestrian Safety Improvements	Geary Pedestrian Improvements	$300,000	Split for total project not yet available; Series 2015B issuance is 100% for soft costs		Delivery mechanism will be finalized when construct phase funds requested	Planning and Design
Pedestrian Safety Improvements	Pedestrian Safety Improvements Related to Muni Forward	$3,300,000	30%	70%	Will be delivered under associated Muni Forward contracts.	Construction

CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

Nadia Sesay
Director
Office of Public Finance

MEMORANDUM

TO: Honorable Members, Board of Supervisors

FROM: Nadia Sesay, Director of Public Finance

SUBJECT: City and County of San Francisco General Obligation Bonds, (Transportation and Road Improvement Bonds, 2014), Series 2015B

DATE: May 1, 2015

I respectfully request that the Board of Supervisors consider for review and adoption the resolution authorizing the sale and issuance of general obligation bonds financing the Transportation and Road Improvement program.

In connection with this request, legislation approving the issuance and sale of the bonds, supplemental appropriation ordinance to appropriate the bond proceeds, and related supporting documents are expected to be introduced at the Board of Supervisors meeting on Tuesday, May 5, 2015, and we respectfully request that the items be heard at the scheduled May 13, 2015 meeting of the Budget and Finance Committee.

Background:

On July 8, 2014, the Board of Supervisors passed a resolution declaring that the public interest and necessity demands the acquisition, construction, and improvement of street, transportation and related infrastructure. On July 24, 2014, the Board of Supervisors approved an ordinance calling and providing for a special election to be held on November 4, 2014 for the purpose of submitting to San Francisco voters a proposition to incur $500,000,000 of bonded debt of the City and County to finance the construction, acquisition, and improvement of certain transportation and transit related improvements, and related costs. On November 4, 2014, a two-thirds majority of voters of the City approved Proposition A, the San Francisco Transportation and Road Improvement General Obligation Bond. Proposition A authorizes the City and County of San Francisco to issue $500,000,000 in General Obligation Bonds to implement many of the infrastructure repairs and improvements identified by Mayor Ed Lee's Transportation 2030 Task Force (the "2014 Proposition A"). The projects to be funded through the proposed bond sale include: pedestrian safety improvements, SFMTA facility upgrades, accessibility improvements, traffic signal improvements, Muni Forward Rapid Network improvements, street infrastructure improvements, Caltrain upgrades, streetscape and other transit corridor improvements (the "Project").

The proposed resolutions authorize the issuance of not-to-exceed $500,000,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds, as well as the sale of not-to-exceed $67,540,000 of City and County of San Francisco General Obligation Bonds (Transportation and Road Improvement Bonds, 2014), Series 2015B (the "Bonds"). The Bonds will be the first series of bonds to be issued under the 2014 Proposition A.

As described more fully in the 2014 Proposition A Bond Status Report, dated January 22, 2015, proceeds from the Bonds will partially finance the following:

- Muni Forward Rapid Network Improvements – The proceeds will support design and construction on the first set of efficiency and connectivity improvement projects on Muni's high ridership lines.
- Caltrain Upgrades - The proceeds will allow San Francisco to contribute its share toward the Communications-Based Overlay Signal System (CBOSS) or Positive Train Control project, which will enhance Caltrain safety and operating performance.
- Major Transit Corridor Improvements - The proceeds will allow for upgrades for streets that form the trunk of the transit system, to increase transit speed and reliability along major corridors.
- Pedestrian Safety Improvements – The proceeds will initiate capital improvements that will address safety issues at the most dangerous intersections or corridors in San Francisco to create a safer, more welcoming environment for pedestrians and make progress towards San Francisco's Vision Zero initiative.

The remaining authorization under the 2014 Proposition A will be issued subject to review by the Capital Planning Committee, the consideration and adoption by the Board of Supervisors, and approval by the Mayor of subsequent authorizing resolutions.

Financing Parameters:

The proposed resolution authorizes the sale of not-to-exceed par amount of $67,540,000. Based on current project cost estimates and schedules, the Office of Public Finance expects to issue $66,870,000 under conservative assumptions of market conditions prevailing at the expected time of sale. The additional authorized amount above the expected issuance amount allows for fluctuations in market conditions from the date of authorization by the Board to the time of the sale of the Bonds.

The Bonds are anticipated to contribute approximately $66,001,534 to transportation and road projects. Table 1 outlines anticipated sources and uses for the Bonds.

Table 1: Anticipated Sources and Uses for the Bonds.

Sources	
Par Amount	$66,870,000
Reserve Proceeds	$670,000
Total Not-To-Exceed Amount	**$67,540,000**
Uses	
Projects	
Transportation & Road Improvement Project Funds	66,001,534
Controller's Audit Fund	132,003
Projects Subtotal	66,133,537
Other Costs of Issuance	
Costs of Issuance	502,418
Underwriter's Discount	167,175
Citizens' General Obligation Bond Oversight Committee	66,870
Costs of Issuance Subtotal	736,463
Total Uses	$66,870,000
Reserve Pending Bond Sale[1]	$670,000
Total Uses with Reserve	**$67,540,000**

Based upon a conservative estimate of 3.15% interest rate, OPF estimates that average fiscal year debt service on the Bonds is approximately $4,503,000. The anticipated total par value of $66,870,000 is estimated to result in approximately $23,180,000 in interest payments over the life of the Bonds. The total principal and interest payment over the approximate 20-year life of the Bonds is approximately $90,050,000. Based on market conditions expected to exist at the time of the sale coupled with the Capital Planning Committee constraints, the Bonds could be structured with a 25-year life.

In addition, a portion of the Bonds will pay certain expenses incurred in connection with their issuance and delivery and the periodic oversight and review of the Project by the Citizens' General Obligation Bond Oversight Committee ("CGOBOC"). Detailed descriptions of the Project financed with proceeds of the Bonds are included in the Bond Reports prepared by the San Francisco Municipal Transportation Agency (SFMTA).

Debt Limit:

The City Charter imposes a limit on the amount of general obligation bonds the City can have outstanding at any given time. That limit is 3.00% of the assessed value of property in the City. For purposes of this provision of the Charter, the City calculates its debt limit on the basis of total assessed valuation net of non-reimbursable and homeowner exemptions. On this basis, the City's gross general obligation debt limit for fiscal year 2014-15 is approximately $5.45 billion, based on a net assessed valuation of approximately $181.8 billion. As of April 1, 2015, the City had outstanding approximately

[1] The Reserve Pending Sale accounts for variations in interest rates prior to the sale of the proposed Bonds.

$2.05 billion in aggregate principal amount of general obligation bonds, which equals approximately 1.13% of the net assessed valuation for fiscal year 2014-15. If all of the City's authorized and unissued bonds were issued, the total debt burden would be 1.83% of the net assessed value of property in the City. If the Board of Supervisors approves the issuance of the Bonds, the debt ratio would increase by 0.03% to 1.16%— within the 3.00% legal debt limit.

Property Tax Impact

For Series 2015B, repayment of the annual debt service will be recovered through increases in the annual Property Tax rate, which, according to the Controller's Office, would average $0.00317 per $100 or $3.17 per $100,000 of assessed valuation over the anticipated 20-year term of the bonds. The owner of a residence with an assessed value of $500,000, assuming a homeowner's exemption of $7,000, would pay average annual additional Property Taxes to the City of $15.63 per year if the anticipated $66,870,000 Transportation and Road Improvement General Obligation Bonds are sold.

Capital Plan:

The Capital Planning Committee approved a financial constraint regarding the City's planned use of general obligation bonds such that debt service on approved and issued general obligation bonds would not increase property owners' long-term property tax rates above fiscal year 2006 levels. The fiscal year 2006 property tax rate for the general obligation bond fund was $0.1201 per $100 of assessed value. If the Board of Supervisors approves the issuance of the Bonds, the property tax rate for general obligation bonds for fiscal year 2015-16 would be maintained below the fiscal year 2006 rate and within the Capital Planning Committee's approved financial constraint.

Additional Information:

The legislation is expected to be introduced at the Board of Supervisors meeting on Tuesday, May 5, 2015. The related financing documents—including the Notice of Intention to Sell, Official Notice of Sale, Official Statement, Appendix A and Continuing Disclosure Certificate and related documents—will also be submitted.

Official Notice of Sale: The Official Notice of Sale for the Bonds announces the date and time of the competitive bond sale, including the terms relating to the Bonds; the terms of sale, form of bids, and delivery of bids; and closing procedures and documents. Pending market conditions, the Bonds may be bid separately by series or bids may be received for all of the Bonds.

Exhibit A to the Official Notice of Sale is the form of the official bid for the purchase of the Bonds. Pursuant to the Resolutions, the Controller is authorized to award the Bonds to the bidder whose bid represents the lowest true interest cost to the City in accordance with the procedures described in the Official Notice of Sale.

Notice of Intention to Sell: The Notice of Intention to Sell provides legal notice to prospective bidders of the City's intention to sell the 2015B Bonds. Such Notice of Intention to Sell will be published once in "The Bond Buyer" or another financial publication generally circulated throughout the State of California.

Official Statement: The Official Statement provides information for prospective bidders and investors in connection with the public offering by the City of the Bonds. The Official Statement describes the Bonds, including sources and uses of funds; security for the Bonds; risk factors; and tax and other legal matters, among other information. The Official Statement also includes the City's Appendix A, the most recent Comprehensive Annual Financial Report of the City, the City's Investment Policy, and other forms of legal documents for the benefit of investors, holders and owners of the Bonds.

A *Preliminary Official Statement* is distributed to prospective bidders prior to the sale of the Bonds and within seven days of the public offering, the *Final Official Statement* (adding certain sale results including the offering prices, interest rates, selling compensation, principal amounts, and aggregate principal amounts) is distributed to the initial purchasers of the Bonds.

The Board of Supervisors and the Mayor, in adopting and approving the Resolutions, approve and authorize the use and distribution of the Official Statement by the co-financial advisors with respect to the Bonds. For purposes of the Securities and Exchange Act of 1934, the Controller certifies, on behalf of the City, that the Preliminary and Final Official Statements are final as of their dates.

Appendix A: The City prepares the Appendix A: "City and County of San Francisco—Organization and Finances" (the "Appendix A") for inclusion in the Official Statement. The Appendix A describes the City's government and organization, the budget, property taxation, other City tax revenues and other revenue sources, general fund programs and expenditures, employment costs and post-retirement obligations, investment of City funds, capital financing and bonds, major economic development projects, constitutional and statutory limitations on taxes and expenditures, and litigation and risk management. Pursuant to the Resolution, City staff will revise the Official Statement, including the Appendix A.

Continuing Disclosure Certificate: The City covenants to provide certain financial information and operating data relating to the City (the "Annual Report") not later than 270 days after the end of the fiscal year and to provide notices of the occurrence of certain enumerated events, if material. The Continuing Disclosure Certificate describes the nature of the information to be contained in the Annual Report or the notices of material events. These covenants have been made in order to assist initial purchasers of the Bonds in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5).

Financing Timeline:

The Bonds are expected to be issued and delivered in July 2015. Schedule milestones in connection with the financing may be summarized as follows:

Milestone	**Date***
Consideration by the Capital Planning Committee	May 4, 2015
Introduction of authorizing legislation and supporting materials to the Board	May 5, 2015
Issuance and delivery of the Bonds	July 2015

*Please note that dates are estimated unless otherwise noted.

Your consideration of this matter is greatly appreciated. Please contact me at 554-5956 if you have any questions. Thank you.

CC: (via email)

Angela Calvillo, Clerk of the Board
Harvey Rose, Budget Analyst
Ben Rosenfield, Controller
Nicole Elliott, Mayor's Office
Kate Howard, Mayor's Budget Office
Harvey Rose, Budget Analyst
Ken Roux, Deputy City Attorney
Alicia John-Baptiste, San Francisco Municipal Transportation Agency
Sonali Bose, San Francisco Municipal Transportation Agency
John Thomas, Department of Public Works
Ariel Espiritu Santo, San Francisco Municipal Transportation Agency

SFMTA
Municipal
Transportation
Agency

April 29, 2015

The Honorable Members of the Board of Supervisors
City and County of San Francisco
1 Dr. Carlton Goodlett Place, Room 244
San Francisco, CA 94102

Subject: First issuance of the 2014 Transportation and Road Improvement General Obligation Bond (GO Bond), Series 2015A

Honorable Members of the Board of Supervisors:

The San Francisco Municipal Transportation Agency (SFMTA) is requesting that the Board of Supervisors appropriate $49.8 million from the first issuance and sale of the 2014 Transportation and Road Improvement General Obligation Bond (GO Bond), Series 2015A for Muni Forward Rapid Network improvements and pedestrian safety improvements, appropriate $8.5 million from the GO bond proceeds to the Department of Public Works (Public Works) for the Better Market Street Project, and appropriate $7.8 million from GO Bond sale proceeds to the SFMTA to be used to satisfy the City's contribution to Caltrain for upgrades for the Communications Based Overlay Signal System (CBOSS) Positive Train Control (PTC) system..

The Controller's Office of Public Finance will be overseeing the issuance of the GO Bond and will be submitting the information related to the financing to you under separate cover, which will include the financing costs related to the transaction.

Background

In November 2014, San Francisco voters approved a $500 million Transportation and Road Improvement General Obligation Bond. Bond proceeds may be expended to construct, redesign and rebuild streets and sidewalks for infrastructure improvements that increase Muni service reliability, ease traffic congestion, reduce vehicle travel times, enhance pedestrian and bicycle safety, and improve disabled access. The ballot language related to the GO Bond specified that proceeds would be used for the following representative purposes:

- Construct transit-only lanes and separated bikeways;
- Install new boarding islands, accessible platforms, and escalators at Muni/BART stops;
- Install new traffic signals, pedestrian countdown signals, and audible pedestrian signals;
- Install sidewalk curb bulb-outs, raised crosswalks, median islands, and bicycle parking; and
- Upgrade Muni maintenance facilities.

Project Detail
Based on project funding needs, SFMTA recommends that the Board of Supervisors appropriate the projects and the amounts in the table below from the GO Bond.

PROJECT CATEGORY	PROJECT NAME	PROJECT DESCRIPTION	PROJECT AMOUNT ($ MILLIONS)
Muni Forward Rapid Network Improvements	7 Haight-Noriega: Haight Street Rapid Project	The 7 Haight-Noriega is one of Muni's busiest routes, serving about 13,000 customers every day and is an important east-west bus route. This project includes optimizing transit stop locations, adding transit bulbs, creating signalized transit queue jumps, and replacing all-way STOP-controlled intersections with traffic signals. The changes are expected to reduce transit travel time by 20% in the corridor.	$10.7
Muni Forward Rapid Network Improvements	10 Townsend: Sansome Contraflow Signals	The 10 Townsend's route currently travels via an indirect path as it turns south because Sansome Street is a one-way northbound street north of Washington Street. This results in longer than necessary travel time and causes route unreliability. This project will construct a Muni contraflow lane on Sansome Street south of Washington Street to Market Street. This requires the modification of three existing traffic signals from Broadway to Washington Street. Curb ramps will also be installed at each of the four corners at three intersections along this section of Sansome Street. This will result in reduced travel time and improved operating conditions by enabling a right turn from Broadway directly onto Sansome Street.	$1.9
Muni Forward Rapid Network Improvements	9 San Bruno: 11th St and Bayshore Blvd Rapid Project	The 9 San Bruno is one of Muni's busiest routes, serving about 12,000 customers every day and is an important north-south bus route. This project includes implementing various street improvements, such as optimized stop placements, bus bulbs, pedestrian improvements, bicycle paths behind bus stops, and other changes that help transit vehicles navigate safely and efficiently. The changes in this project, combined with improvements on Potrero Avenue are expected to reduce transit travel time by 20%.	$4.4
Muni Forward Rapid Network Improvements	5 Fulton: East of 6th Ave (Inner) Rapid Project	The 5 Fulton is a Rapid Network route and an important connector between the Richmond District and Downtown. The route's reliability and travel time are hampered in this segment by traffic congestion and closely spaced stops. This project will implement various enhancements throughout the corridor, including new bus bulbs, transit stop optimization, removing all-way stop controls at intersections, adding turn pockets, and building new pedestrian bulbs. The changes will reduce transit travel time and improve reliability on the 5 Fulton corridor.	$4.8
Muni Forward Rapid Network Improvements	N Judah: Arguello to 9th Ave Rapid Project	The N Judah rail line has one of the highest riderships in the Muni network and carries approximately 45,000 daily customers on an average weekday. The main causes of delay to the N Judah include long passenger boarding and	$2.8

PROJECT CATEGORY	PROJECT NAME	PROJECT DESCRIPTION	PROJECT AMOUNT ($ MILLIONS)
		alighting times, a high number of stop signs along the route and areas of closely spaced transit stops. This project will build transit priority lanes with efficient stop spacing, create better boarding zones to make it safer and faster for passengers to get on board, and make it easier to find stops and shelters with improved signage. The project will reduce transit travel time and improve reliability.	
Muni Forward Rapid Network Improvements	30 Stockton: East of Van Ness Ave Transit Priority Project	The 30 Stockton is one of Muni's busiest routes, serving about 28,000 customers every day. The corridor faces significant congestion and other obstacles that frequently prevent efficient transit vehicle movement. This project includes optimizing bus stop locations, adding new transit bulbs and extending existing transit bulbs, establishing transit-only lanes, and widening travel lanes. Implement engineering changes to reduce travel time and improve reliability on the 30 Stockton corridor between the intersection of Van Ness Avenue and Chestnut Street and Market Street.	$2.7
Muni Forward Rapid Network Improvements	30 Stockton: Chestnut St (W of VN) Transit Priority Project	The 30 Stockton is one of Muni's busiest routes, serving about 28,000 customers every day. This project includes optimizing bus stop locations, adding new transit bulbs and extending existing transit bulbs, establishing transit-only lanes, and widening travel lanes. The changes will make it safer to walk, increase the frequency and reliability of service, and enhance the customer experience along Chestnut, Broderick, Divisadero and Jefferson streets, west of Van Ness Avenue. This would improve an east-west portion of the Rapid Network connecting the future Van Ness Bus Rapid Transit with the 30 Stockton	$5.4
Muni Forward Rapid Network Improvements	14 Mission: Division to Randall (Inner) Rapid Project	Mission Street is a Rapid Corridor and carries some of the heaviest loads in the Muni system. Primary causes of delay include long passenger boarding and alighting times, friction between parking and loading vehicles, double-parked vehicles, getting stuck behind right-turning cars, narrow lanes, and areas of closely spaced transit stops. This project will construct traffic engineering changes and related improvements for the 14 Mission on Mission Street between South Van Ness Avenue and Cesar Chavez Street. Changes include new transit lanes and enhancements to existing transit lanes, bus bulbs and pedestrian improvements, signalized transit queue-jump lanes, turn pockets, and optimized transit stop placements. Together, the proposed changes are anticipated to reduce the travel time of the 14 Mission by about 8-10 minutes in each direction (16-20 minutes total) within the study area (12- 14 percent reduction), improving the average operating speed to 7-8 miles per hour and improving service reliability.	$0.5
Muni Forward Rapid Network Improvements	22 Fillmore: Overhead Catenary System	The 22 Fillmore passes through red transit-only lanes along Church Street to improve route reliability. In this segment, the overhead wires are not directly overhead resulting in	$0.8

PROJECT CATEGORY	PROJECT NAME	PROJECT DESCRIPTION	PROJECT AMOUNT ($ MILLIONS)
	on Church/ Duboce (overhead lines)	delays when buses lose contact with these wires. This project will modify the alignment overhead wires for the 22 Fillmore along Church Street to provide more reliable transit service.	
Muni Forward Rapid Network Improvements	22 Fillmore: Overhead Catenary System on 16th St & Kansas (overhead lines)	This project will construct overhead bypass wires on Kansas between 17th and 16th Streets for the 22 Fillmore to enable the 33 Stanyan to provide service to Potrero Hill.	$0.8
Muni Forward Rapid Network Improvements	33 Stanyan: Overhead Catenary System on Guerrero (overhead lines)	The 33 Stanyan currently travels north on Mission Street as it travels between 16th and 18th streets. This segment of Mission Street is crowded with numerous Mission corridor Muni routes resulting in delays to the 33 Stanyan when it attempts to travel through. The additional buses also cause delays to the higher-ridership Mission corridor Muni routes. This project will construct new overhead wires along Guerrero Street between 16th and 18th streets to alleviate transit congestion on Mission Street and provide better connections with the 22 Fillmore. Further outreach will determine the final alignment.	$2.9
Muni Forward Rapid Network Improvements	28 19th Avenue: 19th Ave Rapid Project	The 28 19th Avenue corridor along Park Presidio and 19th Avenue faces significant congestion and other obstacles that frequently prevent efficient transit vehicle movement. This project will construct, in coordinated with a Caltrans repaving project, various enhancements throughout the corridor, such as stop placement optimization, turn pockets, and bus bulbs. The changes will result in 20% reduced travel times and improved reliability on the 28 19th Avenue corridor between the intersections of California Street and Park Presidio and Junipero room Serra Boulevard and 19th Avenue.	$4.1
Muni Forward Rapid Network Improvements	14 Mission: Mission & S Van Ness Transit Priority Project	Mission Street is a Rapid Corridor and carries some of the heaviest loads in the Muni system. Primary causes of delay include long passenger boarding and alighting times, friction between parking and loading vehicles, double-parked vehicles, getting stuck behind right-turning cars, narrow lanes, and areas of closely spaced transit stops. This project will construct traffic engineering changes and related improvements for the 14 Mission on Mission Street east of South Van Ness Ave. Changes include new transit lanes and enhancements to existing transit lanes, bus bulbs and pedestrian improvements, signalized transit queue-jump lanes, turn pockets, and optimized transit stop placements. Together, the proposed changes are anticipated to reduce the travel time of the 14 Mission by about 8-10 minutes in each direction (16-20 minutes total) within the study area (12-14 percent reduction), improving the average operating speed to 7-8 miles per hour and improving service reliability	$1.4

PROJECT CATEGORY	PROJECT NAME	PROJECT DESCRIPTION	PROJECT AMOUNT ($ MILLIONS)
Muni Forward Rapid Network Improvements	30 Stockton: Terminal Overhead Catenary System Upgrades (overhead lines)	Modify the Overhead Catenary System at the 30 Stockton Terminal in the Marina to reverse the route of the bus. Scope includes modifying locations of poles and the overhead centenary wires. This will enable more efficient terminal operations and provide a more suitable location for bus layovers.	$0.5
		Total Muni Forward Rapid Network Improvements	**$43.7**
Pedestrian Safety Improvements	New Signals on High Injury Corridors (10 intersections)	Project to plan and design new traffic signals at 8 locations and 2 flashing beacon systems at these Walkfirst Pedestrian High Injury Corridors. Project includes planning and design of pedestrian countdown signals, conduits, new poles, vehicular signal heads, mast-arms where justified, curb ramps where not already present, street lighting, new controllers and Rectangular Rapid Flash Beacons (RRFB).	$0.5 For Planning and Design and Outreach efforts only.
Pedestrian Safety Improvements	Add PCS to High Injury Corridors (18 locations)	Project to plan and design upgrade traffic signals at 18 locations so that Pedestrian Countdown Signals (PCS) can be added on Walkfirst Pedestrian High Injury Corridors. Project includes planning and designing for PCS infrastructure including conduits, new poles, vehicular signal heads, mast-arms where justified, curb ramps where not already present, street lighting, and new controllers.	$0.8 For Planning and Design and Outreach efforts only.
Pedestrian Safety Improvements	Curb Bulbs on High Injury Corridors (19 Intersections)	The Scope of work includes planning and designing permanent measures identified through the WalkFirst Process, including bulbs-outs.	$1.2 For Planning and Design and Outreach efforts only.
Pedestrian Safety Improvements	Geary Pedestrian Improvements	This project includes the planning and design of pedestrian safety measures such as bulbs and countdown signals along the Geary corridor.	$0.3 For Planning and Design and Outreach efforts only.
Pedestrian Safety Improvements	Pedestrian Safety Improvements Related to Muni Forward	This project will implement permanent pedestrian improvements in conjunction with Muni Forward projects. Specific intersections and treatments will be determined as the projects proceed through design.	$3.3
		Total Pedestrian Safety Improvements	**$6.1**
		Total Appropriation to SFMTA for SFMTA projects	**$49.8**
Caltrain		Satisfy a portion of the City's $39 million total contribution to Caltrain for upgrades for the Communications Based Overlay Signal System (CBOSS) Positive Train Control (PTC) system	$7.8
		Total Appropriation to SFMTA for SFMTA and Caltrain projects	**$57.6**
Major Transit Corridor Improvements	Better Market Street Project (Appropriation to Public Works)	Market Street serves as the spine of the City's transportation system, with approximately 250,000 transit boardings and alightings on Market Street each weekday. As such, transit improvements on Market Street have significant benefits to transit service system-wide. The proposed $400 million project includes bus bulbs, enhancement to transit stops,	$8.5

PROJECT CATEGORY	PROJECT NAME	PROJECT DESCRIPTION	PROJECT AMOUNT ($ MILLIONS)
		stop spacing, and accessibility improvements, including widening boarding platforms, and rehabilitation of Muni Rail and Overhead Lines, which can significantly improve mobility and safety for all users, and improve travel time while increasing accessibility. The money allocated for this proposed project would provide funding for additional planning, design and related outreach	
		Total Appropriation to Public Works	**$8.5**
		Total Appropriation to SFMTA & Public Works	**$66.1**

Many of these projects will continue through their respective community processes to finalize design and implementation details. We will continue to work with your offices throughout those processes.

On May 5, 2015, the SFMTA Board will be taking action to recommend that the Board of Supervisors approve the appropriation of $49.8 million from the first issuance of GO Bond Series 2015A for Muni Forward Rapid Network improvements and pedestrian safety improvements, $8.5 million from the GO bond proceeds to the Department of Public Works for the Better Market Street Project, and appropriate $7.8 million from GO Bond proceeds to the SFMTA to be used to satisfy the City's contribution to Caltrain for upgrades for the Communications Based Overlay Signal System (CBOSS) Positive Train Control (PTC) system.

Thank you for your consideration of the GO bond and the inclusion of the above projects in the issuance and for your continued support for the SFMTA and transportation.

Sincerely,

Edward D. Reiskin
Director of Transportation

cc: SFMTA Board of Directors
Kate Howard, Mayor's Budget Director
Ben Rosenfield, City Controller

OFFICIAL NOTICE OF SALE

and

OFFICIAL BID FORM

$67,540,000*
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(TRANSPORTATION AND ROAD IMPROVEMENT BONDS, 2014),
SERIES 2015B

The City and County of San Francisco will receive sealed bids and electronic bids for the above-referenced bonds at the place and up to the time specified below:

SALE DATE:	________, ________ __, 2015 (Subject to postponement, cancellation, modification or amendment in accordance with this Official Notice of Sale)
TIME:	8:30 a.m., California time
PLACE:	Controller's Office of Public Finance 1 Dr. Carlton B. Goodlett Place, Room 336, San Francisco, California 94102
DELIVERY DATE:	________ __, ______*

* Preliminary, subject to change.

OFFICIAL NOTICE OF SALE

$67,540,000*
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(TRANSPORTATION AND ROAD IMPROVEMENT BONDS, 2014),
SERIES 2015B

NOTICE IS HEREBY GIVEN that electronic bids and sealed bids will be received in the manner described below, in the case of electronic bids, through the Ipreo LLC's BiDCOMP^{TM}/PARITY® System ("**Parity**"), and in the case of sealed bids, at the Controller's Office of Public Finance, 1 Dr. Carlton B. Goodlett Place, Room 336, San Francisco, California 94102, by the City and County of San Francisco (the "**City**") for the purchase of $67,540,000* aggregate principal amount of City and County of San Francisco General Obligation Bonds (Transportation and Road Improvement Bonds, 2014), Series 2015B (the "**Bonds**"). Bidding procedures and sale terms are as follows:

Issue: The Bonds are described in the City's Preliminary Official Statement for the Bonds dated ________ __, 2015 (the "**Preliminary Official Statement**").

Time: Bids for the Bonds must be received by the City by 8:30 a.m., California time, on ________ __, 2015.

Place: Sealed, hand-delivered bids for the Bonds must be delivered to Office of Public Finance, 1 Dr. Carlton B. Goodlett Place, Room 336, San Francisco, California 94102. Instead of sealed, hand-delivered bids, bidders may submit electronic bids in the manner and subject to the terms and conditions described under "TERMS OF SALE—Form of Bids; Delivery of Bids" below, but no bid will be received after the time for receiving bids specified above.

THE RECEIPT OF BIDS ON ________ __, 2015 MAY BE POSTPONED OR CANCELLED AT OR PRIOR TO THE TIME BIDS ARE TO BE RECEIVED. NOTICE OF SUCH POSTPONEMENT OR CANCELLATION WILL BE COMMUNICATED BY THE CITY THROUGH THOMSON REUTERS AND BLOOMBERG BUSINESS NEWS (COLLECTIVELY, THE "NEWS SERVICES") AND/OR PARITY (AS DESCRIBED IN "TERMS OF SALE—FORM OF BIDS; DELIVERY OF BIDS" BELOW) AS SOON AS PRACTICABLE FOLLOWING SUCH POSTPONEMENT OR CANCELLATION. Notice of the new date and time for receipt of bids shall be given through Parity and/or the News Services as soon as practicable following a postponement and no later than 1:00 p.m., California time, on the business day preceding the new date for receiving bids.

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* Preliminary, subject to change.

As an accommodation to bidders, notice of such postponement and of the new sale date and time will be given to any bidder requesting such notice from: (i) Acacia Financial Group, Inc., 1441 Broadway, 5th Floor, New York, NY 10018, telephone: (212) 432-4020; Attention: Rich Lopatin, email: rlopatin@acaciafin.com, or (ii) Backstrom McCarley Berry & Co., LLC, 115 Sansome Street, Mezzanine A, San Francisco, CA 94104, telephone: (415) 392-5505, Attention: Vincent McCarley, email: vmccarley@bmcbco.com, (collectively, "**Co-Financial Advisors**"), provided, however, that failure of any bidder to receive such supplemental notice shall not affect the sufficiency of any such notice or the legality of the sale. See "TERMS OF SALE—Postponement or Cancellation of Sale."

The City reserves the right to modify or amend this Official Notice of Sale in any respect, including, without limitation, increasing or decreasing the principal amount of any serial maturity or mandatory sinking fund payment for the Bonds and adding or deleting serial or term maturity and mandatory sinking fund payment dates, along with corresponding principal amounts with respect thereto; provided, that any such modification or amendment will be communicated to potential bidders through the News Services and/or Parity not later than 1:00 p.m., California time, on the business day preceding the date for receiving bids. Failure of any potential bidder to receive notice of any modification or amendment will not affect the sufficiency of any such notice or the legality of the sale. Bidders are required to bid upon the Bonds as so modified or amended. See "TERMS OF SALE—Right to Modify or Amend."

Bidders are referred to the Preliminary Official Statement, for additional information regarding the City, the Bonds, the security for the Bonds and other matters. See "CLOSING PROCEDURES AND DOCUMENTS—Official Statement." Capitalized terms used and not defined in this Official Notice of Sale shall have the meanings ascribed to them in the Preliminary Official Statement.

This Official Notice of Sale will be submitted for posting to Parity (as described in "TERMS OF SALE—Form of Bids; Delivery of Bids" below). In the event the summary of the terms of sale of the Bonds posted on Parity conflicts with this Official Notice of Sale in any respect, the terms of this Official Notice of Sale shall control, unless a notice of an amendment is given as described herein.

TERMS RELATING TO THE BONDS

THE AUTHORITY FOR ISSUANCE, PURPOSES, PAYMENT OF PRINCIPAL AND INTEREST, REDEMPTION, DEFEASANCE, SOURCES AND USES OF FUNDS, SECURITY AND SOURCES OF PAYMENT, FORM OF LEGAL OPINIONS OF CO-BOND COUNSEL AND OTHER INFORMATION REGARDING THE BONDS ARE PRESENTED IN THE PRELIMINARY OFFICIAL STATEMENT, WHICH EACH BIDDER IS DEEMED TO HAVE OBTAINED AND REVIEWED PRIOR TO BIDDING FOR THE BONDS. THIS OFFICIAL NOTICE OF SALE GOVERNS ONLY THE TERMS OF SALE, BIDDING, AWARD AND CLOSING PROCEDURES FOR THE BONDS. THE DESCRIPTION OF THE BONDS CONTAINED IN THIS OFFICIAL NOTICE OF SALE IS QUALIFIED IN ALL RESPECTS BY THE DESCRIPTION OF THE BONDS CONTAINED IN THE PRELIMINARY OFFICIAL STATEMENT.

Issue. The Bonds will be issued as fully registered bonds without coupons in book-entry form in denominations of $5,000 or any integral multiple of that amount, as designated by the successful bidder (the "**Purchaser**"), all dated the date of delivery, which is expected to be ________ __, 2015. If the sale is postponed, notice of the new date of the sale will also set forth the new expected date of delivery of the Bonds.

Book-Entry Only. The Bonds will be registered in the name of a nominee of The Depository Trust Company ("**DTC**"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, and the Purchaser will not receive certificates representing its interest in the Bonds purchased. As of the date of award of the Bonds, the Purchaser must either participate in DTC or must clear through or maintain a custodial relationship with an entity that participates in DTC.

Interest Rates. Interest on the Bonds will be payable on December 15, 2015, and semiannually thereafter on June 15 and December 15 of each year (each an "**Interest Payment Date**"). Interest shall be calculated on the basis of a 30-day month, 360-day year from the dated date of the Bonds. Bidders may specify any number of separate rates, and the same rate or rates may be repeated as often as desired, provided:

(i) each interest rate specified in any bid for the Bonds must be a multiple of one-eighth or one-twentieth of one percent (1/8 or 1/20 of 1%) per annum;

(ii) the maximum interest rate bid for any maturity shall not exceed ten percent (10%) per annum;

(iii) no Bond shall bear a zero rate of interest;

(iv) each Bond shall bear interest from its dated date to its stated maturity date at the single rate of interest specified in the bid;

(v) all Bonds maturing at any one time shall bear the same rate of interest; and

(vi) each Bond maturing on or after June 15, 20__ must bear interest at a rate of 4% per annum or higher.

See the Preliminary Official Statement – "THE BONDS – Payment of Interest and Principal."

Par and Premium Bids; No Net Discount Bids. All bids for the Bonds shall be for par or more; no net discount bids for the Bonds will be accepted. Individual maturities of the Bonds may be reoffered at par, a premium or a discount.

Principal Payments. The Bonds shall be serial and/or term Bonds, as specified by each bidder, and principal shall be payable on June 15 of each year, commencing on June 15, 20__ as shown below. Subject to the City's right to modify or amend this Notice of Sale (see "TERMS OF SALE—Right to Modify or Amend"), the final maturity of the Bonds shall be June 15, 2030. The principal amount of the Bonds maturing or subject to mandatory sinking fund redemption in any year shall be in integral multiples of $5,000. For any term Bonds specified, the principal amount for a given year may be allocated only to a single term Bond and must be part of an uninterrupted annual sequence from the first mandatory sinking fund payment to the term Bond maturity. The aggregate amount of the principal amount of the serial maturity or mandatory sinking fund payment for the Bonds is shown below for information purposes only. **Bidders for the Bonds will provide bids for all of the Bonds Principal Amounts.** Subject to the City's right to modify or amend this Notice of Sale (see "TERMS OF SALE—Right to Modify or Amend"), and to adjustment as provided in this Notice of Sale (see "—Adjustment of Principal Payments"), the aggregate principal amount of the serial maturity or mandatory sinking fund payment for the Bonds in each year is as follows:

Maturity Date (June 15)	Principal Amount*
	$
TOTAL	$

Adjustment of Principal Payments. The principal amounts set forth in this Official Notice of Sale reflect certain estimates of the City with respect to the likely interest rates of the winning bid and the premium contained in the winning bid. **The City reserves the right to change the principal payment schedule set forth above after the determination of the successful bidder, by adjusting one or more of the principal payments of the Bonds, in increments of $5,000, as determined in the sole discretion of the City. Any such adjustment of principal payments with respect to the Bonds shall be based on the schedule of principal payments provided by the City to be used as the basis of bids for the Bonds. Any such adjustment will not change the average per Bond dollar amount of the underwriter's discount. In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required or permitted and no successful bid may be withdrawn.**

See also "TERMS OF SALE—Right to Modify or Amend," regarding the City's right to modify or amend this Official Notice of Sale in any respect including, without limitation, increasing or decreasing the principal amount of any serial maturity or

* Preliminary, subject to change.

mandatory sinking fund payment for the Bonds and adding or deleting serial or term maturity and mandatory sinking fund payment dates, along with corresponding principal amounts with respect thereto.

A BIDDER AWARDED THE BONDS BY THE CITY WILL NOT BE PERMITTED TO WITHDRAW ITS BID, CHANGE THE INTEREST RATES IN ITS BID OR THE REOFFERING PRICES IN ITS REOFFERING PRICE CERTIFICATE AS A RESULT OF ANY CHANGES MADE TO THE PRINCIPAL PAYMENTS OF SUCH BONDS IN ACCORDANCE WITH THIS OFFICIAL NOTICE OF SALE.

Redemption.

(i) Optional Redemption of the Bonds. The Bonds maturing on or before June 15, 20__, will not be subject to optional redemption prior to their respective stated maturity dates. The Bonds maturing on or after June 15, 20__, are subject to optional redemption prior to their respective stated maturity dates, at the option of the City, from any source of available funds (other than mandatory sinking fund payments), as a whole or in part on any date, on or after June 15, 20__, at the redemption price equal to the principal amount of the Bonds redeemed, together with accrued interest to the date fixed for redemption, without premium. See the Preliminary Official Statement – "THE BONDS—Redemption—Optional Redemption of the Bonds."

(ii) Mandatory Redemption. The Bonds will not be subject to redemption prior to their respective stated maturity dates from mandatory sinking fund payments prior to June 15, 20__. Term Bonds, if any, are subject to redemption prior to their respective stated maturity dates, in part, by lot from mandatory sinking fund payments, on each June 15 on or after June 15, 20__, designated by the successful bidder as a date upon which a mandatory sinking fund payment is to be made, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium. No term Bonds may be redeemed from mandatory sinking fund payments until all term Bonds maturing on preceding term maturity dates, if any, have been retired. See the Preliminary Official Statement – "THE BONDS—Redemption—Mandatory Redemption."

Legal Opinions and Tax Matters. Upon delivery of the Bonds, Kutak Rock LLP and Rosales Law Partners LLP, Co-Bond Counsel to the City ("**Co-Bond Counsel**"), will deliver their separate legal opinions that, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; and (ii) interest on the Bonds is exempt from present State of California personal income taxes.

A complete copy of the proposed form of opinion of Co-Bond Counsel is set forth in Appendix F to the Preliminary Official Statement. Copies of the opinions of Co-Bond Counsel will be furnished to the Purchaser upon delivery of the Bonds.

See the Preliminary Official Statement – "TAX MATTERS."

TERMS OF SALE

Par and Premium Bids; No Net Discount Bids. All bids for the Bonds shall be for par or more; no net discount bids for the Bonds will be accepted. Individual maturities of the Bonds may be reoffered at par, a premium or a discount.

Form of Bids; Delivery of Bids. Each bid for the Bonds must be: (1) for not less than all of the Bonds offered for sale, (2) unconditional, and (3) either submitted (i) on the Official Bid Form attached hereto as Exhibit A and signed by the bidder, or (ii) via Parity, along with a facsimile transmission by the winning bidder, after the verbal award, of the completed and signed applicable Official Bid Form conforming to the Parity bid, with any adjustments made by the City pursuant hereto, by not later than 11:00 a.m., California time, on the sale date. Electronic bids must conform to the procedures established by Parity. Sealed bids must be enclosed in a sealed envelope, delivered to the City at the address set forth on the cover and clearly marked "Bid for the City and County of San Francisco General Obligation Bonds (Transportation and Road Improvement Bonds)" or words of similar import, as hereinafter described and received by 8:30 a.m., California time, on ____________, 2015, at the offices of the Office of Public Finance, c/o Nadia Sesay, 1 Dr. Carlton B. Goodlett Place, Room 336, San Francisco, California 94102; telephone: (415) 554-5956. No bid submitted to the City shall be subject to withdrawal or modification by the bidder.

All bids will be deemed to incorporate all of the terms of this Official Notice of Sale. If the sale of the Bonds is canceled or postponed, all bids for the Bonds shall be rejected. No bid submitted to the City shall be subject to withdrawal or modification by the bidder. No bid will be accepted after the time for receiving bids. The City retains absolute discretion to determine whether any bidder is a responsible bidder and whether any bid is timely, legible and complete and conforms to this Official Notice of Sale. The City takes no responsibility for informing any bidder prior to the time for receiving bids that its bid is incomplete, illegible or nonconforming with this Official Notice of Sale or has not been received.

Solely as an accommodation to bidders, electronic bids will be received exclusively through Parity in accordance with this Official Notice of Sale. For further information about Parity, potential bidders may contact either of the Co-Financial Advisors at the numbers provided above or Parity at: (212) 404-8107.

Warnings Regarding Electronic Bids. Bids for the Bonds may be submitted electronically via Parity. The City will attempt to accommodate bids submitted electronically via Parity. However, the City does not endorse or encourage the use of such electronic bidding service. None of the City, the City Attorney, the Co-Financial Advisors or Co-Bond Counsel assumes any responsibility for any error contained in any bid submitted electronically or for failure of any bid to be transmitted, received or opened by the time for receiving bids, and each bidder expressly assumes the risk of any incomplete, illegible, untimely or nonconforming bid submitted by electronic transmission by such bidder, including, without limitation, by reason of garbled transmissions, mechanical failure, engaged telecommunications lines, or any other cause arising from submission by

electronic transmission. The time for receiving bids will be determined by the City at the place of bid opening, and the City will not be required to accept the time kept by Parity.

If a bidder submits an electronic bid for the Bonds through Parity, such bidder thereby agrees to the following terms and conditions: (1) if any provision in this Official Notice of Sale with respect to the Bonds conflicts with information or terms provided or required by Parity, this Official Notice of Sale, including any amendments or modifications issued through Parity and/or the News Services, will control; (2) each bidder will be solely responsible for making necessary arrangements to access Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale; (3) the City will not have any duty or obligation to provide or assure access to Parity to any bidder, and the City will not be responsible for proper operation of, or have any liability for, any delays, interruptions or damages caused by use of Parity or any incomplete, inaccurate or untimely bid submitted by any bidder through Parity; (4) the City is permitting use of Parity as a communication mechanism, and not as an agent of the City, to facilitate the submission of electronic bids for the Bonds; Parity is acting as an independent contractor, and is not acting for or on behalf of the City; (5) the City is not responsible for ensuring or verifying bidder compliance with any procedures established by Parity; (6) the City may regard the electronic transmission of a bid through Parity (including information regarding the purchase price for the Bonds or the interest rates for any maturity of the Bonds) as though the information were submitted on the Official Bid Form and executed on the bidder's behalf by a duly authorized signatory; (7) if the bidder's bid is accepted by the City, the signed, completed and conforming Official Bid Form submitted by the bidder by facsimile transmission after the verbal award, this Official Notice of Sale and the information that is transmitted electronically through Parity will form a contract, and the bidder will be bound by the terms of such contract; and (8) information provided by Parity to bidders will form no part of any bid or of any contract between the Purchaser and the City unless that information is included in this Official Notice of Sale or the Official Bid Form.

Basis of Award. Unless all bids are rejected, the Bonds will be awarded to the responsible bidder who submits a conforming bid that represents the lowest true interest cost to the City. The true interest cost will be that nominal interest rate that, when compounded semiannually and applied to discount all payments of principal and interest payable on the Bonds to the dated date of the Bonds, results in an amount equal to the principal amount of the Bonds plus the amount of any net premium. For the purpose of calculating the true interest cost, mandatory sinking fund payments for any term Bonds specified by a bidder will be treated as Bonds maturing on the dates of such mandatory sinking fund payments. In the event that two or more bidders offer bids for the Bonds at the same true interest cost, the City will determine by lot which bidder will be awarded the Bonds. Bid evaluations or rankings made by Parity are not binding on the City.

Estimate of True Interest Cost. Each bidder is requested, but not required, to supply an estimate of the true interest cost based upon its bid, which will be considered as informative only and not binding on either the bidder or the City.

Multiple Bids. In the event multiple bids with respect to the Bonds are received from a single bidder by any means or combination thereof, the City shall be entitled to accept the bid representing the lowest true interest cost to the City, and each bidder agrees by submitting multiple bids to be bound by the bid representing the lowest true interest cost to the City.

Good Faith Deposit. To secure the City from any loss resulting from the failure of the apparent winning bidder to comply with the terms of its bid, a good faith deposit in the amount of $____________ (the "**Good Faith Deposit**") must be provided to the City by the apparent winning bidder.

Upon the determination by the City of the apparent winning bidder of the Bonds, the Co-Financial Advisors will (i) provide to the apparent winning bidder of the Bonds the wire transfer information and (ii) request the apparent winning bidder to immediately wire the Good Faith Deposit to the City. No later than ninety (90) minutes from the time the Co-Financial Advisors request the apparent winning bidder to wire the Good Faith Deposit to the City, the apparent winning bidder of the Bonds must wire the Good Faith Deposit to the City and provide the Federal wire reference number of such Good Faith Deposit to the Co-Financial Advisors. In the event that the apparent winning bidder does not wire the Good Faith Deposit to the City or does not provide the Federal wire reference number of such Good Faith Deposit to the Co-Financial Advisors within the time specified above, the City may reject the bid of the apparent winning bidder and award Bonds to a responsible bidder that submitted a conforming bid that represents the next lowest true interest cost to the City.

No interest will be paid upon the Good Faith Deposit made by any bidder. The Good Faith Deposit of the Purchaser will immediately become the property of the City. The Good Faith Deposit will be held and invested for the exclusive benefit of the City. The Good Faith Deposit, without interest thereon, will be credited against the purchase price of the Bonds purchased by the Purchaser at the time of delivery thereof.

If the purchase price is not paid in full upon tender of the Bonds, the City shall retain the Good Faith Deposit and the Purchaser will have no right in or to the Bonds or to the recovery of its Good Faith Deposit, or to any allowance or credit by reason of such deposit, unless it shall appear that the Bonds would not be validly delivered to the Purchaser in the form and manner proposed, except pursuant to a right of cancellation. See "CLOSING PROCEDURES AND DOCUMENTS—Right of Cancellation." In the event of nonpayment for the Bonds by a successful bidder, the City reserves any and all rights granted by law to recover the full purchase price of the Bonds and, in addition, any damages suffered by the City.

Reoffering Prices and Certificate. The Purchaser of the Bonds must actually reoffer all of the Bonds to the general public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers). As soon as is practicable, but not later than one hour after the award of the Bonds, the successful bidder shall provide to the City a completed certificate in the form attached hereto as Exhibit B (a "**Reoffering Price Certificate**"), which will state the initial offering prices at which it has offered all of the Bonds of each maturity to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers), in a bona fide public offering. In addition, on the day prior to delivery of the Bonds, the Purchaser shall provide to the City; Kutak Rock LLP, 1801 California Street, Suite 3000, Denver, Colorado 80202; fax: (303) 292-7770; Attention: Michael Thomas, Esq.; email: michael.thomas@kutakrock.com; and Rosales Law Partners LLP, fax: (415) 766-4510; Attention: Michelle Sexton.; email: michelle@rosaleslawpartners.com, a certificate substantially in the form attached hereto as Exhibit C, which shall be dated the date of the closing and include such additional information as may be requested by Co-Bond Counsel including information necessary to complete IRS Form 8038-G and information regarding its sales of the Bonds. For the purposes of this paragraph, sales of the Bonds to the other securities brokers or dealers will not be considered sales to the general public.

Electronic Bids; Delivery of Form of Bids. If the City accepts a bidder's bid that was submitted through Parity, the successful bidder shall submit a signed, completed and conforming Official Bid Form by facsimile transmission to Director of Public Finance, fax: (415) 554-4864, as soon as practicable, but not later than one hour after the verbal award of the Bonds.

Right of Rejection and Waiver of Irregularity. The City reserves the right, in its sole discretion, to reject any and all bids and to waive any irregularity or informality in any bid which does not materially affect such bid or change the ranking of the bids.

Right to Modify or Amend. Other than with respect to postponement or cancellation as described in this Official Notice of Sale, and in addition to the City's right to adjust the payment amounts of the Bonds as provided in "TERMS RELATING TO THE BONDS—Adjustment of Principal Payments" the City reserves the right to modify or amend this Official Notice of Sale in any respect including, without limitation, increasing or decreasing the principal amount of any serial maturity or mandatory sinking fund payment for the Bonds and adding or deleting serial or term maturity and mandatory sinking fund payment dates, along with corresponding principal amounts with respect thereto; provided, that, subject to the terms of this Notice of Sale (see "TERMS RELATING TO THE BONDS—Adjustment of Principal Payments") any such modification or amendment will be communicated to potential bidders through Parity and/or the News Services not later than 1:00 p.m., California time, on the business day preceding the date for receiving bids. Failure of any potential bidder to receive notice of any modification or amendment will not affect the sufficiency of any such notice or the legality of the sale.

Postponement or Cancellation of Sale. The City may postpone or cancel the sale of the Bonds at or prior to the time for receiving bids. Notice of such postponement or cancellation shall be given through Parity and/or the News Services as soon as practicable following such postponement or cancellation. If a sale is postponed, notice of a new sale date will be given through Parity and/or the News Services as soon as practicable following a postponement and no later than 1:00 p.m., California time, on the business day preceding the new date for receiving bids. Failure of any potential bidder to receive notice of postponement or cancellation will not affect the sufficiency of any such notice.

Prompt Award. The Controller of the City will take official action awarding the Bonds or rejecting all bids with respect to the Bonds not later than thirty (30) hours after the time for receipt of bids for the Bonds, unless such time period is waived by the Purchaser.

Equal Opportunity. Pursuant to the spirit and intent of the City's Local Business Enterprise ("**LBE**") Ordinance, Chapter 14B of the Administrative Code of the City, the City strongly encourages the inclusion of Local Business Enterprises certified by the San Francisco Human Rights Commission in prospective bidding syndicates. A list of certified LBEs may be obtained from the San Francisco Human Rights Commission, 25 Van Ness Avenue, Room 800, San Francisco, California 94102; telephone: (415) 252-2500.

CLOSING PROCEDURES AND DOCUMENTS

Delivery and Payment. **Delivery of the Bonds will be made through the facilities of DTC in New York, New York, and is presently expected to take place on or about ___________, 2015*.** Payment for the Bonds (including any premium) must be made at the time of delivery in immediately available funds to the City Treasurer. Any expense for making payment in immediately available funds shall be borne by the Purchaser. The City will deliver to the Purchaser, dated as of the delivery date, the legal opinions with respect to the Bonds described in APPENDIX F – "PROPOSED FORM OF OPINIONS OF CO-BOND COUNSEL" to the Preliminary Official Statement.

Qualification for Sale. The City will furnish such information and take such action not inconsistent with law as the Purchaser may request and the City may deem necessary or appropriate to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Purchaser; provided, that the City will not execute a general or special consent to service of process or qualify to do business in connection with such qualification or determination in any jurisdiction. By submitting its bid for the Bonds, the Purchaser assumes all responsibility for qualifying the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of the states and jurisdictions in which the Purchaser offers or sells the Bonds, including the payment of fees for such qualification. Under no circumstances may the Bonds be sold or offered for sale or any solicitation of an offer to buy the Bonds be made in any jurisdiction in which such sale, offer or solicitation would be unlawful under the securities laws of the jurisdiction.

No Litigation. The City will deliver a certificate stating that no litigation of any nature is pending, or to the knowledge of the officer of the City executing such certificate, threatened, restraining or enjoining the sale, issuance or delivery of the Bonds or any part thereof, or the entering into or performance of any obligation of the City, or concerning the validity of the Bonds, the ability of the City to levy and collect the ad valorem tax required to pay debt service on the Bonds, the corporate existence or the boundaries of the City, or the entitlement of any officers of the City who will execute the Bonds to their respective offices.

Right of Cancellation. The Purchaser will have the right, at its option, to cancel this contract if the City fails to execute the Bonds and tender the same for delivery within thirty (30) days from the sale date, and in such event the Purchaser will be entitled only to the return of the Good Faith Deposit, without interest thereon.

CUSIP Numbers. It is anticipated that CUSIP numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto will

* Preliminary; subject to change.

constitute cause for a failure or refusal by the Purchaser of the Bonds to accept delivery of and pay for such Bonds in accordance with the terms of this contract. The Purchaser, at its sole cost, will obtain separate CUSIP numbers for each maturity of the Bonds. CUSIP is a registered trademark of American Bankers Association. CUSIP data is provided by Standard and Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. The City takes no responsibility for the accuracy of such CUSIP numbers. CUSIP numbers are provided only for the convenience of the Purchaser of the Bonds.

Expenses of the Successful Bidder. CUSIP Service Bureau charges, California Debt and Investment Advisory Commission fees (under California Government Code Section 8856), Depository Trust Company charges and all other expenses of the successful bidder will be the responsibility of the successful bidder. Pursuant to Section 8856 of the California Government Code, the Purchaser must pay to the California Debt and Investment Advisory Commission, within sixty (60) days from the sale date, the statutory fee for the Bonds purchased.

Official Statement. Copies of the Preliminary Official Statement with respect to the Bonds will be furnished or electronically transmitted to any potential bidder upon request to the Office of Public Finance or to either of the Co-Financial Advisors. (The contact information for the Co-Financial Advisors is set forth above in this Official Notice of Sale.) In accordance with Rule 15c2-12 of the Securities and Exchange Commission ("**Rule 15c2-12**"), the City deems the Preliminary Official Statement final as of its date, except for the omission of certain information permitted by Rule 15c2-12. Within seven business days after the date of award of the Bonds, the Purchaser of the Bonds will be furnished with a reasonable number of copies (not to exceed 50) of the final Official Statement, without charge, for distribution in connection with the resale of the Bonds. The Purchaser of the Bonds must notify the City in writing within two days of the sale of the Bonds if the Purchaser requires additional copies of the final Official Statement to comply with applicable regulations. The cost for such additional copies will be paid by the Purchaser requesting such copies.

By submitting a bid for the Bonds, the Purchaser of the Bonds agrees: (1) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any supplements, (2) to promptly file a copy of the final Official Statement, including any supplements, with the Municipal Securities Rulemaking Board, and (3) to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the Purchaser, including, without limitation, the delivery of a final Official Statement, including any supplements, to each investor who purchases Bonds.

The form and content of the final Official Statement is within the sole discretion of the City. The name of a Purchaser of the Bonds will not appear on the cover of the final Official Statement.

Certificate Regarding Official Statement. At the time of delivery of the Bonds, the Purchaser will receive a certificate, signed by an authorized representative of the City, confirming to the Purchaser that (i) such authorized representative has determined that, to the best of such authorized representative's knowledge and belief, the final Official Statement (excluding reoffering information, information relating to The Depository Trust Company and its book-entry system, as to which no view will be expressed) did not as of its date, and does not as of the date of closing, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, (ii) such authorized representative knows of no material adverse change in the condition or affairs of the City that would make it unreasonable for such Purchaser of the Bonds to rely upon the final Official Statement in connection with the resale of the Bonds, and (iii) the City authorizes the Purchaser of the Bonds to distribute copies of the final Official Statement in connection with the resale of the Bonds.

Purchaser Certificate Concerning Official Statement. As a condition of delivery of the Bonds, the Purchaser of the Bonds will be required to execute and deliver to the City, prior to the date of closing, a certificate to the following effect:

(i) The Purchaser has provided to the City the initial reoffering prices or yields on the Bonds as printed in the final Official Statement, and the Purchaser has made a bona fide offering of the Bonds to the public at the prices and yields so shown.

(ii) The Purchaser has not undertaken any responsibility for the contents of the final Official Statement. The Purchaser, in accordance with and as part of its responsibilities under the federal securities laws, has reviewed the information in the final Official Statement and has not notified the City of the need to modify or supplement the final Official Statement.

(iii) The foregoing statements will be true and correct as of the date of closing.

Continuing Disclosure. In order to assist bidders in complying with Rule 15c2-12, the City will undertake, pursuant to a Continuing Disclosure Certificate, to provide certain annual financial information, operating data and notices of the occurrence of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

Additional Information. Prospective bidders should read the entire Preliminary Official Statement, copies of which may be obtained in electronic form from the City.

Sales Outside of the United States. The Purchaser must undertake responsibility for compliance with any laws or regulations of any foreign jurisdiction in connection with any sale of the Bonds to persons outside the United States.

Insurance. No bids with municipal bond insurance will be accepted.

Dated: ________ __, 2015.

EXHIBIT A

BID TIME: 8:30 a.m. (California time) ________, ________, 2015

OFFICIAL BID FORM FOR THE PURCHASE OF
$67,540,000*
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(TRANSPORTATION AND ROAD IMPROVEMENT BONDS, 2014),
SERIES 2015B

Controller
City and County of San Francisco
c/o Office of Public Finance
1 Dr. Carlton B. Goodlett Place, Room 336
San Francisco, California 94102
Confirm Number: (415) 554-6643

BIDDING FIRM'S NAME:

____

Subject to the provisions and in accordance with the terms of the Official Notice of Sale, dated __________, 2015, which is incorporated herein and made a part of this proposal, we have reviewed the Preliminary Official Statement relating to, among other things, the above-referenced Bonds (the "Bonds") and hereby offer to purchase all of the $67,540,000* aggregate principal amount of the Bonds dated the date of their delivery on the following terms, including the submission of the required Good Faith Deposit in the amount of $____________ by wire transfer; and to pay therefor the price of $_________ (such amount being the "Purchase Price"), which is equal to the aggregate principal amount of the Bonds, plus a net original issue premium of $_________. The Bonds shall mature and be subject to mandatory sinking fund redemption (if term bonds are specified below) in the amounts and years and bear interest at the rates per annum (in multiples of 1/8 or 1/20 of 1%), as set forth in the schedule below. Mandatory sinking fund payments (if term bonds are specified below) may not commence earlier than June 15, 20____. Each Bond maturing on or after June 15, 20___ must bear interest at a rate of 4% per annum or higher.

		(Check one)[1]					(Check one)[1]		
Maturity Date (June 15)	Principal Payment†	Serial Maturity	Mandatory Sinking Fund Redemption[2]	Interest Rate	Maturity Date (June 15)	Principal Payment†	Serial Maturity	Mandatory Sinking Fund Redemption[2]	Interest Rate
	$	x	_____			$	x	_____	
		x	_____				_____	_____	
		x	_____				_____	_____	
		x	_____				_____	_____	
		x	_____				_____	_____	
		x	_____				_____	_____	
		x	_____				_____	_____	
		x	_____				_____	_____	

† Subject to adjustment in accordance with the Official Notice of Sale.
(1) Circle the final maturity of each term bond specified.
(2) Mandatory sinking fund payments may not commence earlier than June 15, 20__.

____
Authorized Signatory
Title: ______________________
Phone Number: ______________________
Fax Number: ______________________

True Interest Cost (optional and not binding): ______________

THE BIDDER EXPRESSLY ASSUMES THE RISK OF ANY INCOMPLETE, ILLEGIBLE, UNTIMELY OR OTHERWISE NONCONFORMING BID. THE CITY RETAINS ABSOLUTE DISCRETION TO DETERMINE WHETHER ANY BID IS TIMELY, LEGIBLE, COMPLETE AND CONFORMING. NO BID SUBMITTED WILL BE CONSIDERED TIMELY UNLESS, BY THE TIME FOR RECEIVING BIDS, THE ENTIRE BID FORM HAS BEEN RECEIVED BY THE DELIVERY METHOD PROVIDED IN THE NOTICE OF SALE.

The City reserves the right to modify or amend this Bid Form, in any respect, including, without limitation, increasing or decreasing the principal amount at any serial maturity or mandatory sinking fund by payment for the Bonds and adding or deleting serial or term maturity and mandatory sinking fund and payment dates, along with corresponding principal amounts with respect thereto as provided in "TERMS RELATING TO THE BONDS—Adjustment of Principal Payments" and "TERMS OF SALE—Right to Modify or Amend" in the Official Notice of Sale.

* Preliminary, subject to change.

EXHIBIT B

FORM OF REOFFERING PRICE CERTIFICATE

(TO BE DELIVERED AND COMPLETED BY THE PURCHASER OF THE BONDS, AS DESCRIBED UNDER "REOFFERING PRICES AND CERTIFICATE" IN THE OFFICIAL NOTICE OF SALE)

This Certificate is being delivered by [*insert name*], the purchaser (the "Purchaser"), in connection with its purchase of the $[__________] aggregate principal amount of City and County of San Francisco General Obligation Bonds (Transportation and Road Improvement Bonds, 2014), Series 2015B and (the "Bonds"). The Purchaser hereby certifies and represents the following:

A. Issue Price.

1. All the Bonds of all maturities were actually offered by the Purchaser to the public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide offering at prices not higher than, or, in the case of obligations sold on a yield basis, at yields not lower than, those set forth in <u>Schedule I</u> attached hereto, which the Purchaser believes is not more than the fair market value of each maturity as of ________________, 2015, the date of sale of the Bonds.

2. On the date of the sale of the Bonds, the Purchaser sold or reasonably expected to sell to the public (excluding bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at least ten percent (10%) of each maturity of the Bonds at prices not higher than, or, in the case of obligations sold on a yield basis, at yields not lower than, those set forth in <u>Schedule I</u> attached hereto.

3. As of the date hereof, neither the Purchaser nor any affiliate of the Purchaser has participated in offering any derivative product with respect to the Bonds.

B. Compensation.

All compensation received by the Purchaser for underwriting services (which includes certain expenses) in connection with the sale and delivery of the Bonds will be paid in the form of a purchase discount in the amount of $_________, and no part of such compensation includes any payment for any property or services other than underwriting services relating to sale and delivery of the Bonds.

The signer is an authorized representative of the Purchaser and is duly authorized by the Purchaser to execute and deliver this Certificate on behalf of the Purchaser. The Purchaser understands that the representations contained in this Certificate will be relied on by the City and County of San Francisco in making certain of its representations in its Tax Certificate for the Bonds and in completing and filing the Information Return for the Bonds with the Internal Revenue Service, and by Kutak Rock LLP and Rosales Law Partners LLP, Co-Bond Counsel to the City and County of San Francisco, in rendering certain legal opinions in connection with the issuance of the Bonds.

Dated: ___________
[Sale Date]

By: ________________________________
(Name of Purchaser)

Execution by: ________________________________

Type Name: ________________________________

Title: ________________________________

SCHEDULE I

CERTIFICATE OF PURCHASER

Maturity Dates (June 15)*	Principal Amount*	Interest Rate†	Offering Price or Yield†
	$		

* Subject to adjustment in accordance with the Official Notice of Sale.
† To be completed by Purchaser.

EXHIBIT C

FORM OF CERTIFICATE OF PURCHASER

$_____________
City and County of San Francisco
General Obligation Bonds
(Transportation and Road Improvement Bonds, 2014)
Series 2015B

CERTIFICATE OF THE PURCHASER

The undersigned, on behalf of [PURCHASER], as the initial purchaser (the "Purchaser") of the $__________ City and County of San Francisco, General Obligation Bonds (Transportation and Road Improvement Bonds, 2014) Series 2015B (the "Bonds") hereby represents that:

(a) As of __________, 2015 (the "Sale Date"), the Purchaser reasonably expected to offer and sell all of the Bonds to the general public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) in a bona fide public offering at the yields set forth on the inside front cover of the final Official Statement, dated _________, 2015, with respect to the Bonds (the "Official Statement").

(b) Such offering yields represent a fair market value for each respective maturity of the Bonds as of the Sale Date.

(c) As of the Sale Date, all of the Bonds were actually offered to the general public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at such yields in a bona fide public offering.

(d) As of the Sale Date, at least 10% of each maturity of the Bonds was first sold, or was expected to be first sold, at such yields to the general public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) prior to the sale, allocation or allotment of any of the Bonds to any purchasers at yields other than those set forth on the inside front cover of the Official Statement.

(e) I understand that this Certificate shall form a part of the basis for the opinions, dated the date hereof, of Kutak Rock LLP and Rosales Law Partners LLP, Co-Bond Counsel, to the effect that interest on the Bonds is excluded from gross income of the recipients thereof for purposes of federal income taxation under existing laws, regulations, rulings and judicial decisions; provided however, the Purchaser expresses no view regarding the legal sufficiency or the correctness of any legal interpretation made by Co-Bond Counsel, nothing herein represents the Purchaser's interpretation of any laws, and in particular, regulations under the Code, and the Purchaser expresses no view regarding the legal sufficiency of any representations made herein.

Terms not otherwise defined herein shall have the meanings ascribed thereto in the Tax Compliance Certificate, dated ____________, 2015 (the "Tax Compliance Certificate"), executed by the City and County of San Francisco in connection with the issuance of the Bonds.

IN WITNESS WHEREOF, the undersigned has set their hand as of the date set forth below.

Dated: ____________, 2015

[PURCHASER] , as Purchaser

By: ________________________________
Name: ______________________________
Title: _______________________________

NOTICE OF INTENTION TO SELL

$67,540,000*
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(TRANSPORTATION AND ROAD IMPROVEMENT BONDS, 2014), SERIES 2015B

NOTICE IS HEREBY GIVEN that the City and County of San Francisco (the "City") intends to offer for public sale on ________, 2015, at 8:30 a.m. (California time) $67,540,000* aggregate principal amount of City and County of San Francisco General Obligation Bonds (Transportation and Road Improvement Bonds, 2014), Series 2015B (the "Bonds") by sealed bids at the Controller's Office of Public Finance, 1 Dr. Carlton B. Goodlett Place, City Hall, Room 336, San Francisco, California 94102 and by electronic bids through Ipreo LLC's BiDCOMP™/PARITY® System ("Parity").

The City reserves the right to postpone or cancel the sale of the Bonds or change the terms thereof upon notice given through Thomson Reuters and Bloomberg Business News (collectively, the "News Services") and/or Parity. In the event that no bid is awarded for the Bonds, the City may reschedule the sale of the Bonds to another date or time by providing notification through Parity and/or the News Services.

The Bonds will be offered for public sale subject to the terms and conditions of the Official Notice of Sale, dated on or around ________ __, 2015 (the "Official Notice of Sale") relating to the Bonds. Additional information regarding the proposed sale of the Bonds, including copies of the Preliminary Official Statement for the Bonds, dated on or around _________ __, 2015 (the "Preliminary Official Statement"), and the Official Notice of Sale, are expected to be available electronically at www.http://_______________ on or around __________ __, 2015, and may also be obtained from either of the City's Co-Financial Advisors: (i) Acacia Financial Group, Inc.; 1441 Broadway, 5th Floor, New York, NY 10018, telephone: (212) 432-4020, Attention: Rich Lopatin, e-mail: rlopatin@acaciafin.com; or (ii) Backstrom McCarley Berry & Co., LLC, 115 Sansome Street, Mezzanine A, San Francisco, CA 94104, telephone: (415) 392-5505, Attention: Vincent McCarley e-mail: vmccarley@bmcbco.com. Failure of any bidder to receive such notice shall not affect the legality of the sale.

Other than with respect to postponement or cancellation as described above, the City reserves the right to modify or amend the Official Notice of Sale in any respect, as more fully described in the Official Notice of Sale; provided, that any such modification or amendment will be communicated to potential bidders through Parity and/or the News Services not later than 1:00 p.m. (California time) on the business day preceding the date for receiving bids for the Bonds or as otherwise described in the Official Notice of Sale. Failure of any potential bidder to receive notice of any modification or amendment will not affect the sufficiency of any such notice or the legality of the sale. The City reserves the right, in its sole discretion, to reject any and all bids and to waive any irregularity or informality in any bid which does not materially affect such bid or change the ranking of the bids.

Dated: __________ __, 2015

* Preliminary, subject to change.

PRELIMINARY OFFICIAL STATEMENT DATED JUNE __, 2015

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: Moody's: ___
S&P: ___
Fitch: ___
(See "Ratings" herein)

In the opinion of Kutak Rock LLP and Rosales Law Partners LLP, Co-Bond Counsel to the City, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Co-Bond Counsel are further of the opinion that interest on the Bonds is exempt from present State of California personal income taxes. See "TAX MATTERS" herein.

$[Par Amount]*
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(TRANSPORTATION AND ROAD IMPROVEMENT BONDS, 2014),
SERIES 2015B

Dated: Date of Delivery **Due: June 15, as shown in the inside cover**

This cover page contains certain information for general reference only. It is not intended to be a summary of the security for or the terms of the Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The City and County of San Francisco General Obligation Bonds (Transportation and Road Improvement Bonds, 2014), Series 2015B (the "Bonds") are being issued under the Government Code of the State of California and the Charter of the City and County of San Francisco (the "City"). The issuance of the Bonds has been authorized by a resolution adopted by the Board of Supervisors of the City and duly approved by the Mayor of the City, as described under "THE BONDS – Authority for Issuance; Purposes."

The Board of Supervisors has the power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property subject to taxation by the City (except certain property which is taxable at limited rates) for the payment of the Bonds and the interest thereon when due. See "SECURITY FOR THE BONDS."

The proceeds of the Bonds will be used to finance improvements to the City's transportation system, streets and roads as described herein, and to pay certain costs related to the issuance of the Bonds. See "PLAN OF FINANCE" and "SOURCES AND USES OF FUNDS."

The Bonds will be issued only in fully registered form without coupons, and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Individual purchases of the Bonds will be made in book-entry form only, in denominations of $5,000 or any integral multiple thereof. Payments of principal of and interest on the Bonds will be made by the City Treasurer, as paying agent, to DTC, which in turn is required to remit such principal and interest to the DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS – Form and Registration." The Bonds will be dated and bear interest from their date of delivery until paid in full at the rates shown in the maturity schedule on the inside cover hereof. Interest on the Bonds will be payable on June 15 and December 15 of each year, commencing December 15, 2015. Principal will be paid at maturity as shown on the inside cover. See "THE BONDS – Payment of Interest and Principal."

The Bonds will be subject to redemption prior to maturity, as described herein. See "THE BONDS – Redemption."

MATURITY SCHEDULE
(See Inside Cover)

The Bonds are offered when, as and if issued by the City and accepted by the initial purchaser, subject to the approval of legality by Kutak Rock LLP, Denver, Colorado, and Rosales Law Partners LLP, San Francisco, California, Co-Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by its City Attorney and by Hawkins Delafield & Wood LLP, San Francisco, California, Disclosure Counsel. It is expected that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about July __, 2015.

Dated: June __, 2015.

* Preliminary, subject to change.

MATURITY SCHEDULE
(Base CUSIP Number: 797646†)

$____
2015B Serial Bonds

Maturity Date (June 15)	Principal Amount	Interest Rate	Price/Yield[1]	CUSIP[2] Suffix

$______ ___% Term Bonds due June 15, 20__ – Price/Yield[1] ___% CUSIP[2] Number: 797646___

---

[1] Reoffering prices / yields furnished by the initial purchaser. The City takes no responsibility for the accuracy thereof.

[2] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard and Poor's Financial Services LLC on behalf of the American Bankers Association. CUSIP numbers are provided for convenience of reference only. Neither the City nor the initial purchaser take any responsibility for the accuracy of such numbers.

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The information set forth herein other than that provided by the City, although obtained from sources which are believed to be reliable, is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

The City maintains a website. The information presented on such website is ***not*** incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds. Various other websites referred to in this Official Statement also are not incorporated herein by such references.

This Official Statement is not to be construed as a contract with the initial purchaser of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 in reliance upon the exemption provided thereunder by Section 3(a)(2) for the issuance and sale of municipal securities.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CITY AND COUNTY OF SAN FRANCISCO

MAYOR

Edwin M. Lee

BOARD OF SUPERVISORS

London Breed, *Board President, District 5*

Eric Mar, *District 1*
Mark Farrell, *District 2*
Julie Christensen, *District 3*
Katy Tang, *District 4*
Jane Kim, *District 6*
Norman Yee, *District 7*
Scott Wiener, *District 8*
David Campos, *District 9*
Malia Cohen, *District 10*
John Avalos, *District 11*

CITY ATTORNEY

Dennis J. Herrera

CITY TREASURER

José Cisneros

OTHER CITY AND COUNTY OFFICIALS

Naomi M. Kelly, *City Administrator*
Benjamin Rosenfield, *Controller*
Nadia Sesay, *Director of Public Finance*

PROFESSIONAL SERVICES

Paying Agent and Registrar

Treasurer of the City and County of San Francisco

Co-Bond Counsel

Kutak Rock LLP
Denver, Colorado

Rosales Law Partners LLP
Berkeley, California

Co-Financial Advisors

Acacia Financial Group, Inc.
New York, New York

Backstrom McCarley Berry & Co. LLC
San Francisco, California

Disclosure Counsel

Hawkins Delafield & Wood LLP
San Francisco, California

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APPENDICES

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OFFICIAL STATEMENT

$[Par Amount]*
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(TRANSPORTATION AND ROAD IMPROVEMENT BONDS, 2014),
SERIES 2015B

INTRODUCTION

This Official Statement, including the cover page and the appendices hereto, is provided to furnish information in connection with the public offering by the City and County of San Francisco (the "City") of its City and County of San Francisco General Obligation Bonds (Transportation and Road Improvement Bonds, 2014), Series 2015B (the "Bonds"). The Board of Supervisors of the City has the power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property subject to taxation by the City (except certain property which is taxable at limited rates) for the payment of the principal of and interest on the Bonds when due. See "SECURITY FOR THE BONDS" herein.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Except as required by the Continuing Disclosure Certificate to be executed by the City with respect to the Bonds, the City has no obligation to update the information in this Official Statement. See "CONTINUING DISCLOSURE" and APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein.

Quotations from and summaries and explanations of the Bonds, the resolution providing for the issuance and payment of the Bonds, and provisions of the constitution and statutes of the State of California (the "State"), the charter of the City (the "Charter") and City ordinances, and other documents described herein, do not purport to be complete, and reference is made to said laws and documents for the complete provisions thereof. Copies of those documents and information concerning the Bonds are available from the City through the Office of Public Finance, 1 Dr. Carlton B. Goodlett Place, Room 336, San Francisco, California 94102-4682. Reference is made herein to various other documents, reports, websites, etc., which were either prepared by parties other than the City, or were not prepared, reviewed and approved by the City with a view towards making an offering of public securities, and such materials are therefore not incorporated herein by such references nor deemed a part of this Official Statement.

THE CITY AND COUNTY OF SAN FRANCISCO

The City is the economic and cultural center of the San Francisco Bay Area and northern California. The limits of the City encompass over 93 square miles, of which 49 square miles are land, with the balance consisting of tidelands and a portion of the San Francisco Bay (the "Bay"). The City is located at the northern tip of the San Francisco Peninsula, bounded by the Pacific Ocean to the west, the Bay and the San Francisco-Oakland Bay Bridge to the east, the entrance to the Bay and the Golden Gate Bridge to the north, and San Mateo County to the south. Silicon

* Preliminary, subject to change.

Valley is about a 40-minute drive to the south, and the wine country is about an hour's drive to the north. The City's 2014 population was approximately 849,200.

The San Francisco Bay Area consists of the nine counties contiguous to the Bay: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma Counties (collectively, the "Bay Area"). The economy of the Bay Area includes a wide range of industries, supplying local needs as well as the needs of national and international markets. Major business sectors in the Bay Area include retail, entertainment and the arts, conventions and tourism, service businesses, banking, professional and financial services, corporate headquarters, international and wholesale trade, multimedia and advertising, biotechnology and higher education.

The City is a major convention and tourist destination. According to the San Francisco Travel Association, a nonprofit membership organization, during the calendar year 2013, approximately 16.9 million people visited the City and spent an estimated $9.38 billion during their stay. The City is also a leading center for financial activity in the State and is the headquarters of the Twelfth Federal Reserve District, the Eleventh District Federal Home Loan Bank, and the San Francisco Regional Office of Thrift Supervision.

The City benefits from a highly skilled, educated and professional labor force. The per-capita personal income of the City for fiscal year 2013-14 was $76,886. The San Francisco Unified School District operates 8 transitional kindergarten schools, 72 elementary and K-8 school sites, 13 middle schools, 18 senior high schools (including two continuation schools and an independent study school), and 34 State-funded preschool sites, and sponsors 12 independent charter schools. Higher education institutions located in the City include the University of San Francisco, California State University – San Francisco, University of California – San Francisco (a medical school and health science campus), the University of California Hastings College of the Law, the University of the Pacific's School of Dentistry, Golden Gate University, City College of San Francisco (a public community college), the Art Institute of California – San Francisco, the San Francisco Conservatory of Music, the California Culinary Academy, and the Academy of Art University.

San Francisco International Airport ("SFO"), located 14 miles south of downtown San Francisco in an unincorporated area of San Mateo County and owned and operated by the City, is the principal commercial service airport for the Bay Area and one of the nation's principal gateways for Pacific traffic. In fiscal year 2013-14, SFO serviced approximately 46.1 million passengers and handled 370,525 metric tons of cargo. The City is also served by the Bay Area Rapid Transit District (electric rail commuter service linking the City with the East Bay and the San Francisco Peninsula, including SFO), Caltrain (a conventional commuter rail line linking the City with the San Francisco Peninsula), and bus and ferry services between the City and residential areas to the north, east and south of the City. San Francisco Municipal Railway, operated by the City, provides bus and streetcar service within the City. The Port of San Francisco (the "Port"), which administers 7.5 miles of Bay waterfront held in "public trust" by the Port on behalf of the people of the State, promotes a balance of maritime-related commerce, fishing, recreational, industrial and commercial activities and natural resource protection.

The City is governed by a Board of Supervisors elected from eleven districts to serve four-year terms, and a Mayor who serves as chief executive officer, elected citywide to a four-year term. Edwin M. Lee is the 43rd and current Mayor of the City, having been elected by the voters of the City in November 2011. The City's adopted budget for fiscal years 2014-15 and 2015-16 totals $8.58 billion and $8.56 billion, respectively. The General Fund portion of each year's adopted budget is $4.27 billion in fiscal year 2014-15 and $4.33 billion in fiscal year 2015-16, with the balance being allocated to all other funds, including enterprise fund departments, such as SFO, the San Francisco Municipal Transportation Agency, the Port Commission and the San Francisco Public Utilities Commission. The City employed 29,236 full-time-equivalent employees at the end of fiscal year 2013-14. According to the Controller of the City (the "Controller"), the fiscal year 2014-15 total net assessed valuation of taxable property in the City is approximately $181.8 billion.

More detailed information about the City's governance, organization and finances may be found in APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES" and in APPENDIX B – "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2014."

THE BONDS

Authority for Issuance; Purposes

The Bonds will be issued under the Government Code of the State and the Charter. The City authorized the issuance of the Bonds by Resolution No. ____, adopted by the Board of Supervisors of the City on June __, 2015, and duly approved by the Mayor of the City on June __, 2015 (the "Resolution").

The Bonds will constitute the first series of bonds to be issued from an aggregate authorized amount of $500,000,000 of City and County of San Francisco General Obligation Bonds (Transportation and Road Improvement Bonds, 2014), duly approved by at least two-thirds of the voters voting on Proposition A at an election held on November 4, 2014 ("Proposition A"), to provide funds for the purposes authorized in Proposition A, which are summarized as follows: to construct, redesign and rebuild streets and sidewalks and to make infrastructure repairs and improvements that increase Muni service reliability, ease traffic congestion, reduce vehicle travel times, enhance pedestrian and bicycle safety, and improve disabled access.

The Administrative Code of the City (the "Administrative Code") and Proposition A provide that, to the extent permitted by law, 0.1% of the gross proceeds of all proposed bonds, including the Bonds, be deposited by the Controller and used to fund the costs of the City's independent citizens' general obligation bond oversight committee. The committee was created by the Administrative Code and is appointed by the Board of Supervisors of the City to inform the public concerning the expenditure of general obligation bond proceeds in accordance with the voter authorization.

Form and Registration

The Bonds will be issued in the principal amounts set forth on the inside cover hereof, in the denomination of $5,000 each or any integral multiple thereof, and will be dated their date of delivery. The Bonds will be issued in fully registered form, without coupons. The Bonds will be initially registered in the name of Cede & Co. as registered owner and nominee for The Depository Trust Company ("DTC"), which is required to remit payments of principal and interest to the DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See APPENDIX E – "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Payment of Interest and Principal

The City Treasurer will act as paying agent and registrar with respect to the Bonds. Interest on the Bonds will be payable on each June 15 and December 15 to maturity or prior redemption, commencing December 15, 2015, at the interest rates shown on the inside cover hereof. Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. The interest on the Bonds will be payable in lawful money of the United States to the person whose name appears on the Bond registration books of the City Treasurer as the owner thereof as of the close of business on the last day of the month immediately preceding an interest payment date (the "Record Date"), whether or not such day is a business day. Each Bond authenticated on or before November 30, 2015 will bear interest from the date of delivery. Every other Bond will bear interest from the interest payment date next preceding its date of authentication unless it is authenticated as of a day during the period from the Record Date next preceding any interest payment date to the interest payment date, inclusive, in which event it will bear interest from such interest payment date; provided, that if, at the time of authentication of any Bond, interest is then in default on the Bonds, such Bond will bear interest from the interest payment date to which interest has previously been paid or made available for payment on the Bonds.

The Bonds will mature on the dates shown on the inside cover page hereof. The Bonds will be subject to redemption prior to maturity, as described below. See "– Redemption" below. The principal of the Bonds will be payable in lawful money of the United States to the owner thereof upon the surrender thereof at maturity or earlier redemption at the office of the City Treasurer.

The registered owner of an aggregate principal amount of at least $1,000,000 of the Bonds may submit a written request to the City Treasurer on or before a Record Date for payment of interest on the succeeding interest payment date and thereafter by wire transfer to a commercial bank located within the United States of America. For so long as the Bonds are held in book-entry form by a securities depository selected by the City, payment may be made to the registered owner of the Bonds designated by such securities depository by wire transfer of immediately available funds.

Redemption

Optional Redemption of the Bonds

The Bonds maturing on or before June 15, 20__ will not be subject to optional redemption prior to their respective stated maturity dates. The Bonds maturing on or after June 15, 20__ will be subject to optional redemption prior to their respective stated maturity dates, at the option of the City, from any source of available funds, as a whole or in part on any date (with the maturities to be redeemed to be determined by the City and by lot within a maturity), on or after June 15, 20__, at the redemption price equal to the principal amount of the Bonds redeemed, together with accrued interest to the date fixed for redemption (the "Redemption Date"), without premium.

*Mandatory Redemption**

The Bonds maturing on June 15, 20__ (the "20__ Term Bonds") will be subject to redemption prior to their stated maturity date, in part, by lot, from mandatory sinking fund payments, on each June 15, as shown in the table below, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date, without premium.

Mandatory Sinking Fund Redemption Date (June 15)	Sinking Fund Payment Principal Amount
20__†	

† Maturity

Selection of Bonds for Redemption

Whenever less than all of the outstanding Bonds are called for redemption on any one date, the City Treasurer will select the maturities of Bonds to be redeemed in the sole discretion of the City Treasurer, and whenever less than all the outstanding Bonds maturing on any one date are called for redemption on any date, the City Treasurer will select the Bonds or portions thereof by lot, in any manner which the City Treasurer deems fair. The Bonds may be redeemed in denominations of $5,000 or any integral multiple thereof. If the Bonds to be optionally redeemed are also subject to mandatory redemption, the City Treasurer will designate the mandatory sinking fund payment or payments (or portions thereof) against which the principal amount of the Bonds optionally redeemed will be credited.

* Preliminary, subject to change.

Notice of Redemption

The City Treasurer will mail, or cause to be mailed, notice of any redemption of the Bonds, postage prepaid, to the respective registered owners thereof at the addresses appearing on the Bond registration books not less than 20 days and not more than 60 days prior to the Redemption Date.

Notice of redemption also will be given, or caused to be given, by the City Treasurer, by (i) registered or certified mail, postage prepaid, (ii) confirmed facsimile transmission, (iii) overnight delivery service, or (iv) to the extent applicable to the intended recipient, email or similar electronic means, to (a) all organizations registered with the Securities and Exchange Commission as securities depositories and (b) such other services or organizations as may be required in accordance with the Continuing Disclosure Certificate. See "CONTINUING DISCLOSURE" and APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein.

Each notice of redemption will (a) state the Redemption Date; (b) state the redemption price; (c) state the maturity dates of the Bonds called for redemption, and, if less than all of any such maturity is called for redemption, the distinctive numbers of the Bonds of such maturity to be redeemed, and in the case of a Bond redeemed in part only, the respective portions of the principal amount thereof to be redeemed; (d) state the CUSIP number, if any, of each Bond to be redeemed; (e) require that such Bonds be surrendered by the registered owners at the office of the City Treasurer or his or her agent; and (f) give notice that interest on such Bonds or portions of such Bonds to be redeemed will cease to accrue after the designated Redemption Date. Any notice of optional redemption may be conditioned on the receipt of funds or any other event specified in the notice. See "– Conditional Notice; Right to Rescind Notice of Optional Redemption" below.

The actual receipt by the owner of any Bond of such notice of redemption will not be a condition precedent to redemption of such Bond, and failure to receive such notice, or any defect in such notice, will not affect the validity of the proceedings for the redemption of such Bond or the cessation of the accrual of interest on such Bond on the Redemption Date.

Effect of Notice of Redemption

When notice of optional redemption has been given as described above, and when the amount necessary for the redemption of the Bonds called for redemption (principal, premium, if any and accrued interest to the Redemption Date) is set aside for that purpose in the redemption account for the Bonds (the "Redemption Account") established under the Resolution, the Bonds designated for redemption will become due and payable on the Redemption Date, and upon presentation and surrender of said Bonds at the place specified in the notice of redemption, those Bonds will be redeemed and paid at said redemption price out of the applicable Redemption Account. No interest will accrue on such Bonds called for redemption after the Redemption Date and the registered owners of such Bonds will look for payment of such Bonds only to the applicable Redemption Account. Moneys held in a Redemption Account will be invested by the City Treasurer pursuant to the City's policies and guidelines for investment of moneys in the

General Fund of the City. See APPENDIX C – "CITY AND COUNTY OF SAN FRANCISCO, OFFICE OF THE TREASURER – INVESTMENT POLICY."

Conditional Notice; Right to Rescind Notice of Optional Redemption

Any notice of optional redemption may provide that such redemption is conditioned upon: (i) deposit in the Redemption Account of sufficient moneys to redeem the applicable Bonds called for redemption on the anticipated Redemption Date, or (ii) the occurrence of any other event specified in the notice of redemption. In the event that such conditional notice of optional redemption has been given and on the scheduled Redemption Date (i) sufficient moneys to redeem the applicable Bonds have not been deposited in the Redemption Account or (ii) any other event specified in the notice of redemption did not occur, such Bonds for which notice of conditional optional redemption was given will not be redeemed and will remain Outstanding for all purposes and the redemption not occurring will not constitute a default under the Resolution.

In addition, the City may rescind any optional redemption and notice thereof for any reason on any date prior to any Redemption Date by causing written notice of the rescission to be given to the registered owner of all Bonds so called for redemption. Notice of such rescission of redemption will be given in the same manner notice of redemption was originally given. The actual receipt by the registered owner of any Bond of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice so mailed will not affect the validity of the rescission.

Defeasance

Payment of all or any portion of the Bonds may be provided for prior to such Bonds' respective stated maturities by irrevocably depositing with the City Treasurer (or any commercial bank or trust company designated by the City Treasurer to act as escrow agent with respect thereto): (a) an amount of cash equal to the principal amount of all of such Bonds or a portion thereof, and all unpaid interest thereon to maturity, except that in the case of Bonds which are to be redeemed prior to such Bonds' respective stated maturities and in respect of which notice of such redemption will have been given as described above or an irrevocable election to give such notice will have been made by the City, the amount to be deposited will be the principal amount thereof, all unpaid interest thereon to the Redemption Date, and premium, if any, due on such Redemption Date; or (b) Defeasance Securities (as defined below) not subject to call, except as described in the definition below, maturing and paying interest at such times and in such amounts, together with interest earnings and cash, if required, as will, without reinvestment, as certified by an independent certified public accountant, be fully sufficient to pay the principal and all unpaid interest to maturity, or to the Redemption Date, as the case may be, and any premium due on the Bonds to be paid or redeemed, as such principal and interest come due; provided, that, in the case of the Bonds which are to be redeemed prior to maturity, notice of such redemption will be given as described above or an irrevocable election to give such notice will have been made by the City; then, all obligations of the City with respect to said outstanding Bonds will cease and terminate, except only the obligation of the City to pay or cause to be paid from the funds deposited as described in this paragraph, to the owners of said Bonds all sums due with respect thereto, and the tax covenant obligations of the City with respect to such Bonds;

provided, that the City will have received an opinion of nationally recognized bond counsel that provision for the payment of said Bonds has been made as required by the Resolution.

As used in this section, the following terms have the meanings given below:

"Defeasance Securities" means any of the following which at the time are legal investments under the laws of the State of California for the moneys proposed to be invested therein: (1) United States Obligations (as defined below); and (2) Pre-refunded fixed interest rate municipal obligations meeting the following conditions: (a) the municipal obligations are not subject to redemption prior to maturity, or the trustee has been given irrevocable instructions concerning their calling and redemption and the issuer has covenanted not to redeem such obligations other than as set forth in such instructions; (b) the municipal obligations are secured by cash or United States Obligations (as defined below); (c) the principal of and interest on the United States Obligations (plus any cash in the escrow fund or the applicable Redemption Account) are sufficient to meet the liabilities of the municipal obligations; (d) the United States Obligations serving as security for the municipal obligations are held by an escrow agent or trustee; (e) the United States Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and (f) the municipal obligations are rated (without regard to any numerical modifier, plus or minus sign or other modifier), at the time of original deposit to the escrow fund, by any two Rating Agencies (as defined below) not lower than the rating then maintained by the respective Rating Agency on such United States Obligations.

"United States Obligations" means (i) direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including without limitation, the interest component of Resolution Funding Corporation (REFCORP) bonds that have been stripped by request to the Federal Reserve Bank of New York in book-entry form, or (ii) any security issued by an agency or instrumentality of the United States of America that is selected by the Director of Public Finance that results in the escrow fund being rated by any two Rating Agencies (as defined below) at the time of the initial deposit to the escrow fund and upon any substitution or subsequent deposit to the escrow fund, no lower than the rating then maintained by the respective Rating Agency on United States Obligations described in (i) herein.

"Rating Agencies" means Moody's Investors Service, Inc., Fitch Ratings, and Standard and Poor's Rating Services, or any other nationally-recognized bond rating agency that is the successor to any of the foregoing rating agencies or that is otherwise established after the date of adoption of the Resolution.

SOURCES AND USES OF FUNDS

The following are the estimated sources and uses of funds in connection with the Bonds:

Sources

Principal Amount of Bonds
Net Original Issue Premium
Total Sources of Funds

Uses

Deposit to Project Subaccount
Deposit to Bond Subaccount
Oversight Committee
Underwriter's Discount
Costs of Issuance*
Total Uses of Funds

* Includes fees for services of rating agencies, Co-Financial Advisors, Co-Bond Counsel, Disclosure Counsel, costs to the City, printing costs, other miscellaneous costs associated with the issuance of the Bonds, and rounding amounts.

Deposit and Investment of Bond Proceeds

Any bid premium received upon the delivery of the Bonds, and all taxes collected for payment of the Bonds, will be deposited into a special subaccount established for the payment of the Bonds. The subaccount was created by the Resolution specifically for payment of principal of and interest on the Bonds (the "Bond Subaccount").

All remaining proceeds of the sale of the Bonds are required to be deposited by the City Treasurer into a special subaccount within the project account created by the City to hold proceeds of the sale of all of the Proposition A bonds, which proceeds are required to be applied exclusively to the purposes approved by the voters in Proposition A, and to pay costs of issuance of such bonds. See "THE BONDS – Authority for Issuance; Purposes." The subaccount was created by the Resolution specifically to hold the proceeds of the Bonds (the "Project Subaccount").

Under the Resolution, the Bond Subaccount and the Project Subaccount may each be invested in any investment of the City in which moneys in the General Fund of the City are invested. The City Treasurer may commingle any of the moneys held in any such subaccounts with other City moneys, or deposit amounts credited to such subaccounts into a separate fund or funds for investment purposes only; provided, however, all of the money held in such subaccounts (including interest earnings) will be accounted for separately notwithstanding any such commingling or separate deposit by the City Treasurer . All interest earned on any such account will be retained in that account. See APPENDIX C – "CITY AND COUNTY OF SAN FRANCISCO, OFFICE OF THE TREASURER – INVESTMENT POLICY."

A portion of the proceeds of the Bonds will be used to pay certain costs related to the issuance of the Bonds. Up to 0.1% of the proceeds of the Bonds are required to be appropriated to fund the Citizens' General Obligation Bond Oversight Committee, created to oversee various general obligation bond programs of the City. See "THE BONDS – Authority for Issuance; Purposes" herein.

DEBT SERVICE SCHEDULE

The scheduled debt service payable with respect to the Bonds is as follows:

Payment Date	Principal	Interest	Total Principal and Interest	Fiscal Year Total
Total				

SECURITY FOR THE BONDS

General

The Board of Supervisors of the City has the power and is obligated, and under the Resolution has covenanted, to levy *ad valorem* taxes without limitation as to rate or amount upon all property subject to taxation by the City (except certain property which is taxable at limited rates) for the payment of the principal of and interest on the Bonds when due.

At the option of the Board of Supervisors, other available funds of the City that are not restricted by law to specific uses may be used to pay debt service on the Bonds.

Factors Affecting Property Tax Security for the Bonds

The annual property tax rate for repayment of the Bonds will be based on the total assessed value of taxable property in the City and the scheduled debt service on the Bonds in each year, less any other lawfully available funds applied by the City for repayment of the Bonds. Fluctuations in the annual debt service on the Bonds, the assessed value of taxable property in the City, and the availability of such other funds in any year, may cause the annual property tax rate applicable to the Bonds to fluctuate. Issuance by the City of additional authorized bonds payable from *ad valorem* property taxes may cause the overall property tax rate to increase.

Discussed below are certain factors that may affect the City's ability to levy and collect sufficient taxes to pay scheduled debt service on the Bonds each year. See APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES" for additional information on these factors.

Total Assessed Value of Taxable Property in the City. The greater the assessed value of taxable property in the City, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on bonds. The total net assessed valuation of taxable property in the City in fiscal year 2014-15 is approximately $181.8 billion. During economic downturns, declining real estate values, increased foreclosures, and increases in requests submitted to the Assessor and the Assessment Appeals Board for reductions in assessed value have generally caused a reduction in the assessed value of some properties in the City. See APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – PROPERTY TAXATION – Assessed Valuations, Tax Rates and Tax Delinquencies."

Natural and economic forces can affect the assessed value of taxable property in the City. The City is located in a seismically active region, and damage from an earthquake in or near the City could cause moderate to extensive or total damage to taxable property. See "Seismic Risks" below. Other natural or man-made disasters, such as flood, fire, toxic dumping or acts of terrorism, could also cause a reduction in the assessed value of taxable property within the City. Economic and market forces, such as a downturn in the Bay Area's economy generally, can also affect assessed values, particularly as these forces might reverberate in the residential housing and commercial property markets. In addition, the total assessed value can be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

Concentration of Taxable Property Ownership. The more property (by assessed value) owned by any single assessee, the more exposure of tax collections to weakness in that taxpayer's financial situation and ability or willingness to pay property taxes. For fiscal year 2014-15, no single assessee owned more than 0.52% of the total taxable property in the City. See APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – PROPERTY TAXATION – Tax Levy and Collection."

Property Tax Rates. One factor in the ability of taxpayers to pay additional taxes for general obligation bonds is the cumulative rate of tax. The total tax rate per $100 of assessed value (including the basic countywide 1% rate required by statute) is discussed further in APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – PROPERTY TAXATION – Assessed Valuations, Tax Rates and Tax Delinquencies."

Debt Burden on Owners of Taxable Property in the City. Another measure of the debt burden on local taxpayers is total debt as a percentage of taxable property value. Issuance of general obligation bonds by the City is limited under Section 9.106 of the Charter to 3.00% of the assessed value of all taxable real and personal property located within the City's boundaries. For purposes of this provision of the Charter, the City calculates its debt limit on the basis of total assessed valuation net of non-reimbursable and homeowner exemptions. On this basis, the City's gross general obligation debt limit for fiscal year 2014-15 is approximately $5.45 billion, based on a net assessed valuation of approximately $181.8 billion. As of April 1, 2015, the City had outstanding approximately $2.05 billion in aggregate principal amount of general obligation bonds, which equals approximately [1.13]% of the net assessed valuation for fiscal year 2014-15. See APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CAPITAL FINANCING AND BONDS."

Additional Debt; Authorized but Unissued Bonds. Issuance of additional authorized bonds can cause the overall property tax rate to increase. As of April 1, 2015, the City had voter approval to issue up to $1.28 billion in additional aggregate principal amount of new bonds payable from *ad valorem* property taxes. See APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CAPITAL FINANCING AND BONDS – General Obligation Bonds." In addition, the City expects that it will propose further bond measures to the voters from time to time to help meet its capital needs which are quantified in the City's most recent ten-year capital plan at $32 billion. See APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CAPITAL FINANCING AND BONDS – Capital Plan."

City Long-Term Challenges

The following discussion highlights certain long-term challenges facing the City and is not meant to be an exhaustive discussion of challenges facing the City. Notwithstanding the City's strong economic and financial performance during the recent recovery and despite significant City initiatives to improve public transportation systems, expand access to healthcare and modernize parks and libraries, the City faces several long-term financial challenges and risks described below.

Significant capital investments are proposed in the City's adopted ten-year capital plan. However identified funding resources are below those necessary to maintain and enhance the City's physical infrastructure. As a result, over $14 billion in capital needs are deferred from the capital plan's ten-year horizon. Over two-thirds of these unfunded needs relate to the City's transportation and waterfront infrastructure, where state of good repair investment has lagged for decades. Mayor Edwin Lee has convened a taskforce to recommend funding mechanisms and strategies to bridge a portion of the gaps in the City's transportation needs, but it is likely that significant funding gaps will remain even assuming the identification of significant new funding resources.

In addition, the City faces long term challenges with respect to the management of pension and post-employment retirement obligations. The City has taken significant steps to address long-term unfunded liabilities for employee pension and other post employment benefits, including retiree health obligations, yet significant liabilities remain. The most recent actuarial analyses estimate unfunded actuarial liabilities of over $7 billion for these benefits, comprised of $4.0 billion for retiree health obligations and $3.4 billion for employee pension benefits. In recent years, the City and voters have adopted significant changes that should mitigate these unfunded liabilities over time, including adoption of lower-cost benefit tiers, increases to employee and employer contribution requirements, and establishment of a trust fund to set-aside funding for future retiree health costs. The financial benefit from these changes will phase in over time, however, leaving ongoing financial challenges for the City in the shorter term. Further, the size of these liabilities is based on a number of assumptions, including but not limited to assumed investment returns and actuarial assumptions. It is possible that actual results will differ materially from current assumptions, and such changes in investment returns or other actuarial assumptions could increase budgetary pressures on the City.

Lastly, while the City has adopted a number of measures to better position the City's operating budget for future economic downturns, these measures may not be sufficient. Economic stabilization reserves have grown significantly during the last three fiscal years and now exceed pre-recession peaks, but remain below adopted target levels of 10% of discretionary General Fund revenues.

There is no assurance that other challenges not discussed here may become material to investors in the future. For more information, see APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES" and in APPENDIX B – "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2014."

Seismic Risks

The City is located in a seismically active region. Active earthquake faults underlie both the City and the surrounding Bay Area, including the San Andreas Fault, which passes about three miles to the southeast of the City's border, and the Hayward Fault, which runs under Oakland, Berkeley and other cities on the east side of San Francisco Bay, about 10 miles away.

Significant seismic events include the 1989 Loma Prieta earthquake, centered about 60 miles south of the City, which registered 6.9 on the Richter scale of earthquake intensity. That earthquake caused fires, building collapses, and structural damage to buildings and highways in the City and surrounding areas. The San Francisco-Oakland Bay Bridge, the only east-west vehicle access into the City, was closed for a month for repairs, and several highways in the City were permanently closed and eventually removed. On August 24, 2014, the San Francisco Bay Area experienced a 6.0 earthquake centered near Napa along the West Napa Fault. The City did not suffer any material damage as a result of this earthquake.

In March 2015, the Working Group on California Earthquake Probabilities (a collaborative effort of the U.S. Geological Survey (U.S.G.S.), the California Geological Survey, and the Southern California Earthquake Center) reported that there is a 72% chance that one or more quakes of about magnitude 6.7 or larger will occur in the San Francisco Bay Area before the year 2045. Such earthquakes may be very destructive. In addition to the potential damage to City-owned buildings and facilities (on which the City does not generally carry earthquake insurance), due to the importance of San Francisco as a tourist destination and regional hub of commercial, retail and entertainment activity, a major earthquake anywhere in the Bay Area may cause significant temporary and possibly long-term harm to the City's economy, tax receipts, and residential and business real property values.

Risk of Sea Level Changes and Flooding

In May 2009, the California Climate Change Center released a final paper, for informational purposes only, which was funded by the California Energy Commission, the California Environmental Protection Agency, the Metropolitan Transportation Commission, the California Department of Transportation and the California Ocean Protection Council. The title of the paper is "The Impacts of Sea-Level Rise on the California Coast." The paper posits that increases in sea level will be a significant consequence of climate change over the next century. The paper evaluated the population, infrastructure, and property at risk from projected sea-level rise if no actions are taken to protect the coast. The paper concluded that significant property is at risk of flooding from 100-year flood events as a result of a 1.4 meter sea level rise. The paper further estimates that the replacement value of this property totals nearly $100 billion (in 2000 dollars). Two-thirds of this at-risk property is concentrated in San Francisco Bay, indicating that this region is particularly vulnerable to impacts associated with sea-level rise due to extensive development on the margins of the Bay. A wide range of critical infrastructure, such as roads, hospitals, schools, emergency facilities, wastewater treatment plants, power plants, and wetlands is also vulnerable. Continued development in vulnerable areas will put additional assets at risk and raise protection costs.

The City is unable to predict whether sea-level rise or other impacts of climate change or flooding from a major storm will occur, when they may occur, and if any such events occur, whether they will have a material adverse effect on the business operations or financial condition of the City and the local economy.

Natural Gas Transmission and Distribution Pipelines

In September 2010, a Pacific Gas and Electric Company ("PG&E") high pressure natural gas transmission pipeline exploded in San Bruno, California, with catastrophic results. There are numerous gas transmission and distribution pipelines owned, operated and maintained by PG&E throughout the City. The City cannot provide any assurances as to the condition of PG&E pipelines in the City, or predict the extent of damage to surrounding property that would occur if a PG&E pipeline located within the City were to explode.

Other Natural Events

Seismic events, wildfires and other calamitous events may damage City infrastructure and adversely impact the City's ability to provide municipal services. In August 2013, a massive wildfire in Tuolumne County and the Stanislaus National Forest burned over 257,135 acres (the "Rim Fire"), which area included portions of the City's Hetch Hetchy Project. The Hetch Hetchy Project is comprised of dams (including O'Shaughnessy Dam), reservoirs (including Hetch Hetchy Reservoir which supplies 85% of San Francisco's drinking water), hydroelectric generator and transmission facilities and water transmission facilities. Hetch Hetchy facilities affected by the Rim Fire included two power generating stations and the southern edge of the Hetch Hetchy Reservoir. There was no impact to drinking water quality. The City's hydroelectric power generation system was interrupted by the fire, forcing the San Francisco Public Utilities Commission to spend approximately $1.6 million buying power on the open market and using existing banked energy with PG&E. The Rim Fire inflicted approximately $40 million in damage to parts of the City's water and power infrastructure located in the region.

TAX MATTERS

General

In the opinion of Kutak Rock LLP and Rosales Law Partners LLP, Co-Bond Counsel to the City, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinions described in the preceding sentence assume the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The City will covenant to comply with such requirements. Co-Bond Counsel have expressed no opinion regarding other federal tax consequences arising with respect to the Bonds.

Notwithstanding Co-Bond Counsel's opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of federal alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their federal alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

Co-Bond Counsel are further of the opinion that interest on the Bonds is exempt from present State of California personal income taxes.

Special Considerations With Respect to the Bonds

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Co-Bond Counsel have expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the various state legislatures that, if enacted, could alter or amend federal and state tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment.

In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Co-Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Co-Bond Counsel have expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Tax Treatment of Original Issue Premium

The Bonds maturing on June 15, 20__ through, and including, June 15, 20__ (collectively, the "Premium Bonds") are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to the call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Tax Treatment of Original Issue Discount

The Bonds maturing on June 15, 20__ through, and including, June 15, 20__ (collectively, the "Discount Bonds") are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described under "General" above.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days which are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

OTHER LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds and with regard to the tax status of the interest on the Bonds (see "TAX MATTERS" herein) are subject to the legal opinions of Kutak Rock LLP, Denver, Colorado, and Rosales Law Partners LLP, San Francisco, California, Co-Bond Counsel to the City. The signed legal opinions of Co-Bond Counsel, dated and premised on facts existing and law in effect as of the date of original delivery of the Bonds, will be delivered to the initial purchaser of the Bonds at the time of original delivery of the Bonds.

The proposed forms of the legal opinions of Co-Bond Counsel are set forth in APPENDIX F hereto. The legal opinions to be delivered may vary that text if necessary to reflect facts and law on the date of delivery. The opinions will speak only as of their date, and subsequent distributions of them by recirculation of this Official Statement or otherwise will create no implication that Co-Bond Counsel have reviewed or express any opinion concerning any of the matters referred to in the respective opinions subsequent to their date. In rendering their opinions, Co-Bond Counsel will rely upon certificates and representations of facts to be contained in the transcript of proceedings for the Bonds, which Co-Bond Counsel will not have independently verified.

Co-Bond Counsel undertake no responsibility for the accuracy, completeness or fairness of this Official Statement.

Certain legal matters will be passed upon for the City by the City Attorney and by Hawkins Delafield & Wood LLP, San Francisco, California, Disclosure Counsel.

Hawkins Delafield & Wood LLP has served as disclosure counsel to the City and in such capacity has advised the City with respect to applicable securities laws and participated with responsible City officials and staff in conferences and meetings where information contained in this Official Statement was reviewed for accuracy and completeness. Disclosure Counsel is not responsible for the accuracy or completeness of the statements or information presented in this Official Statement and has not undertaken to independently verify any of such statements or information. Rather, the City is solely responsible for the accuracy and completeness of the statements and information contained in this Official Statement. Upon the delivery of the Bonds, Disclosure Counsel will deliver a letter to the City which advises the City, subject to the assumptions, exclusions, qualifications and limitations set forth therein, that no facts came to attention of such firm which caused them to believe that this Official Statement as of its date and as of the date of delivery of the Bonds contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. No purchaser or holder of the Bonds, or other person or party other than the City, will be entitled to or may rely on such letter or Hawkins Delafield & Wood LLP's having acted in the role of disclosure counsel to the City.

PROFESSIONALS INVOLVED IN THE OFFERING

Acacia Financial Group, Inc., New York, New York, and Backstrom McCarley Berry & Co., LLC, San Francisco, California, have served as Co-Financial Advisors to the City with respect to the sale of the Bonds. The Co-Financial Advisors have assisted the City in the City's review and preparation of this Official Statement and in other matters relating to the planning, structuring, and sale of the Bonds. The Co-Financial Advisors have not independently verified any of the data contained herein nor conducted a detailed investigation of the affairs of the City to determine the accuracy or completeness of this Official Statement and assume no responsibility for the accuracy or completeness of any of the information contained herein. The Co-Financial Advisors, Co-Bond Counsel and Disclosure Counsel will all receive compensation from the City for services rendered in connection with the Bonds contingent upon the sale and delivery of the Bonds. The City Treasurer is acting as paying agent and registrar with respect to the Bonds.

ABSENCE OF LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds, the ability of the City to levy the *ad valorem* tax required to pay debt service on the Bonds, the corporate existence of the City, or the entitlement to their respective offices of the officers of the City who will execute and deliver the Bonds and other documents and certificates in connection therewith. The City will furnish to the initial purchaser of the Bonds a certificate of the City as to the foregoing as of the time of the original delivery of the Bonds.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City (the "Annual Report") not later than 270 days after the end of the City's fiscal year (which currently ends on June 30), commencing with the report for fiscal year 2014-15, which is due not later than March 26, 2016, and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the City with the Municipal Securities Rulemaking Board ("MSRB"). The notices of enumerated events will be filed by the City with the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is summarized in APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the purchaser of the Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). In the last five years, the City has not failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of enumerated events.

The City may, from time to time, but is not obligated to, post its Comprehensive Annual Financial Report and other financial information on the City Controller's web site at www. sfgov.org/controller.

RATINGS

Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Ratings Services ("S&P"), and Fitch Ratings ("Fitch"), have assigned municipal bond ratings of "___," "___," and "___," respectively, to the Bonds. Certain information not included in this Official Statement was supplied by the City to the rating agencies to be considered in evaluating the Bonds. The ratings reflect only the views of each rating agency, and any explanation of the significance of any rating may be obtained only from the respective credit rating agencies: Moody's, at www.moodys.com; S&P, at www.sandp.com; and Fitch, at www.fitchratings.com. The information presented on the website of each rating agency is not incorporated by reference as part of this Official Statement. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. No assurance can be given that any rating issued by a rating agency will be retained for any given period of time or that the same will not be revised or withdrawn entirely by such rating agency, if in its judgment circumstances so warrant. Any such revision or withdrawal of the ratings obtained may have an adverse effect on the market price or marketability of the Bonds. The City undertakes no responsibility to oppose any such downward revision, suspension or withdrawal.

SALE OF THE BONDS

The Bonds were sold at competitive bid on June __, 2015. The Bonds were awarded to _______ (the "Purchaser"), which submitted the lowest true interest cost bid, at a purchase price of $_______. Under the terms of its bid, the Purchaser will be obligated to purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to the approval of certain legal matters by Co-Bond Counsel, and certain other conditions to be satisfied by the City.

The Purchaser has certified the reoffering prices or yields for the Bonds set forth on the inside cover of this Official Statement, and the City takes no responsibility for the accuracy of those prices or yields. Based on the reoffering prices, the original issue premium on the reoffering of the Bonds is $_______, and the Purchaser's gross compensation (or "spread") is $_______. The Purchaser may offer and sell Bonds to certain dealers and others at yields that differ from those stated on the inside cover. The offering prices or yields may be changed from time to time by the Purchaser.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the initial purchaser or owners and beneficial owners of any of the Bonds.

The preparation and distribution of this Official Statement have been duly authorized by the Board of Supervisors of the City.

CITY AND COUNTY OF SAN FRANCISCO

By:______________________________
Benjamin Rosenfield
Controller

APPENDIX A

CITY AND COUNTY OF SAN FRANCISCO
ORGANIZATION AND FINANCES

APPENDIX B

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2014

APPENDIX C

CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE TREASURER
INVESTMENT POLICY

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$_______
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(TRANSPORTATION AND ROAD IMPROVEMENT BONDS, 2014),
SERIES 2015B

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City and County of San Francisco (the "City") in connection with the issuance of the bonds captioned above (the "Bonds"). The Bonds are issued pursuant to Resolution No. ____, adopted by the Board of Supervisors of the City on June __, 2015, and duly approved by the Mayor of the City on June __, 2015 (the "Resolution"). The City covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which: (a) has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) including, but not limited to, the power to vote or consent with respect to any Bonds or to dispose of ownership of any Bonds; or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean the City, acting in its capacity as Dissemination Agent under this Disclosure Certificate, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"Holder" shall mean either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

"Listed Events" shall mean any of the events listed in Section 5(a) and 5(b) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB currently located at *http://emma.msrb.org.*

"Participating Underwriter" shall mean any of the original underwriters or purchasers of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the City's fiscal year (which is June 30), commencing with the report for the 2014-15 Fiscal Year (which is due not later than March 26, 2016), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If the Dissemination Agent is not the City, the City shall provide the Annual Report to the Dissemination Agent not later than 15 days prior to said date. The Annual Report must be submitted in electronic format and accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided*, that if the audited financial statements of the City are not available by the date required above for the filing of the Annual Report, the City shall submit unaudited financial statements and submit the audited financial statements as soon as they are available. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

(b) If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the City), file a report with the City certifying the date that the Annual Report was provided to the MSRB pursuant to this Disclosure Certificate.

SECTION 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following information, as required by the Rule:

(a) the audited general purpose financial statements of the City prepared in accordance with generally accepted accounting principles applicable to governmental entities;

(b) a summary of budgeted general fund revenues and appropriations;

(c) a summary of the assessed valuation of taxable property in the City;

(d) a summary of the *ad valorem* property tax levy and delinquency rate;

(e) a schedule of aggregate annual debt service on tax-supported indebtedness of the City; and

(f) summary of outstanding and authorized but unissued tax-supported indebtedness of the City.

Any or all of the items listed above may be set forth in a document or set of documents, or may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following events numbered 1-9 with respect to the Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) or adverse tax opinions;
6. Tender offers;
7. Defeasances;
8. Rating changes; or
9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The City shall give, or cause to be given, notice of the occurrence of any of the following events numbered 10-16 with respect to the Bonds not later than ten business days after the occurrence of the event, if material:

10. Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
11. Modifications to rights of Bond holders;
12. Unscheduled or contingent Bond calls;
13. Release, substitution, or sale of property securing repayment of the Bonds;
14. Non-payment related defaults;
15. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
16. Appointment of a successor or additional trustee or the change of name of a trustee.

(c) The City shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3, as provided in Section 3(b).

(d) Whenever the City obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the City shall determine if such event would be material under applicable federal securities laws.

(e) If the City learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the City shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection 5(b)(12) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor

Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend or waive this Disclosure Certificate or any provision of this Disclosure Certificate, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 3(b), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of the City Attorney or nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the owners of a majority in aggregate principal amount of the Bonds or (ii) does not, in the opinion of the City Attorney or nationally recognized bond counsel, materially impair the interests of the Holders.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5; and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Remedies. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Participating Underwriter, Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate to cause the City to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in a federal or state court located in the City and County of San Francisco, State of California, and that the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: July __, 2015.

CITY AND COUNTY OF SAN FRANCISCO

____

Benjamin Rosenfield
Controller

Approved as to form:

DENNIS J. HERRERA
CITY ATTORNEY

By: ________________________
Deputy City Attorney

CONTINUING DISCLOSURE CERTIFICATE EXHIBIT A

FORM OF NOTICE TO THE
MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of City: CITY AND COUNTY OF SAN FRANCISCO

Name of Bond Issue: CITY AND COUNTY OF SAN FRANCISCO GENERAL OBLIGATION BONDS (TRANSPORTATION AND ROAD IMPROVEMENT BONDS, 2014), SERIES 2015B

Date of Issuance: July __, 2015

NOTICE IS HEREBY GIVEN to the Municipal Securities Rulemaking Board that the City has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate of the City and County of San Francisco, dated July __, 2015. The City anticipates that the Annual Report will be filed by ____________.

Dated:______________

CITY AND COUNTY OF SAN FRANCISCO

By: [to be signed only if filed]
Title: ____________________________

APPENDIX E

DTC AND THE BOOK ENTRY ONLY SYSTEM

The information in numbered paragraphs 1-10 of this Appendix E, concerning The Depository Trust Company ("DTC") and DTC's book-entry system, has been furnished by DTC for use in official statements and the City takes no responsibility for the completeness or accuracy thereof. The City cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest or principal with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC. As used in this appendix, "Securities" means the Bonds, "Issuer" means the City, and "Agent" means the Paying Agent.

Information Furnished by DTC Regarding its Book-Entry Only System

1. The Depository Trust Company ("DTC") will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC

Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial

Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the registration, transfer and exchange of the Bonds.

Payment of the interest on any Bond shall be made by check mailed on the interest payment date to the owner at the owner's address at it appears on the registration books described below as of the Record Date (as defined herein).

The City Treasurer will keep or cause to be kept, at the office of the City Treasurer, or at the designated office of any registrar appointed by the City Treasurer, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection, and, upon presentation for such purpose, the City Treasurer shall, under such reasonable regulations as he or she may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as hereinbefore provided.

Any Bond may, in accordance with its terms, be transferred, upon the registration books described above, by the person in whose name it is registered, in person or by the duly authorized attorney of such person, upon surrender of such Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the City Treasurer.

Any Bonds may be exchanged at the office of the City Treasurer for a like aggregate principal amount of other authorized denominations of the same interest rate and maturity.

Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the designated City officials shall execute and the City Treasurer shall authenticate and deliver a new Bond or Bonds of the same series, interest rate and maturity, for a like aggregate principal amount. The City Treasurer shall require the payment by any Bond owner requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer or exchange.

No transfer or exchange of Bonds shall be required to be made by the City Treasurer during the period from the Record Date (as defined in this Official Statement) next preceding each interest payment date to such interest payment date or after a notice of redemption shall have been mailed with respect to such Bond.

APPENDIX F

PROPOSED FORM OF OPINION OF CO-BOND COUNSEL

[Closing Date]

Board of Supervisors
City and County of San Francisco
San Francisco, California

Re: $___________ City and County of San Francisco General Obligation Bonds (Transportation and Road Improvement Bonds, 2014), Series 2015B

[To come]

APPENDIX A

CITY AND COUNTY OF SAN FRANCISCO
ORGANIZATION AND FINANCES

This Appendix contains information that is current as of April 1, 2015.

This Appendix A to the Official Statement of the City and County of San Francisco (the "City" or "San Francisco") covers general information about the City's governance structure, budget processes, property taxation system and other tax and revenue sources, City expenditures, labor relations, employment benefits and retirement costs, and investments, bonds and other long-term obligations.

The various reports, documents, websites and other information referred to herein are not incorporated herein by such references. The City has referred to certain specified documents in this Appendix A which are hosted on the City's website. A wide variety of other information, including financial information, concerning the City is available from the City's publications, websites and its departments. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded and is not a part of or incorporated into this Appendix A. The information contained in this Official Statement, including this Appendix A, speaks only as of its date, and the information herein is subject to change. Prospective investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

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CITY GOVERNMENT

City Charter

San Francisco is governed as a city and county chartered pursuant to Article XI, Sections 3, 4, 5 and 6 of the Constitution of the State of California (the "State"), and is the only consolidated city and county in the State. In addition to its powers under its charter in respect of municipal affairs granted under the State Constitution, San Francisco generally can exercise the powers of both a city and a county under State law. On April 15, 1850, several months before California became a state, the original charter was granted by territorial government to the City. New City charters were adopted by the voters on May 26, 1898, effective January 8, 1900, and on March 26, 1931, effective January 8, 1932. In November 1995, the voters of the City approved the current charter, which went into effect in most respects on July 1, 1996 (the "Charter").

The City is governed by a Board of Supervisors consisting of eleven members elected from supervisorial districts (the "Board of Supervisors"), and a Mayor elected at large who serves as chief executive officer (the "Mayor"). Members of the Board of Supervisors and the Mayor each serve a four-year term. The Mayor and members of the Board of Supervisors are subject to term limits as established by the Charter. Members of the Board of Supervisors may serve no more than two successive four-year terms and may not serve another term until four years have elapsed since the end of the second successive term in office. The Mayor may serve no more than two successive four-year terms, with no limit on the number of non-successive terms of office. The City Attorney, Assessor-Recorder, District Attorney, Treasurer and Tax Collector, Sheriff, and Public Defender are also elected directly by the citizens and may serve unlimited four-year terms. The Charter provides a civil service system for most City employees. School functions are carried out by the San Francisco Unified School District (grades K-12) ("SFUSD") and the San Francisco Community College District (post-secondary) ("SFCCD"). Each is a separate legal entity with a separately elected governing board.

Under its original charter, the City committed itself to a policy of municipal ownership of utilities. The Municipal Railway, when acquired from a private operator in 1912, was the first such city-owned public transit system in the nation. In 1914, the City obtained its municipal water system, including the Hetch Hetchy watershed near Yosemite. In 1927, the City dedicated Mill's Field Municipal Airport at a site in what is now San Mateo County 14 miles south of downtown San Francisco, which would grow to become today's San Francisco International Airport (the "Airport"). In 1969, the City acquired the Port of San Francisco (the "Port") in trust from the State. Substantial expansions and improvements have been made to these enterprises since their original acquisition. The Airport, the Port, the Public Utilities Commission ("Public Utilities Commission") (which now includes the Water Enterprise, the Wastewater Enterprise and the Hetch Hetchy Water and Power Project), the Municipal Transportation Agency ("MTA") (which operates the San Francisco Municipal Railway or "Muni" and the Department of Parking and Traffic ("DPT"), including the Parking Authority and its five public parking garages), and the City-owned hospitals (San Francisco General and Laguna Honda), are collectively referred to herein as the "enterprise fund departments", as they are not integrated into the City's General Fund operating budget. However, certain of the enterprise fund departments, including San Francisco General Hospital, Laguna Honda Hospital and the MTA receive significant General Fund transfers on an annual basis.

The Charter distributes governing authority among the Mayor, the Board of Supervisors, the various other elected officers, the City Controller and other appointed officers, and the boards and commissions that oversee the various City departments. Compared to the governance of the City prior to 1995, the Charter concentrates relatively more power in the Mayor and Board of Supervisors. The Mayor appoints most commissioners subject to a two-thirds vote of the Board of Supervisors, unless otherwise provided in the Charter. The Mayor appoints each department head from among persons nominated to the position by the appropriate commission, and may remove department heads.

Mayor and Board of Supervisors

Edwin M. Lee is the 43rd and current Mayor of the City. The Mayor is the chief executive officer of the City, with responsibility for general administration and oversight of all departments in the executive branch of the City. Mayor Lee was elected to his current four-year term as Mayor on November 8, 2011. Prior to being elected, Mayor Lee was appointed by the Board of Supervisors in January 2011 to fill the remaining year of former Mayor Gavin Newsom's term when Mayor Newsom was sworn in as the State's Lieutenant Governor. Mayor Lee served as the

City Administrator from 2005 up until his appointment to Mayor. He also previously served in each of the following positions: the City's Director of Public Works, the City's Director of Purchasing, the Director of the Human Rights Commission, the Deputy Director of the Employee Relations Division, and coordinator for the Mayor's Family Policy Task Force.

Table A-1 lists the current members of the Board of Supervisors. The Supervisors are elected for staggered four-year terms and are elected by district. Vacancies are filled by appointment by the Mayor.

TABLE A-1

City and County of San Francisco
Board of Supervisors

Name	First Elected or Appointed	Current Term Expires
Eric Mar, *District 1*	2008	2017
Mark Farrell, *District 2*	2010	2019
Julie Christensen, *District 3*	2015	2016
Katy Tang, *District 4*	2013	2019
London Breed, *Board President, District 5*	2012	2017
Jane Kim, *District 6*	2010	2019
Norman Yee, *District 7*	2012	2017
Scott Wiener, *District 8*	2010	2019
David Campos, *District 9*	2008	2017
Malia Cohen, *District 10*	2010	2019
John Avalos, *District 11*	2008	2017

Other Elected and Appointed City Officers

Dennis J. Herrera was re-elected to his third four-year term as City Attorney in November 2009. The City Attorney represents the City in legal proceedings in which the City has an interest. Mr. Herrera was first elected City Attorney in December 2001. Before becoming City Attorney, Mr. Herrera had been a partner in a private law firm and had served in the Clinton Administration as Chief of Staff of the U.S. Maritime Administration. He also served as president of the San Francisco Police Commission and was a member of the San Francisco Public Transportation Commission.

Carmen Chu was elected Assessor-Recorder of the City in November 2013. The Assessor-Recorder administers the property tax assessment system of the City. Before becoming Assessor-Recorder, Ms. Chu was elected in November 2008 and November 2010 to the Board of Supervisors, representing the Sunset/Parkside District 4 after being appointed by then-Mayor Newsom in September 2007.

José Cisneros was re-elected to a four-year term as Treasurer of the City in November 2013. The Treasurer is responsible for the deposit and investment of all City moneys, and also acts as Tax Collector for the City. Mr. Cisneros has served as Treasurer since September 2004, following his appointment by then-Mayor Newsom. Prior to being appointed Treasurer, Mr. Cisneros served as Deputy General Manager, Capital Planning and External Affairs for the MTA.

Benjamin Rosenfield was appointed to a ten-year term as Controller of the City by then-Mayor Newsom in March 2008, and was confirmed by the Board of Supervisors in accordance with the Charter. The City Controller is responsible for timely accounting, disbursement, and other disposition of City moneys, certifies the accuracy of budgets, estimates the cost of ballot measures, provides payroll services for the City's employees, and, as the Auditor for the City, directs performance and financial audits of City activities. Before becoming Controller, Mr. Rosenfield served as the Deputy City Administrator under former City Administrator Edwin Lee from 2005 to

2008. He was responsible for the preparation and monitoring of the City's ten-year capital plan, oversight of a number of internal service offices under the City Administrator, and implementing the City's 311 non-emergency customer service center. From 2001 to 2005, Mr. Rosenfield worked as the Budget Director for then-Mayor Willie L. Brown, Jr. and then-Mayor Newsom. As Budget Director, Mr. Rosenfield prepared the City's proposed budget for each fiscal year and worked on behalf of the Mayor to manage City spending during the course of each year. From 1997 to 2001, Mr. Rosenfield worked as an analyst in the Mayor's Budget Office and a project manager in the Controller's Office.

Naomi M. Kelly was appointed to a five-year term as City Administrator by Mayor Lee on February 7, 2012. The City Administrator has overall responsibility for the management and implementation of policies, rules and regulations promulgated by the Mayor, the Board of Supervisors and the voters. In January 2012, Mrs. Kelly became Acting City Administrator. From January 2011, she served as Deputy City Administrator where she was responsible for the Office of Contract Administration, Purchasing, Fleet Management and Central Shops. Mrs. Kelly led the effort to successfully roll out the City's new Local Hire program last year by streamlining rules and regulations, eliminating duplication and creating administrative efficiencies. In 2004, Mrs. Kelly served as the City Purchaser and Director of the Office of Contract Administration. Mrs. Kelly has also served as Special Assistant in the Mayor's Office of Neighborhood Services, in the Mayor's Office of Policy and Legislative Affairs and served as the City's Executive Director of the Taxicab Commission.

CITY BUDGET

Overview

This section discusses the City's budget procedures, while following sections of this Appendix A describe the City's various sources of revenues and expenditure obligations.

The City manages the operations of its nearly 60 departments, commissions and authorities, including the enterprise fund departments, through its annual budget. In July 2014, the City adopted a full two-year budget. The City's fiscal year 2014-15 adopted budget appropriates annual revenues, fund balance, transfers, and reserves of approximately \$8.58 billion, of which the City's General Fund accounts for approximately \$4.27 billion. In fiscal year 2015-16 appropriated revenues, fund balance, transfers and reserves total approximately \$8.56 billion and \$4.33 billion of General Fund budget. For a further discussion of the fiscal years 2014-15 and 2015-16 adopted budgets, see "City Budget Adopted for Fiscal Years 2014-15 and 2015-16" herein.

Each year the Mayor prepares budget legislation for the City departments, which must be approved by the Board of Supervisors. Revenues consist largely of local property taxes, business taxes, sales taxes, other local taxes, and charges for services. A significant portion of the City's revenues come in the form of intergovernmental transfers from the State and Federal governments. Thus, the City's fiscal situation is affected by the health of the local real estate market, the local business and tourist economy, and by budgetary decisions made by the State and Federal governments which depend, in turn, on the health of the larger State and national economies. All of these factors are almost wholly outside the control of the Mayor, the Board of Supervisors, and other City officials. In addition, the State Constitution strictly limits the City's ability to raise taxes and property-based fees without a two-thirds popular vote. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES" herein. Also, the fact that the City's annual budget must be adopted before the State and federal budgets adds uncertainty to the budget process and necessitates flexibility so that spending decisions can be adjusted during the course of the Fiscal Year. See "CITY GENERAL FUND PROGRAMS AND EXPENDITURES" herein.

Budget Process

The City's fiscal year commences on July 1. The City's budget process for each fiscal year begins in the middle of the preceding fiscal year as departments prepare their budgets and seek any required approvals from the applicable City board or commission. Departmental budgets are consolidated by the City Controller, and then transmitted to the Mayor no later than the first working day of March. By the first working day of May, the Mayor is required to submit a proposed budget to the Board of Supervisors for certain specified departments, based on criteria set forth in the Administrative Code. On or before the first working day of June, the Mayor is required to submit the complete budget, including all departments, to the Board of Supervisors.

Under the Charter, following the submission of the Mayor's proposed budget, the City Controller must provide an opinion to the Board of Supervisors regarding the accuracy of economic assumptions underlying the revenue estimates and the reasonableness of such estimates and revisions in the proposed budget (the City Controller's "Revenue Letter"). The City Controller may also recommend reserves that are considered prudent given the proposed resources and expenditures contained in the Mayor's proposed budget. The City Controller's current Revenue Letter can be viewed online at www.sfcontroller.org. The Revenue Letter and other information from the said website are not incorporated herein by reference. The City's Capital Planning Committee also reviews the proposed budget and provides recommendations based on the budget's conformance with the City's adopted ten-year capital plan. For a further discussion of the Capital Planning Committee and the City's ten-year capital plan, see "CAPITAL FINANCING AND BONDS – Capital Plan" herein.

The City is required by the Charter to adopt a budget which is balanced in each fund. During its budget approval process, the Board of Supervisors has the power to reduce or augment any appropriation in the proposed budget, provided the total budgeted appropriation amount in each fund is not greater than the total budgeted appropriation amount for such fund submitted by the Mayor. The Board of Supervisors must approve the budget by adoption of the Annual Appropriation Ordinance (also referred to herein as the "Original Budget") by no later than August 1 of each year.

The Annual Appropriation Ordinance becomes effective with or without the Mayor's signature after ten days; however, the Mayor has line-item veto authority over specific items in the budget. Additionally, in the event the Mayor were to disapprove the entire ordinance, the Charter directs the Mayor to promptly return the ordinance to the Board of Supervisors, accompanied by a statement indicating the reasons for disapproval and any recommendations which the Mayor may have. Any Annual Appropriation Ordinance so disapproved by the Mayor shall become effective only if, subsequent to its return, it is passed by a two-thirds vote of the Board of Supervisors.

Following the adoption and approval of the Annual Appropriation Ordinance, the City makes various revisions throughout the fiscal year (the Original Budget plus any changes made to date are collectively referred to herein as the "Revised Budget"). A "Final Revised Budget" is prepared at the end of the fiscal year reflecting the year-end revenue and expenditure appropriations for that fiscal year.

November 2009 Charter Amendment Instituting Two-Year Budgetary Cycle

On November 3, 2009, voters approved Proposition A amending the Charter to make changes to the City's budget and financial processes which are intended to stabilize spending by requiring multi-year budgeting and financial planning.

Proposition A requires four significant changes:

- Specifies a two-year (biennial) budget, replacing the annual budget. Fixed two-year budgets were approved beginning in July 2012 by the Board of Supervisors for four departments: the Airport, the Port, the Public Utilities Commission, and MTA. In July 2014, the Board also approved fixed two year budgets for the Library, Retirement, and Child Support Services departments. All other departments prepared balanced, rolling two-year budgets.

- Requires a five-year financial plan, which forecasts revenues and expenses and summarizes expected public service levels and funding requirements for that period. The most recent five-year financial plan, including a forecast of expenditures and revenues and proposed actions to balance them in light of strategic goals, was issued by the Mayor, Budget Analyst for the Board of Supervisors and Controller's Office on December 9, 2014, for FY 2015-16 through FY 2019-20, to be considered by the Board of Supervisors. See "Five Year Financial Plan" below.

- Charges the Controller's Office with proposing to the Mayor and Board of Supervisors financial policies addressing reserves, use of volatile revenues, debt, and financial measures in the case of disaster recovery and requires the City to adopt budgets consistent with these policies once approved. The Controller's Office may recommend additional financial policies or amendments to existing policies no later than October 1 of any subsequent year.

- Standardizes the processes and deadlines for the City to submit labor agreements for all public employee unions by May 15.

On April 13, 2010, the Board of Supervisors unanimously adopted policies to 1) codify the City's current practice of maintaining an annual General Reserve for current year fiscal pressures not anticipated in the budget and roughly double the size of the General Reserve by fiscal year 2015-16, and 2) create a new Budget Stabilization Reserve funded by excess receipts from volatile revenue streams to augment the existing Rainy Day Reserve to help the City mitigate the impact of multi-year downturns. On November 8 and 22, 2011, the Board of Supervisors unanimously adopted additional financial policies limiting the future approval of Certificates of Participation and other long-term obligations to 3.25% of discretionary revenue, and specifying that selected nonrecurring revenues may only be spent on nonrecurring expenditures. On December 16, 2014, the Board of Supervisors unanimously adopted financial policies to implement voter-approved changes to the City's Rainy Day Reserve, as well as changes to the General Reserve which would increase the cap from 2% to 3% of revenues and reduce deposit requirements during a recession. These policies are described in further detail below under "Budgetary Reserves." The Controller's Office may propose additional financial policies by October 1 of any year.

Role of Controller; Budgetary Analysis and Projections

As Chief Fiscal Officer and City Services Auditor, the City Controller monitors spending for all officers, departments and employees charged with receipt, collection or disbursement of City funds. Under the Charter, no obligation to expend City funds can be incurred without a prior certification by the Controller that sufficient revenues are or will be available to meet such obligation as it becomes due in the then-current fiscal year, which ends June 30. The Controller monitors revenues throughout the fiscal year, and if actual revenues are less than estimated, the City Controller may freeze department appropriations or place departments on spending "allotments" which will constrain department expenditures until estimated revenues are realized. If revenues are in excess of what was estimated, or budget surpluses are created, the Controller can certify these surplus funds as a source for supplemental appropriations that may be adopted throughout the year upon approval of the Mayor and the Board of Supervisors. The City's annual expenditures are often different from the estimated expenditures in the Annual Appropriation Ordinance due to supplemental appropriations, continuing appropriations of prior years, and unexpended current-year funds.

Charter Section 3.105 directs the Controller to issue periodic or special financial reports during the fiscal year. Each year, the Controller issues six-month and nine-month budget status reports to apprise the City's policymakers of the current budgetary status, including projected year-end revenues, expenditures and fund balances. The Controller issued the most recent of these reports, the fiscal year 2014-15 Six Month Budget Status Report (the "Six Month Report"), on February 10, 2015. In addition, under Proposition A of November 2009, the Mayor must submit a Five-Year Financial Plan every two years to the Board of Supervisors which forecasts revenues and expenditures for the next five fiscal years and proposes actions to balance them. On December 9, 2014, the Mayor, Budget Analyst for the Board of Supervisors and Controller's Office issued a proposed Five Year Financial Plan for FY 2015-16 through FY 2019-20, to be considered by the Board of Supervisors. For details see "Five Year Financial Plan" below. On March 12, 2015 the Mayor, Budget Analyst for the Board of Supervisors and the Controller's Office released an update to the City's proposed Five Year Financial Plan. Finally, as discussed above, the City Charter directs the Controller to annually report on the accuracy of economic assumptions underlying the revenue estimates in the Mayor's proposed budget. On June 10, 2014 the Controller released the Discussion of the Mayor's FY 2014-15 and FY 2015-16 Proposed Budget (the "Revenue Letter"). All of these reports are available from the Controller's website: www.sfcontroller.org. The information from said website is not incorporated herein by reference.

General Fund Results: Audited Financial Statements

The General Fund portions of the fiscal year 2014-15 and 2015-16 Original Budgets total $4.27 billion, and $4.33 billion respectively. This does not include expenditures of other governmental funds and enterprise fund departments such as the Airport, the MTA, the Public Utilities Commission, the Port, and the City-owned hospitals

(San Francisco General and Laguna Honda). Table A-2 shows Final Revised Budget revenues and appropriations for the City's General Fund for fiscal years 2011-12 through 2013-14 and the Original Budgets for fiscal years 2014-15 and 2015-16. See "PROPERTY TAXATION –Tax Levy and Collection," "OTHER CITY TAX REVENUES" and "CITY GENERAL FUND PROGRAMS AND EXPENDITURES" herein.

The City's most recently completed Comprehensive Annual Financial Report (the "CAFR" which includes the City's audited financial statements) for fiscal year 2013-14 was issued on November 28, 2014. The fiscal year 2013-14 CAFR reported that as of June 30, 2014, the General Fund available for appropriation in subsequent years was $295 million (see Table A-4), of which $136 million was assumed in the fiscal year 2014-15 Original Budget and $137 million was assumed in the fiscal year 2015-16 Original Budget. This represents a $55 million increase in available fund balance over the $240 million available as of June 30, 2013 and resulted primarily from savings and greater-than-budgeted additional tax revenue, particularly property transfer tax, business tax, and state hospital revenues in fiscal year 2013-14. The fiscal year 2014-15 CAFR is scheduled to be completed in late November 2015.

TABLE A-2

CITY AND COUNTY OF SAN FRANCISCO
Budgeted General Fund Revenues and Appropriations for
Fiscal Years 2011-12 through 2015-16
(000s)

	FY 2011-12 Final Revised Budget	FY 2012-13 Final Revised Budget	FY 2013-14 Final Revised Budget	FY 2014-15 Original Budget [2]	FY 2015-16 Original Budget [2]
Prior-Year Budgetary Fund Balance & Reserves	$427,886	$557,097	$156,426	$193,583	$149,823
<u>Budgeted Revenues</u>					
Property Taxes	$1,028,677	$1,078,083	$1,153,417	$1,232,927	$1,290,500
Business Taxes	389,878	452,853	532,988	572,385	597,835
Other Local Taxes	602,455	733,295	846,924	910,430	922,940
Licenses, Permits and Franchises	24,257	25,378	25,533	27,129	27,278
Fines, Forfeitures and Penalties	7,812	7,194	4,994	4,242	4,265
Interest and Investment Earnings	6,219	6,817	10,946	6,853	8,253
Rents and Concessions	22,895	21,424	23,060	22,692	18,738
Grants and Subventions	680,091	721,837	799,188	861,933	882,270
Charges for Services	153,318	169,058	177,081	209,810	199,455
Other	14,803	13,384	14,321	20,538	19,651
Total Budgeted Revenues	$2,930,405	$3,229,323	$3,588,452	$3,868,938	$3,971,185
Bond Proceeds & Repayment of Loans	589	627	1,105	29,151	29,043
<u>Expenditure Appropriations</u>					
Public Protection	$991,840	$1,058,324	$1,102,667	$1,173,977	$1,190,234
Public Works, Transportation & Commerce	53,878	68,351	79,635	127,973	129,991
Human Welfare & Neighborhood Development	677,953	670,958	745,277	799,355	814,586
Community Health	573,970	635,960	703,092	736,916	733,506
Culture and Recreation	99,762	105,580	112,051	126,932	121,579
General Administration & Finance	190,014	190,151	199,709	293,107	293,686
General City Responsibilities[1]	99,274	86,527	86,519	158,180	146,460
Total Expenditure Appropriations	$2,686,691	$2,815,852	$3,028,950	$3,416,440	$3,430,042
Budgetary reserves and designations, net	$11,112	$4,191	$0	$19,261	$11,461
Transfers In	$160,187	$195,388	$242,958	$179,282	$180,460
Transfers Out	(567,706)	(646,018)	(720,114)	(835,253)	(889,008)
Net Transfers In/Out	($407,519)	($450,630)	($477,156)	($655,971)	($708,548)
Budgeted Excess (Deficiency) of Sources Over (Under) Uses	$253,558	$516,375	$239,876	$0	$0
Variance of Actual vs. Budget	299,547	146,901	184,184		
Total Actual Budgetary Fund Balance	$553,105	$663,276	$424,060	$0	$0

[1] Over the past five years, the City has consolidated various departments to achieve operational efficiencies. This has resulted in changes in how departments were summarized in the service area groupings above for the time periods shown.
[2] FY 2014-15 and FY 2015-16 Original Budget Prior-Year Budgetary Fund Balance & Reserves will be reconciled with the previous year's Final Revised Budget.

Source: Office of the Controller, City and County of San Francisco.

The City prepares its budget on a modified accrual basis. Accruals for incurred liabilities, such as claims and judgments, workers' compensation, accrued vacation and sick leave pay are funded only as payments are required to be made. The audited General Fund balance as of June 30, 2014 was $836 million (as shown in Table A-3 and Table A-4) using Generally Accepted Accounting Principles ("GAAP"), derived from audited revenues of $3.7 billion. Audited General Fund balances are shown in Table A-3 on both a budget basis and a GAAP basis with comparative financial information for the fiscal years ended June 30, 2010 through June 30, 2014.

TABLE A-3

CITY AND COUNTY OF SAN FRANCISCO
Summary of Audited General Fund Balances
Fiscal Year Ended June 30 [1]
(000s)

	2010	2011	2012	2013	2014
Restricted for rainy day (Economic Stabilization account)	$39,582	$33,439	$31,099	$23,329	$60,289 [2]
Restricted for rainy day (One-time Spending account)	-	-	3,010	3,010	22,905 [2]
Committed for budget stabilization (citywide)	-	27,183	74,330	121,580	132,264
Committed for Recreation & Parks expenditure savings reserve	4,677	6,248	4,946	15,907	12,862 [2]
Assigned, not available for appropriation					
Assigned for encumbrances	69,562	57,846	62,699	74,815	92,269 [2]
Assigned for appropriation carryforward	60,935	73,984	85,283	112,327	159,345 [2]
Assigned for budget savings incentive program (citywide)	-	8,684	22,410	24,819	32,088 [2]
Assigned for salaries and benefits (MOU)	4,198	7,151	7,100	6,338	10,040 [2]
Total Fund Balance Not Available for Appropriation	$178,954	$214,535	$290,877	$382,125	$522,062 [3]
Assigned and unassigned, available for appropriation					
Assigned for litigation & contingencies	$27,758	$44,900	$23,637	$30,254	79,223 [4]
Assigned for General reserve			$22,306	$21,818	-
Assigned for subsequent year's budget	105,328	159,390	104,284	122,689	135,938 [5]
Unassigned for General Reserve			-	-	45,748
Unassigned - Budgeted for use second budget year		-	103,575	111,604	137,075
Unassigned - Available for future appropriation	-	9,061	12,418	6,147	21,656
Total Fund Balance Available for Appropriation	$133,086	$213,351	$266,220	$292,512	$419,640 [6]
Total Fund Balance, Budget Basis	$312,040	$427,886	$557,097	$674,637	$941,702
Budget Basis to GAAP Basis Reconciliation					
Total Fund Balance - Budget Basis	$312,040	$427,886	$557,097	$674,637	$941,702
Unrealized gain or loss on investments	1,851	1,610	6,838	(1,140)	935
Nonspendable fund balance	14,874	20,501	19,598	23,854	24,022 [7]
Cumulative Excess Property Tax Revenues Recognized on Budget Basis	(71,967)	(43,072)	(46,140)	(38,210)	(37,303)
Cumulative Excess Health, Human Service, Franchise Tax and other Revenues on Budget Basis	(55,938)	(63,898)	(62,241)	(93,910)	(66,415)
Deferred Amounts on Loan Receivables	(9,082)	(13,561)	(16,551)	(20,067)	(21,670)
Pre-paid lease revenue	-	(1,460)	(2,876)	(4,293)	(5,709)
Total Fund Balance, GAAP Basis	$191,778	$328,006	$455,725	$540,871	$835,562

[1] Summary of financial information derived from City CAFRs. GASB Statement 54, issued in March 2009, and implemented in the City's FY 2010-11 CAFR, establishes a new fund balance classification based primarily on the extent to which a government is bound to observe constraints imposed on the use of funds. Subsequent footnotes in this table provide the former descriptive titles for 2011 fund balance amounts.

[2] Prior to 2011, each line item was titled "reserved" for the purpose indicated

[3] Prior to 2011, titled "Total Reserved Fund Balance"

[4] Prior to 2011, titled "Designated for litigation and contingencies"

[5] Prior to 2011, titled "Unreserved, undesignated fund balance available for appropriation"

[6] Prior to 2011, titled "Total Unreserved Fund Balance"

[7] Prior to 2011, titled "Reserved for Assets Not Available for Appropriation"

Table A-4, entitled "Audited Statement of Revenues, Expenditures and Changes in General Fund Balances," is extracted from information in the City's CAFR for the five most recent fiscal years. Audited financial statements for the fiscal year ended June 30, 2014 are included herein as Appendix B – "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE YEAR ENDED JUNE 30, 2014." Prior years' audited financial statements can be obtained from the City Controller's website. Information from the City Controller's website is not incorporated herein by reference. Excluded from this Statement of General Fund Revenues and Expenditures in Table A-4 are fiduciary funds, internal service funds, special revenue funds (which relate to proceeds of specific revenue sources which are legally restricted to expenditures for specific purposes) and all of the enterprise fund departments of the City, each of which prepares separate audited financial statements.

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TABLE A-4

CITY AND COUNTY OF SAN FRANCISCO
Audited Statement of Revenues, Expenditures and Changes in General Fund Balances
Fiscal Year Ended June 30 [1]
(000s)

	2010	2011	2012	2013	2014
Revenues:					
Property Taxes	$1,044,740	$1,090,776	$1,056,143	$1,122,008	$1,178,277
Business Taxes[2]	353,471	391,057	435,316	479,627	562,896
Other Local Taxes	520,733	608,197	751,301	756,346	922,205
Licenses, Permits and Franchises	24,249	25,252	25,022	26,273	26,975
Fines, Forfeitures and Penalties	17,279	6,868	8,444	6,226	5,281
Interest and Investment Income	7,900	5,910	10,262	2,125	7,866
Rents and Concessions	18,733	21,943	24,932	35,273	25,501
Intergovernmental	651,074	657,238	678,808	720,625	827,750
Charges for Services	138,615	146,631	145,797	164,391	180,850
Other	21,856	10,377	17,090	14,142	9,760
Total Revenues	$2,798,650	$2,964,249	$3,153,115	$3,327,036	$3,747,361
Expenditures:					
Public Protection	$948,772	$950,548	$991,275	$1,057,451	$1,096,839
Public Works, Transportation & Commerce	40,225	25,508	52,815	68,014	78,249
Human Welfare and Neighborhood Development	632,713	610,063	626,194	660,657	720,787
Community Health	473,280	493,939	545,962	634,701	668,701
Culture and Recreation	94,895	99,156	100,246	105,870	113,019
General Administration & Finance	169,980	175,381	182,898	186,342	190,335
General City Responsibilities	87,267	85,422	96,132	81,657	86,968
Total Expenditures	$2,447,132	$2,440,017	$2,595,522	$2,794,692	$2,954,898
Excess of Revenues over Expenditures	$351,518	$524,232	$557,593	$532,344	$792,463
Other Financing Sources (Uses):					
Transfers In	$94,115	$108,072	$120,449	$195,272	$216,449
Transfers Out	(559,263)	(502,378)	(553,190)	(646,912)	(720,806)
Other Financing Sources	3,733	6,302	3,682	4,442	6,585
Other Financing Uses	-	-	-	-	-
Total Other Financing Sources (Uses)	($461,415)	($388,004)	($429,059)	($447,198)	($497,772)
Extraordinary gain/(loss) from dissolution of the Redevelopment Agency			(815)	-	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	($109,897)	$136,228	$127,719	$85,146	$294,691
Total Fund Balance at Beginning of Year	$301,675	$191,778	$328,006	$455,725	$540,871
Total Fund Balance at End of Year -- GAAP Basis[4]	$191,778	$328,006	$455,725	$540,871	$835,562
Fund Balance Available to Support Subsequent Year's Appropriations, Year End					
-- GAAP Basis	($2,050)	$48,070	$133,794	$135,795	$178,066
-- Budget Basis[5]	$105,328	$168,451	$220,277	$240,410	$294,669

[1] Summary of financial information derived from City CAFRs. Fund balances include amounts reserved for rainy day (Economic Stabilization and One-time Spending accounts), encumbrances, appropriation carryforwards and other purposes (as required by the Charter or appropriate accounting practices) as well as unreserved designated and undesignated available fund balances (which amounts constitute unrestricted General Fund balances).

[2] Does not include business taxes allocated to special revenue fund for the Community Challenge Grant program.

[3] Prior to adoption of GASB Statement 54 in 2011, titled "Unreserved & Undesignated Balance, Year End"

[4] Total FY 2012-13 amount is comprised of $122.7 million in assigned balance subsequently appropriated for use in FY 2013-14 plus $117.8 million unassigned balance available for future appropriations.

[5] Beginning in FY 2013-14, CAFR reports year end General Reserve balance as unassigned but it is not considered available for subsequent year's appropriations.

Sources: Comprehensive Annual Financial Report; Office of the Controller, City and County of San Francisco.

Five-Year Financial Plan

The Five-Year Financial Plan is required under Proposition A, a Charter amendment approved by voters in November 2009. The Charter requires the plan to forecast expenditures and revenues for the next five fiscal years, propose actions to balance revenues and expenditures during each year of the plan, and discuss strategic goals and corresponding resources for City departments. Proposition A required that a Five-Year Financial Plan be adopted every two years. The City updates the plan annually.

On December 9, 2014, the Mayor, Budget Analyst for the Board of Supervisors and Controller's Office issued a proposed Five-Year Financial Plan for fiscal year 2015-16 through fiscal year 2019-20, to be considered by the Board of Supervisors. The Plan projected shortfalls of $16 million, $88 million, $275 million, $376 million, and $418 million cumulatively for fiscal years 2015-16 through fiscal year 2019-20, respectively. On March 12, 2015, the Plan was updated with the most recent information on the City's fiscal condition. For General Fund Supported operations, the updated Plan projects budgetary shortfalls of $21 million, $67 million, $289 million, and $376 million and $402 cumulatively over the next five fiscal years.

The updated Plan projects a cumulative decrease in shortfall projections of $16 million during the plan period. The updated Plan projects continued growth in General Fund revenues of 14%, primarily composed of growth in local tax sources, offset by projected increases in employee salaries and benefits, citywide operating expenses, and departmental costs of 24%. The Plan presents an array of fiscal strategies to constrain this increase in expenditures and bring revenues and expenditures into balance. To the extent budgets are balanced with ongoing savings or revenues, future shortfalls expected to decrease.

The City currently projects growth in General Fund sources of $610 million over the five-year period, and expenditure growth of $1.012 billion. Growth in citywide operating costs is responsible for the majority of the cost growth and projected annual shortfalls, growing by $397 million during the plan period. Other costs projected to increase during the period include: employee wage and benefit cost increases of $367 million, Charter mandated baseline and reserve changes of $162 million, and individual department cost increases totaling $86 million. These figures incorporate cost increases incurred due to voter approval of several November 2014 ballot measures:

> Proposition B – Population-Based Adjustment to General Fund Appropriation to Transportation Fund: Starting in FY 2015-16, the City is required to adjust the baseline to the Municipal Transportation Agency annually by the percent increase in the San Francisco population. The estimated value of this transfer is $23.6 million in FY 2015-16, increasing annually by the change in population thereafter.
>
> Proposition C – Children and Families First Initiative: Voters approved the renewal of the Public Education Enrichment Fund (PEEF) and the Children's Amendment (The Children's Fund and the Children's Baseline) through Proposition C. PEEF and the Children's Amendment are local legislation that set aside General Fund dollars for services for San Francisco children and families. The Plan reflects an increase in the property tax set-aside for the Children's Fund, now the Children and Youth Fund, the removal of in-kind contributions to the San Francisco Unified School District through PEEF, and the bifurcation of the existing Rainy Day Reserve on January 1, 2015 into a City Reserve and a School Reserve. This will increase costs to the General Fund by approximately $21 million annually by the end of the four-year phase in period.
>
> Proposition J - Minimum Wage Increase: This report reflects the projected increases to the City's minimum wage mandated by Proposition J. Over the course of the next three years, the minimum wage in San Francisco will increase from $11.05/hour, the minimum wage as of January 1, 2015 pursuant to the existing minimum wage legislation, to $15.00/hour on July 1, 2018, and by CPI thereafter. This will increase City costs for In Home Supportive Services (IHSS) program workers at the Human Services Agency and employees of some City contractors by approximately $11.3 million in FY 2015-16,

The Plan proposes the following strategies to restore fiscal stability: capital spending and debt restructuring; controlling wage and benefit costs; additional tax and fee revenues; limiting growth in contract and materials costs; and ongoing departmental revenues and savings initiatives.

New to the Plan is consideration of the potential impact of a recession on the City's five year outlook. The base case does not assume an economic downturn due to the difficulty of predicting recessions; however, the City has historically not experienced more than six consecutive years of expansion and the current economic expansion began over five years ago. The recession scenario projects a cumulative deficit of $821 million in fiscal year 2019-20 as compared to the base case cumulative deficit of $402 million in fiscal year 2019-20 as updated. At a high level, the recession scenario would necessitate much larger reductions in expenditures than the base case fiscal strategies section of the report. In the base case projection, the report assumes expenditure growth of 23%; in the fiscal strategies section a more modest growth rate of 18% over the next five years is assumed, which contains both revenue and expenditure solutions. In the recession scenario, expenditures grow by 9% over the next five years to match the slower projected rate of revenue growth.

City Budget Adopted for Fiscal Years 2014-15 and 2015-16

On July 23, 2014, Mayor Lee signed the Consolidated Budget and Annual Appropriation Ordinance (the "Original Budget") for fiscal years ending June 30, 2015 and June 30, 2016. This is the third two-year budget for the entire City. The adopted budget closed the $67 million and $133 million general fund shortfalls for fiscal year 2014-15 and fiscal year 2015-16 identified in the Five-Year Financial Plan update through a combination of increased revenues and expenditures savings, partially offset by expenditure increases including: (a) net citywide revenue increases of $140 million and $78 million, respectively; (b) a net citywide expenditure increase of $31 million in fiscal year 2014-15 primarily from increased labor costs, followed by citywide expenditure savings of $62 million in fiscal year 2015-16, made possible in part by lower than expected health costs and improved pension system returns; and, (d) increased departmental costs totaling $43 million and $7 million respectively, the largest component of which was one-time and ongoing operating costs of the new San Francisco General Hospital opening in December 2015.

On July 10, 2014 the Board of Supervisors Budget and Finance Committee unanimously approved the Mayor's proposed budget with minor revisions totaling $19 million in fiscal year 2014-15 and $13 million in fiscal year 2015-16. The revisions in fiscal year 2014-15 were funded by $12 million in Committee reductions to the Mayor's budget and $7 million in additional fiscal year 2014-15 state subvention revenue that became available after the state approved its budget. The revisions in fiscal year 2015-16 were funded by $10 million in Committee reductions to the Mayor's budget, increased by an additional $5 million of fiscal year 2014-15 and fiscal year 2015-16 expenditure reductions, and offset by increased expenditure requirements of $2 million primarily from proposed increases to the Children's Fund property tax set-aside.

The Original Budget for fiscal years 2014-15 and 2015-16 totals $8.58 billion and $8.56 billion respectively, representing an increase of fiscal year 2014-15 over fiscal year 2013-14 of $673 million and a decrease from fiscal year 2014-15 to fiscal year 2015-16 of $24 million. The General Fund portion of each year's budget is $4.27 billion in fiscal year 2014-15 and $4.33 billion in fiscal year 2015-16 representing consecutive increases of $321 million and $60 million. There are 28,435 funded full time positions in the fiscal year 2014-15 Original Budget and 29,058 in the fiscal year 2015-16 Original Budget representing increases of 766 and 622 positions, respectively.

The budget for fiscal years 2014-15 and 2015-16 adheres to the City's policy limiting the use of certain nonrecurring revenues to nonrecurring expenses proposed by the Controller's Office and approved unanimously by the Board of Supervisors on November 22, 2011. The policy was approved by the Mayor on December 1, 2011 and can only be suspended for a given fiscal year by a two-thirds vote of the Board. Specifically, this policy limited the Mayor and Board's ability to use for operating expenses the following nonrecurring revenues: extraordinary year-end General Fund balance (defined as General Fund prior year unassigned fund balance before deposits to the Rainy Day Reserve or Budget Stabilization Reserve in excess of the average of the previous five years), the General Fund share of revenues from prepayments provided under long-term leases, concessions, or contracts, otherwise unrestricted revenues from legal judgments and settlements, and other unrestricted revenues from the sale of land or other fixed assets. Under the policy, these nonrecurring revenues may only be used for nonrecurring expenditures that do not create liability for or expectation of substantial ongoing costs, including but not limited to: discretionary funding of reserves, acquisition of capital equipment, capital projects included in the City's capital plans, development of affordable housing, and discretionary payment of pension, debt or other long term obligations.

Other Budget Updates

On February 10, 2015, the Controller's Office issued the Six-Month Report which projected the General Fund would end fiscal year 2014-15 with a balance of $256.5 million. This represents a $21.6 million improvement from the previously assumed ending balance of the adopted budget. The fund balance projection includes $158.7 million in prior year ending fund balance, a projected $96.9 million revenue surplus, $34.2 million from departmental cost savings, offset by $23 million in increased reserve deposits and $10.3 million in increased contributions to baselines. The general revenue improvements are driven primarily by a significant increase in property transfer tax revenues, as well as hotel and business tax receipts higher than budgeted levels. The Nine-Month Budget Status Report, to be published in May 2015, will provide updated projections.

Impact of the State of California Budget on Local Finances

Revenues from the State represent approximately 16% of the General Fund revenues appropriated in the budget for fiscal years 2014-15 and 2015-16, and thus changes in State revenues could have a significant impact on the City's finances. In a typical year, the Governor releases two primary proposed budget documents: 1) the Governor's Proposed Budget required to be submitted in January; and 2) the "May Revise" to the Governor's Proposed Budget. The Governor's Proposed Budget is then considered and typically revised by the State Legislature. Following that process, the State Legislature adopts, and the Governor signs, the State budget. City policy makers review and estimate the impact of both the Governor's Proposed and May Revise Budgets prior to the City adopting its own budget.

On July 10, 2014, Governor Brown signed the fiscal year 2014-15 California State budget into law. Consistent with the statewide economic recovery spending in fiscal year 2014-15 is set to increase by 7% over fiscal year 2013-14, including a $1.6 billion deposit to the newly created Rainy Day Reserve. The budget includes payments of local mandate debt if sales tax revenue exceeds set thresholds. Additional uncertainty remains related to the implementation of national health care reform (the Affordable Care Act, or ACA). The State's budget estimates State savings of $725 million annually beginning in FY 2014-15. The savings are achieved by reducing realignment funding to county health departments of which the City's share is $17 million. State savings estimates assume that costs for the care of uninsured will decrease as a result of the ACA, offsetting the impact of reduced realignment funding. The timing and extent to which reduced subventions will be offset by increased insurer reimbursements is not certain at this time, and budget adjustments may be required should the Mayor and the Board of Supervisors wish to backfill lost revenue and increased costs.

On January 9, 2015, the Governor released the 2015-16 Proposed State Budget, which projects fiscal year 2014-15 General Fund revenues and transfers of $108.0 billion, total expenditures of $111.7 billion and a year-end surplus of $1.4 billion (inclusive of the $5.1 billion fund balance in the State's General Fund from fiscal year 2013-14), of which $971 million would be reserved for the liquidation of encumbrances and $452 million would be deposited in a reserve for economic uncertainties. As required by the fiscal year 2014-15 California State budget, the Governor is proposing to pay local governments $533 million for pre-2004 mandate debt. of which $17 million is estimated to be received by the City. The Governor also proposed increases of $150 million and $240 million in fiscal years 2014-15 and 2015-16, respectively, for county Medi-Cal administration. The proposed budget estimates that counties will save $724.9 million and $698.2 million in fiscal years 2014-15 and 2015-16, respectively, in indigent health care costs under the ACA, all of which will be redirected to fund CalWORKs grant increases. The proposed budget also describes certain factors threatening the continuation of the In Home Supportive Services Maintenance of Effort ("MOE") negotiated by counties with the State in 2012. In fiscal year 2013-14, the county share of the MOE was approximately $1 billion. The Governor will release a revised budget in May, at which time the City will evaluate the May revision to determine its impact on the City's finances.

Impact of Federal Budget Tax Increases and Expenditure Reductions on Local Finances

On December 26, 2013, the President signed a two-year federal budget. The budget partially repeals sequester-related budget cuts for Fiscal Years 2013-14 and 2014-15. The Controller's Office will continue to monitor federal budget changes and provide updates on City financial impacts as necessary in quarterly budget updates.

Budgetary Reserves

Under the Charter, the Treasurer, upon recommendation of the City Controller, is authorized to transfer legally available moneys to the City's operating cash reserve from any unencumbered funds then held in the City's pooled investment fund. The operating cash reserve is available to cover cash flow deficits in various City funds, including the City's General Fund. From time to time, the Treasurer has transferred unencumbered moneys in the pooled investment fund to the operating cash reserve to cover temporary cash flow deficits in the General Fund and other City funds. Any such transfers must be repaid within the same fiscal year in which the transfer was made, together with interest at the rate earned on the pooled funds at the time the funds were used. The City has not issued tax and revenue anticipation notes to finance short-term cash flow needs since fiscal year 1996-97. See "INVESTMENT OF CITY FUNDS – Investment Policy" herein.

The financial policies passed on April 13, 2010 codified the current practice of maintaining an annual General Reserve to be used for current-year fiscal pressures not anticipated during the budget process. The policy set the reserve equal to 1% of budgeted regular General Fund revenues in fiscal year 2012-13 and increasing by 0.25% each year thereafter until reaching 2% of General Fund revenues in fiscal year 2016-17. The Original Budget for fiscal years 2014-15 and 2015-16 includes starting balances of $58 million and $70 million for the General Reserve for fiscal years 2014-15 and 2015-16, respectively. On December 16, 2014, the Board of Supervisors adopted financial policies to further increase the City's General Reserve from 2% to 3% of General Fund revenues between FY 2017-18 and FY 2020-21 while reducing the required deposit to 1.5% of General Fund revenues during economic downturns. The intent of this policy change is to increase reserves available during a multi-year downturn.

In addition to the operating cash and general reserves the City maintains two types of reserves to offset unanticipated expenses and which are available for appropriation to City departments by action of the Board of Supervisors. These include the Salaries and Benefit Reserve (Original Budget for fiscal years 2014-15 and 2015-16 includes $17 million in fiscal year 2014-15 and $18 million in fiscal year 2015-16), and the Litigation Reserve (Original Budget for fiscal years 2014-15 and 2015-16 includes $17 million in fiscal year 2014-15 and $16 million in fiscal year 2015-16). Balances in both reflect new appropriations to the reserves and do not include carry-forward of prior year balances. The Charter also requires set asides of a portion of departmental expenditure savings in the form of a citywide Budget Savings Incentive Reserve and a Recreation and Parks Budget Savings Incentive Reserve.

The City also maintains Rainy Day and Budget Stabilization reserves whose balances carry-forward annually and whose use is allowed under select circumstances described below.

Rainy Day Reserve

In November 2003, City voters approved the creation of the City's Rainy Day Reserve into which the previous Charter-mandated cash reserve was incorporated. Charter Section 9.113.5 requires that if the Controller projects total General Fund revenues for the upcoming budget year will exceed total General Fund revenues for the current year by more than five percent, then the City's budget shall allocate the anticipated General Fund revenues in excess of that five percent growth into the following two accounts within the Rainy Day Reserve and for other lawful governmental purposes.

50 percent of the excess revenues to the Rainy Day Economic Stabilization account;
25 percent of the excess revenues to the Rainy Day One-Time or Capital Expenditures account; and
25 percent of the excess revenues to any lawful governmental purpose.

Fiscal year 2013-14 revenue exceeded the deposit threshold by $86 million generating a deposit of $64 million to the Rainy Day Reserve composed of $43 million to the Economic Stabilization account and $21 million to the One-Time Capital Expenditures account. The fiscal year 2014-15 and 2015-16 budgets do not anticipate deposits to the Rainy Day Reserve.

Deposits to the Rainy Day Reserve's Economic Stabilization account are subject to a cap of 10% of actual total General Fund revenues as stated in the City's most recent independent annual audit. Amounts in excess of that cap in any year will be allocated to capital and other one-time expenditures. Monies in the Rainy Day Reserve's Economic Stabilization account are available to provide a budgetary cushion in years when General Fund revenues are projected to decrease from prior-year levels (or, in the case of a multi-year downturn, the highest of any previous year's total General Fund revenues). Monies in the Rainy Day Reserve's One-Time or Capital Expenditures account are available for capital and other one-time spending initiatives. Withdrawals of $12 million and $3 million from the One-Time Capital Expenditures account are budgeted in fiscal years 2014-15 and 2015-16 respectively leaving a balance of $8 million at the end of fiscal year 2015-16.

If the Controller projects that per-pupil revenues for the SFUSD will be reduced in the upcoming budget year, the Board of Supervisors and Mayor may appropriate funds from the Rainy Day Economic Stabilization account to the SFUSD. This appropriation may not exceed the dollar value of the total decline in school district revenues, or 25% of the account balance, whichever is less. The fiscal year 2013-14 year-end balance of the Rainy Day Reserve's Economic Stabilization Account is $60 million. The fiscal year 2014-15 budget includes an allocation of $11 million to the SFUSD leaving a balance of $49 million.

Effective January 1, 2015, Proposition C passed by the voters in November 2014, divides the existing Rainy Day Economic Stabilization Account into a City Rainy Day Reserve ("City Reserve") and a School Rainy Day Reserve ("School Reserve") with each reserve account receiving 50% of the January 1, 2015 balance. Beginning in fiscal year 2015- 16, 25% of Rainy Day Reserve deposits will go to the School Reserve and 75% will go to the City Reserve. No withdrawals or deposits from the City Reserve are included in the Original Budget for fiscal year 2014-15 or fiscal year 2015-16 leaving a City Reserve budgeted balance of $25 million at the end of FY 2015-16.

Budget Stabilization Reserve

On April 13, 2010, the Board of Supervisors unanimously approved the Controller's proposed financial policies on reserves and the use of certain volatile revenues. The policies were approved by the Mayor on April 30, 2010, and can only be suspended for a given fiscal year by a two-thirds vote of the Board. With these policies the City created two additional types of reserves: General Reserve, described above, and the Budget Stabilization Reserve.

The Budget Stabilization Reserve augments the existing Rainy Day Reserve and is funded through the dedication of 75% of certain volatile revenues, including Real Property Transfer Tax (RPTT) receipts in excess of the five-year annual average (controlling for the effect of any rate increases approved by voters), funds from the sale of assets, and year-end unassigned General Fund balances beyond the amount assumed as a source in the subsequent year's budget.

Fiscal year 2013-14 RPTT receipts exceeded the five-year annual average by $44 million and ending general fund unassigned fund balance was $56 million, triggering a $75 million deposit. However, this deposit requirement was partially offset by the Rainy Day Reserve deposit of $64 million, resulting in a required deposit of $11 million and bringing the fiscal year 2013-14 Budget Stabilization Reserve ending balance to $132 million. The fiscal year 2014-15 and fiscal year 2015-16 budgets project deposits of $28 million and $4 million, respectively, as a result of projected RPTT receipts in excess of the five-year annual average, bringing the projected ending balance in fiscal year 2015-16 to $165 million. The Controller's Office will determine final deposits in October of each year based on actual receipts during the prior fiscal year.

The maximum combined value of the Rainy Day Reserve and the Budget Stabilization Reserve is 10% of General Fund revenues, which would be approximately $389 million for fiscal year 2014-15. No further deposits will be made once this cap is reached, and no deposits are required in years when the City is eligible to withdraw. The Budget Stabilization Reserve has the same withdrawal requirements as the Rainy Day Reserve, however, there is no provision for allocations to the SFUSD. Withdrawals are structured to occur over a period of three years: in the first year of a downturn, a maximum of 30% of the combined value of the Rainy Day Reserve and Budget Stabilization Reserve could be drawn; in the second year, the maximum withdrawal is 50%; and, in the third year, the entire remaining balance may be drawn.

THE SUCCESSOR AGENCY

As described below, the Successor Agency was established by the Board of Supervisors of the City following dissolution of the former San Francisco Redevelopment Agency (the "Former Agency") pursuant to the Dissolution Act. Within City government, the Successor Agency is titled "The Office of Community Investment and Infrastructure as the Successor to the San Francisco Redevelopment Agency." Set forth below is a discussion of the history of the Former Agency and the Successor Agency, the governance and operations of the Successor Agency and its powers under the Redevelopment Law and the Dissolution Act, and the limitations thereon.

The Successor Agency maintains a website as part of the City's website. The information on such websites is not incorporated herein by reference.

Authority and Personnel

The powers of the Successor Agency are vested in its governing board (the "Successor Agency Commission"), referred to within the City as the "Commission on Community Investment and Infrastructure," which has five members who are appointed by the Mayor of the City with the approval of the Board of Supervisors. Members are appointed to staggered four-year terms (provided that two members have initial two-year terms). Once appointed, members serve until replaced or reappointed.

The Successor Agency currently employs approximately 50.6 full-time equivalent positions. The Executive Director, Tiffany Bohee, was appointed to that position in February 2012. The other principal full-time staff positions are the Deputy Executive Director, Community and Economic Development; the Deputy Executive Director, Finance and Administration; the Deputy Executive Director, Housing; and the Successor Agency General Counsel. Each project area in which the Successor Agency continues to implement redevelopment plans, is managed by a Project Manager. There are separate staff support divisions with real estate and housing development specialists, architects, engineers and planners, and the Successor Agency has its own fiscal, legal, administrative and property management staffs, including a separate staff to manage the South Beach Harbor Marina.

Effect of the Dissolution Act

AB 26 and AB 27. The Former Agency was established under the Community Redevelopment Law in 1948. The Former Agency was established under the Redevelopment Law in 1948. As a result of AB 1X 26 and the decision of the California Supreme Court in the *California Redevelopment Association* case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies and also to satisfy "enforceable obligations" of the former redevelopment agency all under the supervision of a new oversight board, the State Department of the Finance and the State Controller.

Pursuant to Resolution No. 11-12 (the "Establishing Resolution") adopted by the Board of Supervisors of the City on January 24, 2012 and signed by the Mayor on January 26, 2012, and Sections 34171(j) and 34173 of the Dissolution Act, the Board of Supervisors of the City confirmed the City's role as successor to the Former Agency. On June 27, 2012, the Redevelopment Law was amended by AB 1484, which clarified that successor agencies are separate political entities and that the successor agency succeeds to the organizational status of the former redevelopment agency but without any legal authority to participate in redevelopment activities except to complete the work related to an approved enforceable obligation.

Pursuant to Ordinance No. 215-12 passed by the Board of Supervisors of the City on October 2, 2012 and signed by the Mayor on October 4, 2012, the Board of Supervisors (i) officially gave the following name to the Successor Agency: the "Successor Agency to the Redevelopment Agency of the City and County of San Francisco," (ii) created the Successor Agency Commission as the policy body of the Successor Agency, (iii) delegated to the Successor Agency Commission the authority to act in place of the Former Agency Commission to implement the surviving redevelopment projects, the replacement housing obligations and other enforceable obligations of the Former Agency and the authority to take actions that AB 26 and AB 1484 require or allow on behalf of the Successor Agency and (iv) established the composition and terms of the members of the Successor Agency Commission.

As discussed below, many actions of the Successor Agency are subject to approval by an "oversight board" and the review or approval by the California Department of Finance, including the issuance of bonds such as the Bonds.

Oversight Board

The Oversight Board was formed pursuant to Establishing Resolution adopted by the City's Board of Supervisors and signed by the Mayor on January 26, 2012. The Oversight Board is governed by a seven-member governing board, with four members appointed by the Mayor, and one member appointed by each of the Bay Area Rapid Transit District (BART), the Chancellor of the California Community Colleges, and the County Superintendent of Education.

Department of Finance Finding of Completion

The Dissolution Act established a process for determining the liquid assets that redevelopment agencies should have shifted to their successor agencies when they were dissolved, and the amount that should be available for remittance by the successor agencies to their respective county auditor-controllers for distribution to affected taxing entities within the project areas of the former redevelopment agencies. This determination process was required to be completed through the final step (review by the State Department of Finance) by November 9, 2012 with respect to affordable housing funds and by April 1, 2013 with respect to non-housing funds. Within five business days of receiving notification from the State Department of Finance, a successor agency must remit to the county auditor-controller the amount of unobligated balances determined by the State Department of Finance, or it may request a meet and confer with the State Department of Finance to resolve any disputes.

On May 23, 2013, the Successor Agency promptly remitted to the City Controller the amounts of unobligated balances relating to affording housing funds, determined by the State Department of Finance in the amount of $10,577,932, plus $1,916 in interest. On May 23, 2013, the Successor Agency promptly remitted to the City Controller the amount of unobligated balances relating to all other funds determined by the State Department of Finance in the amount of $959,147. The Successor Agency has made all payments required under AB 1484 and has received its finding of completion from the State Department of Finance on May 29, 2013.

State Controller Asset Transfer Review

The Dissolution Act requires that any assertion of a former redevelopment agency transferred to a city, county or other local agency after January 1, 2011, be sent back to the successor agency. The Dissolution Act further requires that the State Controller review any such transfer. As of the date hereof, the Controller's review is pending. The Successor Agency does not expect the outcome of the State Controller's Asset Transfer Review to have a material adverse impact on the availability of Tax Revenues.

Continuing Activities

The Former Agency was organized in 1948 by the Board of Supervisors of the City pursuant to the Redevelopment Law. The Former Agency's mission was to eliminate physical and economic blight within specific geographic areas of the City designated by the Board of Supervisors. The Former Agency had redevelopment plans for nine (9) redevelopment project areas.

Because of the existence of enforceable obligations, the Successor Agency is authorized to continue to implement, through the issuance of tax allocation bonds, four major redevelopment projects that were previously administered by the Former Agency: (i) the Mission Bay North and South Redevelopment Project Areas, (ii) the Hunters Point Shipyard Redevelopment Project Area and Zone 1 of the Bayview Redevelopment Project Area, and (iii) the Transbay Redevelopment Project Area (collectively, the "Major Approved Development Projects"). In addition, the Successor Agency continues to manage Yerba Buena Gardens and other assets within the former Yerba Buena Center Redevelopment Project Area ("YBC"). The Successor Agency exercises land use, development and design approval authority for the Major Approved Development Projects and manages the former Redevelopment Agency assets in YBC in place of the Former Agency.

PROPERTY TAXATION

Property Taxation System – General

The City receives approximately one-third of its total General Fund operating revenues from local property taxes. Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the City. The City levies property taxes for general operating purposes as well as for the payment of voter-approved bonds. As a county under State law, the City also levies property taxes on behalf of all local agencies with overlapping jurisdiction within the boundaries of the City.

Local property taxation is the responsibility of various City officers. The Assessor computes the value of locally assessed taxable property. After the assessed roll is closed on June 30th, the City Controller issues a Certificate of Assessed Valuation in August which certifies the taxable assessed value for that fiscal year. The Controller also compiles a schedule of tax rates including the 1.0% tax authorized by Article XIII A of the State Constitution (and mandated by statute), tax surcharges needed to repay voter-approved general obligation bonds, and tax surcharges imposed by overlapping jurisdictions that have been authorized to levy taxes on property located in the City. The Board of Supervisors approves the schedule of tax rates each year by ordinance adopted no later than the last working day of September. The Treasurer and Tax Collector prepare and mail tax bills to taxpayers and collect the taxes on behalf of the City and other overlapping taxing agencies that levy taxes on taxable property located in the City. The Treasurer holds and invests City tax funds, including taxes collected for payment of general obligation bonds, and is charged with payment of principal and interest on such bonds when due. The State Board of Equalization assesses certain special classes of property, as described below. See "Taxation of State-Assessed Utility Property" below.

Assessed Valuations, Tax Rates and Tax Delinquencies

Table A-5 provides a recent history of assessed valuations of taxable property within the City. The property tax rate is composed of two components: 1) the 1.0% countywide portion, and 2) all voter-approved overrides which fund debt service for general obligation bond indebtedness. The total tax rate shown in Table A-5 includes taxes assessed on behalf of the City as well as SFUSD, SFCCD, the Bay Area Air Quality Management District ("BAAQMD"), and the San Francisco Bay Area Rapid Transit District ("BART"), all of which are legal entities separate from the City. See also, Table A-26: "Statement of Direct and Overlapping Debt and Long-Term Obligations" below. In addition to *ad valorem* taxes, voter-approved special assessment taxes or direct charges may also appear on a property tax bill.

Additionally, although no additional rate is levied, a portion of property taxes collected within the City is allocated to the Successor Agency (also known as the Office of Community Investment and Infrastructure or OCII). Property tax revenues attributable to the growth in assessed value of taxable property (known as "tax increment") within the adopted redevelopment project areas may be utilized by OCII to pay for outstanding and enforceable obligations, causing a loss of tax revenues from those parcels located within project areas to the City and other local taxing agencies, including SFUSD and SFCCD. Taxes collected for payment of debt service on general obligation bonds are not affected or diverted. The Successor Agency received $132 million of property tax increment in fiscal year 2013-14, diverting about $75 million that would have otherwise been apportioned to the City's discretionary general fund.

The percent collected of property tax (current year levies excluding supplementals) was 98.83% for fiscal year 2013-14. This table has been modified from the corresponding table in previous disclosures in order to make the levy and collection figures consistent with statistical reports provided to the State of California. Foreclosures, defined as the number of trustee deeds recorded by the Assessor-Recorder's Office, numbered 187 for fiscal year 2013-14 compared to 363 for fiscal year 2012-13, 802 in fiscal year 2011-12, 927 in fiscal year 2010-11, and 901 in fiscal year 2009-10. This represents 0.09%, 0.18%, 0.39%, 0.46%, and 0.45%, respectively, of total parcels in such fiscal years.

TABLE A-5

CITY AND COUNTY OF SAN FRANCISCO
Assessed Valuation of Taxable Property
Fiscal Years 2010-11 through 2014-15
($000s)

Fiscal Year	Net Assessed Valuation (NAV) [1]	% Change from Prior Year	Total Tax Rate per $100 [2]	Total Tax Levy [3]	Total Tax Collected [3]	% Collected June 30
2010-11	$157,865,981	5.1%	1.164	$1,888,048.26	$1,849,460.12	97.96%
2011-12	158,649,888	0.5%	1.172	1,918,680	1,883,666	98.18%
2012-13	165,043,120	4.0%	1.169	1,997,645	1,970,662	98.65%
2013-14	172,489,208	4.5%	1.188	2,138,245	2,113,284	98.83%
2014-15	181,809,981	5.4%	1.174	2,134,995	n/a	n/a

[1] Based on preliminary assessed valuations for FY 2014-15. Net Assessed Valuation (NAV) is Total Assessed Value for Secured and Unsecured Rolls, less Non-reimbursable Exemptions and Homeowner Exemptions.
[2] Annual tax rate for unsecured property is the same rate as the previous year's secured tax rate.
[3] The Total Tax Levy and Total Tax Collected through FY 2013-14 is based on year-end current year secured and unsecured levies as adjusted through roll corrections, excluding supplemental assessments, as reported to the State of California (available on the website of the California State Controller's Office).
Total Tax Levy for FY 2014-15 is based on NAV times the 1.1743% tax rate.

Note: This table has been modified from the corresponding table in previous bond disclosures to make levy and collection figures consistent with statistical reports provided to the State of California.

Source: Office of the Controller, City and County of San Francisco.

At the start of fiscal year 2014-15, the total net assessed valuation of taxable property within the City is $181.8 billion. Of this total, $171.1 billion (94.1%) represents secured valuations and $10.7 billion (5.9%) represents unsecured valuations. (See "Tax Levy and Collection" below, for a further discussion of secured and unsecured property valuations.)

Proposition 13 limits to 2% per year any increase in the assessed value of property, unless it is sold or the structure is improved. The total net assessed valuation of taxable property therefore does not generally reflect the current market value of taxable property within the City and is in the aggregate substantially less than current market value. For this same reason, the total net assessed valuation of taxable property lags behind changes in market value and may continue to increase even without an increase in aggregate market values of property.

Under Article XIIIA of the State Constitution added by Proposition 13 in 1978, property sold after March 1, 1975 must be reassessed to full cash value at the time of sale. Every year, some taxpayers appeal the Assessor's determination of their properties' assessed value, and some of the appeals may be retroactive and for multiple years. The State prescribes the assessment valuation methodologies and the adjudication process that counties must employ in connection with counties' property assessments.

The City typically experiences increases in assessment appeals activity during economic downturns and decreases in appeals as the economy rebounds. Historically, during severe economic downturns, partial reductions of up to approximately 30% of the assessed valuations appealed have been granted. Assessment appeals granted typically result in revenue refunds, and the level of refund activity depends on the unique economic circumstances of each fiscal year. Other taxing agencies such as SFUSD, SFCCD, BAAQMD, and BART share proportionately in the rest of any refunds paid as a result of successful appeals. To mitigate the financial risk of potential assessment appeal refunds, the City funds appeal reserves for its share of estimated property tax revenues for each fiscal year. In addition, appeals activity is reviewed each year and incorporated into the current and subsequent years' budget projections of property tax revenues. Refunds of prior years' property taxes from the discretionary General Fund appeal reserve fund for fiscal years 2009-10 through 2013-14 are listed in Table A-6 below.

TABLE A-6

CITY AND COUNTY OF SAN FRANCISCO
Refunds of Prior Years' Property Taxes
General Fund Assessment Appeals Reserve
(000s)

Year Ended	Amount Refunded
June 30, 2010	$14,015
June 30, 2011	41,730
June 30, 2012	53,288
June 30, 2013	36,744
June 30, 2014	25,756

Source: Office of the Controller, City and County of San Francisco.

As of July 1, 2014, the Assessor granted 10,726 temporary reductions in property assessed values worth a total of $640.3 million (equating to a reduction of about $3.6 million in general fund taxes), compared to 18,409 temporary reductions with a value of $2.02 billion (equating to a reduction of about $11.4 million in discretionary general fund taxes) granted in Spring 2013. The 2014 $640.3 million temporary reduction total represented 0.35% of the fiscal year 2014-15 Net Assessed Valuation of $181.8 billion shown in Table A-5. All of the temporary reductions granted are subject to review in the following year. Property owners who are not satisfied with the valuation shown on a Notice of Assessed Value may have a right to file an appeal with the Assessment Appeals Board (AAB) within a certain period of time. For regular, annual secured property tax assessments, the time period for property owners to file an appeal typically falls between July 2nd and September 15th.

As of June 30, 2014, the total number of open appeals before the Assessment Appeals Board (AAB) was 6,279, compared to 7,421 open AAB appeals as of June 30, 2013, including 5,051 filed since July 1, 2013, with the balance pending from prior fiscal years. The difference between the current assessed value and the taxpayers' opinion of values for the open AAB appeals is $27.9 billion. Assuming the City did not contest any taxpayer appeals and the Board upheld all of the taxpayers' requests, this represents a negative potential property tax impact of about $331.1 million (based upon the FY 2013-14 tax rate) with an impact on the General Fund of about $157.7 million. The volume of appeals is not necessarily an indication of how many appeals will be granted, nor of the magnitude of the reduction in assessed valuation that the Assessor may ultimately grant. City revenue estimates take into account projected losses from pending and future assessment appeals.

Tax Levy and Collection

As the local tax-levying agency under State law, the City levies property taxes on all taxable property within the City's boundaries for the benefit of all overlapping local agencies, including SFUSD, SFCCD, the Bay Area Air Quality Management District, and BART. The total tax levy for all taxing entities in fiscal year 2014-15 is estimated to produce about $2.1 billion, not including supplemental, escape, and special assessments that may be assessed during the year. Of this amount, the City has budgeted to receive $935.1 million into the General Fund and $132.0 million into special revenue funds designated for children's programs, libraries and open space. SFUSD and SFCCD are estimated to receive about $130.0 million and $24.5 million, respectively, and the local ERAF is estimated to receive $429.0 million (before adjusting for the State's Triple Flip sales tax and vehicle license fees ("VLF") backfill shifts). The Successor Agency will receive about $131 million. The remaining portion is allocated to various other governmental bodies, various special funds, general obligation bond debt service funds, and other taxing entities. Taxes levied to pay debt service for general obligation bonds issued by the City, SFUSD, SFCCD, and BART may only be applied for that purpose.

General Fund property tax revenues in fiscal year 2013-14 were $1.18 billion, representing an increase of $24.8 million (2.2%) over fiscal year 2013-14 Original Budget and $56.3 million (5.0%) over fiscal year 2012-13 actual revenue. Property tax revenue is budgeted at $1.23 billion in fiscal year 2014-15 representing an increase of $54.7 million (4.6%) over FY 2013-14 actual receipts and $1.29 billion in fiscal year 2015-16 representing an annual increase of $57.6 million (4.7%) over fiscal year 2014-15 budget. Tables A-2 and A-3 set forth a history of budgeted and actual property tax revenues for fiscal years 2011-12 through 2013-14, and budgeted receipts for fiscal years 2014-15 and fiscal year 2015-16.

The City's General Fund is allocated about 48% of total property tax revenue before adjusting for the State's Triple Flip (whereby Proposition 57 dedicated 0.25% of local sales taxes, which were subsequently backfilled by a decrease to the amount of property taxes shifted to ERAF from local governments, thereby leaving the State to fund a like amount from the State's General Fund to meet Proposition 98 funding requirements for schools) and VLF backfill shifts.

Generally, property taxes levied by the City on real property become a lien on that property by operation of law. A tax levied on personal property does not automatically become a lien against real property without an affirmative act of the City taxing authority. Real property tax liens have priority over all other liens against the same property regardless of the time of their creation by virtue of express provision of law.

Property subject to ad valorem taxes is entered as secured or unsecured on the assessment roll maintained by the Assessor-Recorder. The secured roll is that part of the assessment roll containing State-assessed property and property (real or personal) on which liens are sufficient, in the opinion of the Assessor-Recorder, to secure payment of the taxes owed. Other property is placed on the "unsecured roll."

The method of collecting delinquent taxes is substantially different for the two classifications of property. The City has four ways of collecting unsecured personal property taxes: 1) pursuing civil action against the taxpayer; 2) filing a certificate in the Office of the Clerk of the Court specifying certain facts, including the date of mailing a copy thereof to the affected taxpayer, in order to obtain a judgment against the taxpayer; 3) filing a certificate of delinquency for recording in the Assessor-Recorder's Office in order to obtain a lien on certain property of the taxpayer; and 4) seizing and selling personal property, improvements or possessory interests belonging or assessed to the taxpayer. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes. Proceeds of the sale are used to pay the costs of sale and the amount of delinquent taxes.

A 10% penalty is added to delinquent taxes that have been levied on property on the secured roll. In addition, property on the secured roll with respect to which taxes are delinquent is declared "tax defaulted" and subject to eventual sale by the Treasurer and Tax Collector of the City. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of 1.5% per month, which begins to accrue on such taxes beginning July 1 following the date on which the property becomes tax-defaulted.

In October 1993, the Board of Supervisors passed a resolution that adopted the Alternative Method of Tax Apportionment (the "Teeter Plan"). This resolution changed the method by which the City apportions property taxes among itself and other taxing agencies. This apportionment method authorizes the City Controller to allocate to the City's taxing agencies 100% of the secured property taxes billed but not yet collected. In return, as the delinquent property taxes and associated penalties and interest are collected, the City's General Fund retains such amounts. Prior to adoption of the Teeter Plan, the City could only allocate secured property taxes actually collected (property taxes billed minus delinquent taxes). Delinquent taxes, penalties and interest were allocated to the City and other taxing agencies only when they were collected. The City has funded payment of accrued and current delinquencies through authorized internal borrowing. The City also maintains a Tax Loss Reserve for the Teeter Plan as shown on Table A-7.

TABLE A-7

CITY AND COUNTY OF SAN FRANCISCO
Teeter Plan
Tax Loss Reserve Fund Balance
(000s)

Year Ended	Amount Funded
June 30, 2010	$17,507
June 30, 2011	17,302
June 30, 2012	17,980
June 30, 2013	18,341
June 30, 2014	19,654

Source: Office of the Controller, City and County of San Francisco.

Assessed valuations of the aggregate ten largest assessment parcels in the City for the fiscal year beginning July 1, 2014 are shown in Table A-8. The City cannot determine from its assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table.

TABLE A-8

CITY AND COUNTY OF SAN FRANCISCO
Top 10 Parcels Total Assessed Value
Fiscal Year 2014-15
(000s)

Assessee	Location	Parcel Number	Type	Total Assessed Value[1]	% of Basis of Levy[2]
HWA 555 Owners LLC	555 California St	0259 026	Commercial Office	$945,282	0.52%
PPF Paramount One Market Plaza Owner LP	1 Market	3713 007	Commercial Office	774,392	0.42%
Union Investment Real Estate GMBH	555 Mission St	3721 120	Commercial Office	457,498	0.25%
Emporium Mall LLC	845 Market St	3705 056	Commercial Retail	432,617	0.24%
SPF China Basin Holdings LLC	185 Berry St	3803 005	Commercial Office	425,167	0.23%
SHC Embarcadero LLC	4 The Embarcadero	0233 044	Commercial Office	399,011	0.22%
Wells REIT II - 333 Market St LLC	333 Market St	3710 020	Commercial Office	397,044	0.22%
Post-Montgomery Associates	165 Sutter St	0292 015	Commercial Retail	389,025	0.21%
PPF Off One Maritime Plaza LP	300 Clay St	0204 021	Commercial Office	369,052	0.20%
S F Hilton Inc	1 Hilton Square	0325 031	Commercial Hotel	368,599	0.20%
				$4,957,686	2.72%

[1] Represents the Total Assessed Valuation (TAV) as of the Basis of Levy, which exculdes assessments processed during the fiscal year. TAV includes land & improvements, personal property, and fixtures.
[2] The Basis of Levy is total assessed value less exemptions for which the state does not reimburse counties (e.g. those that apply to nonprofit organizations).

Source: Office of the Assessor -Recorder, City and County of San Francisco.

Taxation of State-Assessed Utility Property

A portion of the City's total net assessed valuation consists of utility property subject to assessment by the State Board of Equalization. State-assessed property, or "unitary property," is property of a utility system with components located in many taxing jurisdictions assessed as part of a "going concern" rather than as individual parcels of real or personal property. Unitary and certain other State-assessed property values are allocated to the counties by the State Board of Equalization, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the City itself) according to statutory formulae generally based on the distribution of taxes in the prior year. The fiscal year 2014-15 valuation of property assessed by the State Board of Equalization is $2.72 billion.

OTHER CITY TAX REVENUES

In addition to the property tax, the City has several other major tax revenue sources, as described below. For a discussion of State constitutional and statutory limitations on taxes that may be imposed by the City, including a discussion of Proposition 62 and Proposition 218, see "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES" herein.

The following section contains a brief description of other major City-imposed taxes as well as taxes that are collected by the State and shared with the City.

Business Taxes

Through tax year 2013 businesses in the City were subject to payroll expense and business registration taxes. Proposition E approved by the voters in the November 6, 2012 election changed business registration tax rates and introduced a gross receipts tax which phases in over a five-year period beginning January 1, 2014, replacing the current 1.5% tax on business payrolls over the same period. Overall, the ordinance increases the number and types of businesses in the City that pay business tax and registration fees from approximately 7,500 currently to 15,000. Current payroll tax exclusions will be converted into a gross receipts tax exclusion of the same size, terms and expiration dates.

The payroll expense tax is authorized by Article 12-A of the San Francisco Business and Tax Regulation Code. The 1.5% payroll tax rate in 2013 was adjusted to 1.35% in tax year 2014 and annually thereafter according to gross receipts tax collections to ensure that the phase-in of the gross receipts tax neither results in a windfall nor a loss for the City. The new gross receipts tax ordinance, like the current payroll expense tax, is imposed for the privilege of "engaging in business" in San Francisco. The gross receipts tax will apply to businesses with $1 million or more in gross receipts, adjusted by the Consumer Price Index going forward. Proposition E also imposes a 1.4% tax on administrative office business activities measured by a company's total payroll expense within San Francisco in lieu of the Gross Receipts Tax, and increases annual business registration fees to as much as $35,000 for businesses with over $200 million in gross receipts. Prior to Proposition E, business registration taxes varied from $25 to $500 per year per subject business based on the prior year computed payroll tax liability. Proposition E increased the business registration tax rates to between $75 and $35,000 annually.

Business tax revenue in fiscal year 2013-14 was $563 million, representing an increase of $83 million (17%) over fiscal year 2012-13 revenue. Business tax revenue is budgeted at $573 million in fiscal year 2014-15 representing an increase of $10 million (2%) over fiscal year 2013-14 revenue. In fiscal year 2015-16, Business Tax revenue is budgeted at $599 million, an increase of $25 million (4%) from fiscal year 2014-15 budgeted revenue.

TABLE A-9

CITY AND COUNTY OF SAN FRANCISCO
Business Tax Revenues
Fiscal Years 2011-12 through 2015-16
All Funds
(000s)

Fiscal Year	Revenue	Change	
2011-12	$437,677	$45,898	11.7%
2012-13	480,131	42,454	9.7%
2013-14	563,406	83,275	17.3%
2014-15 budgeted	573,385	9,979	1.8%
2015-16 budgeted	598,835	25,450	4.4%

Includes Payroll Tax, portion of Payroll Tax allocated to special revenue funds for the Community Challenge Grant program, Business Registration Tax, and, beginning in FY 2013-14, Gross Receipts Tax revenues. Figures for FY 2011-12 through FY 2013-14 are audited actuals. Figures for FY 2014-15 and FY 2015-16 are Original Budget amounts.

Source: Office of the Controller, City and County of San Francisco.

Transient Occupancy Tax (Hotel Tax)

Pursuant to the San Francisco Business and Tax Regulation Code, a 14.0% transient occupancy tax is imposed on occupants of hotel rooms and is remitted by hotel operators monthly. A quarterly tax-filing requirement is also imposed. Hotel tax revenue growth is a function of changes in occupancy, average daily room rates (ADR) and room supply. Revenue per available room (RevPAR), the combined effect of occupancy and ADR, reached a historic high of $273 in October of 2014, which is approximately 9% over October of the prior year. Increases in RevPAR are budgeted to continue at a slower pace through fiscal year 2015-16. Including amounts used to pay debt service on hotel tax revenue bonds hotel tax revenue for fiscal year 2013-14 was $313 million, representing a $71 million increase from FY 2012-13 revenue. Fiscal year 2014-15 is budgeted to be $323 million, an increase of $10 million (3%) from FY 2013-14 and FY 2015-16 is budgeted to be $341 million, an increase of $18 million (5%) from FY 2014-15 budget.

San Francisco and a number of other jurisdictions in California and the U.S. are currently involved in litigation with online travel companies regarding the companies' duty to remit hotel taxes on the difference between the wholesale and retail prices paid for hotel rooms. On February 6, 2013, the Los Angeles Superior Court issued a summary judgment concluding that the online travel companies had no obligation to remit hotel tax to San Francisco. The City has received approximately $88 million in disputed hotel taxes paid by the companies. Under State law, the City is required to accrue interest on such amounts. The portion of these remittances that will be retained or returned (including legal fees and interest) will depend on the ultimate outcome of these lawsuits. San Francisco has appealed the judgment against it. That appeal has been stayed pending the California Supreme Court's decision in a similar case between the online travel companies and the City of San Diego.

In fiscal years prior to 2013-14, the allocation of hotel tax revenues was set by the Administrative provisions of the Annual Appropriation Ordinance, and all of the gain or loss in revenue from budgeted levels fell to the General Fund, contributing to the large variances from prior periods. Table A-10 sets forth a history of transient occupancy tax receipts for fiscal years 2011-12 through 2013-14 and budget projections for fiscal year 2014-15 through 2015-16. Beginning in fiscal year 2013-14, hotel tax budgeted in the General Fund in fiscal year 2013-14 increased by $56 million because revenue previously budgeted in special revenue funds is now deposited to the General Fund.

TABLE A -10

CITY AND COUNTY OF SAN FRANCISCO
Transient Occupancy Tax Revenues
Fiscal Years 2011-12 through 2015-16
All Funds
(000s)

Fiscal Year	Tax Rate	Revenue	Change	
2011-12	14.00%	$242,843	$27,331	12.7%
2012-13	14.00%	241,961	(882)	-0.4%
2013-14	14.00%	313,138	71,177	29.4%
2014-15 budgeted	14.00%	323,456	10,318	3.3%
2015-16 budgeted	14.00%	341,134	17,678	5.5%

Figures for FY 2011-12 through FY 2013-14 are audited actuals and include the portion of hotel tax revenue used to pay debt service on hotel tax revenue bonds. Figures for FY 2014-15 and FY 2015-16 are Original Budget amounts.

Source: Office of the Controller, City and County of San Francisco.

Real Property Transfer Tax

A tax is imposed on all real estate transfers recorded in the City. Transfer tax revenue is more susceptible to economic and real estate cycles than most other City revenue sources. Current rates are $5.00 per $1,000 of the sale price of the property being transferred for properties valued at $250,000 or less; $6.80 per $1,000 for properties valued more than $250,000 and less than $999,999; $7.50 per $1,000 for properties valued at $1.0 million to $5.0 million; $20.00 per $1,000 for properties valued more than $5.0 million and less than $10.0 million; and $25 per $1,000 for properties valued at more than $10.0 million.

Real property transfer tax (RPTT) revenue in fiscal year 2013-14 was $262 million, a $29 million (13%) increase from FY 2012-13 revenue. FY 2014-15 RPTT revenue is budgeted to be $235 million, approximately $27 million (10%) less than the revenue received in fiscal year 2013-14 due to the expected slowing of market activity as a result of the decline in real property in inventory. This slowing is budgeted to continue into FY 2015-16 with RPTT revenue budgeted at $220 million, a reduction of $15 million (6%). The volume of transactions in FY 2013-14 is projected to result in a decline in inventory into fiscal year 2014-15 and FY 2015-16.

Table A-11 sets forth a history of real property transfer tax receipts for fiscal years 2011-12 through 2013-14, and budgeted receipts for fiscal years 2014-15 and fiscal year 2015-16.

TABLE A-11

CITY AND COUNTY OF SAN FRANCISCO
Real Property Transfer Tax Receipts
Fiscal Years 2011-12 through 2015-16
(000s)

Fiscal Year	Revenue	Change	
2011-12	233,591	98,407	72.8%
2012-13	232,730	(861)	-0.4%
2013-14	261,925	29,195	12.5%
2014-15 budgeted	235,000	(26,925)	-10.3%
2015-16 budgeted	220,000	(15,000)	-6.4%

Figures for FY 2011-12 through FY 2013-14 are audited actuals. Figures for FY 2014-15 and FY 2015-16 are Original Budget amounts.

Source: Office of the Controller, City and County of San Francisco.

Sales and Use Tax

The State collects the City's local sales tax on retail transactions along with State and special district sales taxes, and then remits the local sales tax collections to the City. The rate of tax is one percent; however, the State takes one-quarter of this, and replaces the lost revenue with a shift of local property taxes to the City from local school district funding. The local sales tax revenue is deposited in the City's General Fund.

Local sales tax collections in fiscal year 2013-14 were $134 million, an increase of $11 million (9%) from FY 2012-13 sales tax revenue. Revenue growth is budgeted to continue during FY 2014-15 with $136 million budgeted, an increase of $2 million (2%) from projected FY 2013-14 receipts. Continued growth is budgeted during FY 2015-16 with an assumption that the strong local economy will generate increased taxable sales across nearly all categories, with particularly strong performance in the construction industry, but at a slower rate to reach $142 million, $6 million (5%) more than FY 2014-15.

Historically, sales tax revenues have been highly correlated to growth in tourism, business activity and population. This revenue is significantly affected by changes in the economy. In recent years online retailers such as Amazon have contributed significantly to sales tax receipts. The budget assumes no changes from state laws affecting sales tax reporting for these online retailers. Sustained growth in sales tax revenue will depend on changes to state and federal law and order fulfillment strategies for online retailers.

Table A-12 reflects the City's actual sales and use tax receipts for fiscal years 2011-12 through 2013-14, and budgeted receipt for fiscal year 2014-15 and 2015-16, as well as the imputed impact of the property tax shift made in compensation for the one-quarter of the sales tax revenue taken by the State.

TABLE A-12

CITY AND COUNTY OF SAN FRANCISCO
Sales and Use Tax Revenues
Fiscal Years 2011-12 through 2015-16
(000s)

Fiscal Year	Tax Rate	City Share	Revenue	Change	
2011-12	8.50%	0.75%	$117,071	$10,769	10.1%
2011-12 adj.[1]	8.50%	1.00%	155,466	14,541	10.3%
2012-13	8.50%	0.75%	122,271	5,200	4.4%
2012-13 adj.[1]	8.50%	1.00%	162,825	7,359	4.7%
2013-14	8.75%	0.75%	133,705	11,434	9.4%
2013-14 adj.[1]	8.75%	1.00%	177,299	14,474	8.9%
2014-15 *budgeted*[2]	8.75%	0.75%	136,080	2,375	1.8%
2014-15 adj.[1] b*udgeted*	8.75%	1.00%	180,370	3,071	1.7%
2015-16 *budgeted*[2]	8.75%	0.75%	142,200	6,120	4.5%
2015-16 adj.[1] b*udgeted*	8.75%	1.00%	188,478	8,108	4.5%

Figures for FY 2011-12 through FY 2013-14 are audited actuals. Figures for FY 2014-15 and FY 2015-16 are Original Budget amounts.

[1]Adjusted figures represent the value of the entire 1.00% local sales tax, which was reduced by 0.25% beginning in FY 2004-05 in order to repay the State's Economic Recovery Bonds as authorized under Proposition 57 in March 2004. This 0.25% reduction is backfilled by the State.

[2]In November 2012 voters approved Proposition 30, which temporarily increases the state sales tax rate by 0.25% effective January 1, 2013 through December 31, 2016. The City share did not change.

Source: Office of the Controller, City and County of San Francisco.

Utility Users Tax

The City imposes a 7.5% tax on non-residential users of gas, electricity, water, steam and telephone services. The Telephone Users Tax ("TUT") applies to charges for all telephone communications services in the City to the extent permitted by Federal and State law, including intrastate, interstate, and international telephone services, cellular telephone services, and voice over internet protocol (VOIP). Telephone communications services do not include Internet access, which is exempt from taxation under the Internet Tax Freedom Act.

Fiscal year 2013-14 Utility User Tax revenues were $87 million, representing a decrease of $5 million (7%) from fiscal year 2012-13 revenue. Fiscal year 2014-15 revenue is budgeted to be $92 million, representing expected growth of $5 million (7%) from fiscal year 2013-14. Fiscal year 2015-16 Utility User Tax revenues are budgeted at $92 million, unchanged from fiscal year 2014-15 budget.

Emergency Response Fee; Access Line Tax

The City imposes an Access Line Tax ("ALT") on every person who subscribes to telephone communications services in the City. The ALT replaced the Emergency Response Fee ("ERF") in 2009. It applies to each telephone line in the City and is collected from telephone communications service subscribers by the telephone service supplier. Access Line Tax revenue for fiscal year 2013-14 was $44 million, a $1 million (2%) increase over the previous fiscal year. In fiscal year 2014-15, the Access Line Tax revenue is budgeted at $43 million, a $1 million (2%) decrease from fiscal year 2013-14 revenue. Fiscal year 2015-16 revenue is budgeted at $44 million a $1 million (2%) increase from fiscal year 2014-15 budget. Budgeted amounts in FY 2014-15 and fiscal year 2015-16 assume annual inflationary increases to the access line tax rate as required under Business and Tax Regulation Code Section 784.

Parking Tax

A 25% tax is imposed on the charge for off-street parking spaces. The tax is authorized by the San Francisco Business and Tax Regulation Code. The tax is paid by the occupants of the spaces, and then remitted monthly to the City by the operators of the parking facilities. Parking tax revenue is positively correlated with business activity and employment, both of which are projected to increase over the next two years as reflected in increases in business and sales tax revenue projections.

Fiscal year 2013-14 Parking Tax revenue was $83 million, $1 million (1%) above fiscal year 2012-13 revenue. Parking tax revenue is budgeted at $85 million in fiscal year 2014-15, an increase of $2 million (2%) over the fiscal year 2013-14. In fiscal year 2015-16, parking tax revenue is budgeted at $87 million, $2 million (3%) over the fiscal year 2014-15 budgeted amount. Parking tax growth estimates are commensurate with expected changes to the consumer price index (CPI) over the same period.

Parking tax revenues are deposited into the General Fund, from which an amount equivalent to 80 percent is transferred to the San Francisco Municipal Transportation Agency for public transit as mandated by Charter Section 16.110.

INTERGOVERNMENTAL REVENUES

State – Realignment

San Francisco receives three groups of allocations of State sales tax and Vehicle License Fee (VLF) revenue: 1991 Health and Welfare Realignment, 2011 Health and Human Services Realignment, and Public Safety Realignment.

1991 Health & Welfare Realignment. The Governor's fiscal year 2013-14 budget assumed savings of $300 million for counties statewide as a result of Affordable Care Act (ACA) implementation, and reduced realignment allocations to counties proportionally to recapture these savings for the state. These realignment reductions are expected to be ongoing and are reflected in fiscal year 2014-15 and 2015-16 budgeted amounts. A reconciliation of county costs is scheduled to take place starting January 2017.

In fiscal year 2013-14, General Fund 1991 realignment revenue was $166 million, a decrease of $9 million (5%) from FY 2012-13 as a result of a $14 million (10%) reduction in sales tax distributions offset by an increase of $5 million (18%) in VLF distributions. The decrease is primarily a result of reduced realignment funding from the AB 85 realignment 'clawback' offset by underlying growth in sales tax and VLF receipts. The realignment 'clawback' is budgeted to remain at the same level during fiscal year 2014-15 and fiscal year 2015-16 with budgeted realignment revenue of $163 million and $169 million, respectively.

2011 Health and Human Services Realignment. Beginning in FY 2011-12, counties received revenue allocations to pay for behavioral health and protective services programs formerly provided by the State. In fiscal year 2014-15 this revenue is budgeted at $97 million, a $7 million (8%) increase from fiscal year 2013-14. This increase includes anticipated growth of $3 million in child welfare services subaccount funding and $1 million of CalWORKs Maintenance of Effort (MOE) funding received by the Human Services Agency, and a $2 million funding increase in community mental health service and $1 million in state alcohol funds received by Department of Public Health. In fiscal year 2015-16 this revenue is budgeted at $99 million, which is primarily comprised of an increase of $2 million from the FY 2014-15 budget in the child protective services subaccount.

Public Safety Realignment. Public Safety Realignment (AB 109), enacted in early 2011, transfers responsibility for supervising certain kinds of felony offenders and state prison parolees from state prisons and parole agents to county jails and probation officers. This revenue is budgeted at $32 million in fiscal year 2014-15, a $2 million (5%) decrease from fiscal year 2013-14. This decrease resulted from projected reductions in both base amounts and growth amounts as the State budget reflects a temporary drop in funding to support implementation of AB109. The fiscal year 2015-16 budget assumes a $4 million (14%) increase from fiscal year 2014-15.

Public Safety Sales Tax

State Proposition 172, passed by California voters in November 1993, provided for the continuation of a one-half percent sales tax for public safety expenditures. This revenue is a function of the City's proportionate share of statewide sales activity. Revenue from this source for fiscal year 2013-14 was $87 million, an increase of $4 million (5%) from fiscal year 2012-13 revenues. This revenue is budgeted at $91 million in fiscal year 2014-15 and $95 million in fiscal year 2015-16, representing annual growth of $5 million (5%) and $4 million (4%) respectively. These revenues are allocated to counties by the State separately from the local one-percent sales tax discussed above, and are used to fund police and fire services. Disbursements are made to counties based on the county ratio, which is the county's percent share of total statewide sales taxes in the most recent calendar year. The county ratio for San Francisco in fiscal year 2013-14 is 3% and is expected to remain at that level in fiscal year 2014-15 and fiscal year 2015-16.

Other Intergovernmental Grants and Subventions

In addition to those categories listed above, $476 million is budgeted in fiscal year 2014-15 from grants and subventions from State and federal governments to fund public health, social services, and other programs in the General Fund. This represents a $53 million (12%) increase from fiscal year 2013-14. The fiscal year 2015-16 budget is $481 million, an increase of $4 million (1%) from fiscal year 2014-15 Original Budget.

Charges for Services

Revenue from charges for services in the General Fund in fiscal year 2013-14 was $172 million, an increase of $19 million (13%) from fiscal year 2012-13 revenue. Charges for services revenue is budgeted at $201 million in fiscal year 2014-15 and $190 million in fiscal year 2015-16, representing growth of $29 million (17%) and a reduction of $10 million (5%) respectively from prior year.

Fiscal year 2014-15 growth reflects the following one-time revenues; (1) $17 million in Public Health from a reallocation of Healthy San Francisco to the General Fund from San Francisco General Hospital; (2) $7 million in Planning Department revenue, primarily from a one-time reduction in permit application backlogs and the expected increase in construction permit fees; (3) $5 million in additional Fire Department revenue, including $4 million in additional revenue from charges for providing services to the Presidio, which had previously been budgeted as an expenditure recovery, $3 million in additional prior-year Ground Emergency Medical Transit (GEMT) revenue, and a $1 million increase in plan check and inspection fees. These increases are offset by a $4 million ongoing reduction in expected ambulance fees; and (4) $5 million in Recreation and Park revenue, primarily from one-time events and including $2 million from the disposition of assets from Candlestick Park. Fiscal year 2015-16 reduction reflects the following changes; (1) $2 million less in Recreation and Park revenue, primarily due to the elimination of one-time revenue gains expected in FY 2014-15 from Candlestick Park; (2) $2 million less in Planning Department revenue due to the elimination of one-time revenue gains from the FY 2014-15 backlog reduction; and (3) $6 million less in Fire Department revenue due to the elimination of prior-year GEMT revenue in the form of ambulance fees.

CITY GENERAL FUND PROGRAMS AND EXPENDITURES

Unique among California cities, San Francisco as a charter city and county must provide the services of both a city and a county. Public services include police, fire and public safety; public health, mental health and other social services; courts, jails, and juvenile justice; public works, streets, and transportation, including port and airport; construction and maintenance of all public buildings and facilities; water, sewer, and power services; parks and recreation; libraries and cultural facilities and events; zoning and planning, and many others. Employment costs are relatively fixed by labor and retirement agreements, and account for approximately 50% of all City expenditures. In addition, the Charter imposes certain baselines, mandates, and property tax set-asides, which dictate expenditure or service levels for certain programs, and allocate specific revenues or specific proportions thereof to other programs, including MTA, children's services and public education, and libraries. Budgeted baseline and mandated funding is $706 million in fiscal year 2014-15 and $725 million in fiscal year 2015-16.

General Fund Expenditures by Major Service Area

San Francisco is a consolidated city and county, and budgets General Fund expenditures for both city and county functions in seven major service areas described in table A-13:

TABLE A-13

CITY AND COUNTY OF SAN FRANCISCO
Expenditures by Major Service Area
Fiscal Years 2011-12 through 2015-16
(000s)

Major Service Areas	FY 2011-12 Original Budget	FY 2012-13 Original Budget	FY 2013-14 Original Budget	FY 2014-15 Original Budget	FY 2015-16 Original Budget
Public Protection	$998,237	$1,058,689	$1,130,932	$1,173,977	$1,190,234
Human Welfare & Neighborhood Development	672,834	670,375	700,254	799,355	814,586
Community Health	575,446	609,892	701,978	736,916	733,506
General Administration & Finance	199,011	197,994	244,591	293,107	293,686
Culture & Recreation	100,740	111,066	119,579	126,932	121,579
General City Responsibilities	110,725	145,560	137,025	158,180	146,460
Public Works, Transportation & Commerce	51,588	67,529	80,797	127,973	129,991
Total*	$2,708,581	$2,861,106	$3,115,155	$3,416,440	$3,430,042

*Total may not add due to rounding

Source: Office of the Controller, City and County of San Francisco.

Public Protection primarily includes the Police Department, the Fire Department, and the Sheriff's Office. These departments are budgeted to receive $411 million, $222 million and $150 million of General Fund support respectively in fiscal year 2014-15 and $416 million, $223 million, and $153 million respectively in fiscal year 2015-16. Within Human Welfare & Neighborhood Development, the Department of Human Services, which includes aid assistance and aid payments and City grant programs, is budgeted to receive $234 million of General Fund support in the fiscal year 2014-15 and $238 million in fiscal year 2015-16.

The Public Health Department is budgeted to receive $614 million in General Fund support for public health programs and the operation of San Francisco General Hospital and Laguna Honda Hospital in fiscal year 2014-15 and $636 million in fiscal year 2015-16.

For budgetary purposes, enterprise funds are characterized as either self-supported funds or General Fund-supported funds. General Fund-supported funds include the Convention Facility Fund, the Cultural and Recreation Film Fund the Gas Tax Fund, the Golf Fund, the Grants Fund, the General Hospital Fund, and the Laguna Honda Hospital Fund. The MTA is classified as a self-supported fund, although it receives an annual general fund transfer equal to 80% of general fund parking tax receipts pursuant to the Charter. This transfer is budgeted to be $68 million in FY 2014-15 and $70 million in FY 2015-16 Original Budget.

Baselines

The Charter requires funding for baselines and other mandated funding requirements. The chart below identifies the required and budgeted levels of appropriation funding for key baselines and mandated funding requirements. Revenue-driven baselines are based on the projected aggregate City discretionary revenues, whereas expenditure-driven baselines are typically a function of total spending.

TABLE A-14

CITY AND COUNTY OF SAN FRANCISCO
Baselines & Set-Asides
Fiscal Years 2014-15 & 2015-16
(Millions)

	FY 2014-15 Required	FY 2014-15 Original	FY 2015-16 Required	FY 2015-16 Original
Municipal Transportation Agency	$180.3	$180.3	$186.3	$186.3
Parking and Traffic Commission	$67.6	$67.6	$69.9	$69.9
Children's Services	$134.1	$148.5	$138.6	$139.2
Library Preservation	$61.6	$61.6	$63.7	$63.7
Public Education Enrichment Funding				
Unified School District	$50.7	$50.7	$56.8	$56.8
First Five Commission	$27.5	$27.5	$28.4	$28.4
City Services Auditor	$14.9	$14.9	$14.8	$14.8
Human Services Homeless Care Fund	$14.9	$14.9	$14.8	$14.8
Property Tax Related Set-Asides				
Municipal Symphony	$2.3	$2.3	$2.4	$2.4
Children's Fund Set-Aside	$51.6	$51.6	$58.7	$58.7
Library Preservation Set-Aside	$43.0	$43.0	$45.3	$45.3
Open Space Set-Aside	$43.0	$43.0	$45.3	$45.3
Staffing and Service-Driven				
Police Minimum Staffing	Requirement likely not met		Requirement likely not met	
Fire Neighborhood Firehouse Funding	Requirement met		Requirement met	
Treatment on Demand	Requirement likely met		Requirement likely met	
Total Baseline Spending	**$691.45**	**$705.83**	**$724.88**	**$725.49**

Source: Office of the Controller, City and County of San Francisco.

With respect to Police Department staffing, the Charter mandates a police staffing baseline of not less than 1,971 full-duty officers. The Charter-mandated baseline staffing level may be reduced in cases where civilian hires result in the return of a full-duty officer to active police work. The Charter also provides that the Mayor and Board of Supervisors may convert a position from a sworn officer to a civilian through the budget process. With respect to the Fire Department, the Charter mandates baseline 24-hour staffing of 42 firehouses, the Arson and Fire Investigation Unit, no fewer than four ambulances, and four Rescue Captains (medical supervisors).

EMPLOYMENT COSTS; POST-RETIREMENT OBLIGATIONS

The cost of salaries and benefits for City employees represents approximately 50% of the City's expenditures, totaling $4.3 billion in the fiscal year 2014-15 Original Budget (all-funds), and $4.4 billion in the fiscal year 2015-16 Original Budget. Looking only at the General Fund, the combined salary and benefits budget was $2.0 billion in the fiscal year 2014-15 and 2015-16 Original Budgets. This section discusses the organization of City workers into bargaining units, the status of employment contracts, and City expenditures on employee-related costs including salaries, wages, medical benefits, retirement benefits and the City's retirement system, and post-retirement health and medical benefits. Employees of SFUSD, SFCCD and the San Francisco Superior Court are not City employees.

Labor Relations

The City's budget for fiscal years 2014-15 and 2015-16 includes 27,669 and 29,053 budgeted City positions, respectively. City workers are represented by 37 different labor unions. The largest unions in the City are the Service Employees International Union, Local 1021 (SEIU); the International Federation of Professional and Technical Engineers, Local 21(IFPTE); and the unions representing police, fire, deputy sheriffs and transit workers.

The wages, hours and working conditions of City employees are determined by collective bargaining pursuant to State law (the Meyers-Milias-Brown Act, California Government Code Sections 3500-3511) and the Charter. Except for nurses and a few hundred unrepresented employees, the Charter requires that bargaining impasses be resolved through final and binding interest arbitration conducted by a panel of three arbitrators. The award of the arbitration panel is final and binding unless legally challenged. Wages, hours and working conditions of nurses are not subject to interest arbitration, but are subject to Charter-mandated economic limits. Strikes by City employees are prohibited by the Charter. Since 1976, no City employees have participated in a union-authorized strike.

The City's employee selection procedures are established and maintained through a civil service system. In general, selection procedures and other merit system issues, with the exception of discipline, are not subject to arbitration. Disciplinary actions are generally subject to grievance arbitration, with the exception of police, fire and sheriff's employees.

In May 2014, the City negotiated three-year agreements (for fiscal years 2014-15 through 2016-17) with most of its labor unions. In general, the parties agreed to: (1) annual wage increase schedules of 3% (October 11, 2014), 3.25% (October 10, 2015), and between 2.25% and 3.25% depending on inflation (July 1, 2016); and (2) some structural reforms of the City's healthcare benefit and cost-sharing structures to rebalance required premiums between the two main health plans offered by the City. These changes to health contributions build reforms agreed to by most unions during earlier negotiations.

In June 2013, the City negotiated a contract extension with the Police Officers' Association (POA), through June 30, 2018, that includes wage increases of 1% on July 1, 2015; 2% on July 1, 2016; and 2% on July 1, 2017. In addition, the union agreed to lower entry rates of pay for new hires in entry Police Officer classifications. In May 2014, the City negotiated a contract extension with the Firefighters Association through June 30, 2018, which mirrored the terms of POA agreement.

Pursuant to Charter Section 8A.104, the MTA is responsible for negotiating contracts for the transit operators and employees in service-critical bargaining units. These contracts are subject to approval by the MTA Board. In May 2014, the MTA and the union representing the transit operators (TWU, Local 250-A) agreed to a three-year contract that runs through June 30, 2017. Provisions in the contract include 14.25% in wage increases in exchange for elimination of the 7.5% employer retirement pick-up.

Table A-15 shows the membership of each operating employee bargaining unit and the date the current labor contract expires.

TABLE A-15

CITY AND COUNTY OF SAN FRANCISCO (All Funds)
Employee Organizations as of July 1, 2014

Organization	Budgeted Positions	Expiration Date of MOU
Automotive Machinists, Local 1414	429	June 30, 2017
Bricklayers, Local 3/Hod Carriers, Local 36	10	June 30, 2017
Building Inspectors Association	95	June 30, 2017
Carpenters, Local 22	110	June 30, 2017
Carpet, Linoleum & Soft Tile	3	June 30, 2017
CIR (Interns & Residents)	2	June 30, 2017
Cement Masons, Local 580	33	June 30, 2017
Deputy Sheriffs Association	780	June 30, 2017
District Attorney Investigators Association	41	June 30, 2017
Electrical Workers, Local 6	887	June 30, 2017
Glaziers, Local 718	10	June 30, 2017
International Alliance of Theatrical Stage Employees, Local 16	23	June 30, 2017
Ironworkers, Local 377	14	June 30, 2017
Laborers International Union, Local 261	1,027	June 30, 2017
Municipal Attorneys' Association	435	June 30, 2017
Municipal Executives Association	1,172	June 30, 2017
MEA - Police Management	6	June 30, 2018
MEA - Fire Management	9	June 30, 2018
Operating Engineers, Local 3	59	June 30, 2017
City Workers United	127	June 30, 2017
Pile Drivers, Local 34	24	June 30, 2017
Plumbers, Local 38	341	June 30, 2017
Probation Officers Association	157	June 30, 2017
Professional & Technical Engineers, Local 21	4,795	June 30, 2017
Roofers, Local 40	11	June 30, 2017
S.F. Institutional Police Officers Association	2	June 30, 2017
S.F. Firefighters, Local 798	1,737	June 30, 2018
S.F. Police Officers Association	2,502	June 30, 2018
SEIU, Local 1021	11,643	June 30, 2017
SEIU, Local 1021 Staff & Per Diem Nurses	1,616	June 30, 2016
SEIU, Local 1021 H-1 Rescue Paramedics	12	June 30, 2018
Sheet Metal Workers, Local 104	45	June 30, 2017
Sheriff's Managers and Supervisors Association	98	June 30, 2017
Stationary Engineers, Local 39	661	June 30, 2017
Supervising Probation Officers, Operating Engineers, Local 3	24	June 30, 2017
Teamsters, Local 853	162	June 30, 2017
Teamsters, Local 856 (Multi-Unit)	107	June 30, 2017
Teamsters, Local 856 (Supervising Nurses)	122	June 30, 2016
TWU, Local 200 (SEAM multi-unit & claims)	341	June 30, 2017
TWU, Local 250-A Auto Service Workers	117	June 30, 2017
TWU, Local 250-A Transit Fare Inspectors	74	June 30, 2017
TWU-250-A Miscellaneous	97	June 30, 2017
TWU-250-A Transit Operators	2,216	June 30, 2017
Union of American Physicians & Dentists	199	June 30, 2015
Unrepresented Employees	168	June 30, 2015
	32,543 [1]	

[1] Budgeted positions do <u>not</u> include SFUSD, SFCCD, or Superior Court Personnel.

Source: Department of Human Resources - Employee Relations Division, City and County of San Francisco.

San Francisco City and County Employees' Retirement System ("SFERS" or "Retirement System")

History and Administration

SFERS is charged with administering a defined-benefit pension plan that covers substantially all City employees and certain other employees. The Retirement System was initially established by approval of City voters on November 2, 1920 and the California State Legislature on January 12, 1921 and is currently codified in the City Charter. The Charter provisions governing the Retirement System may be revised only by a Charter amendment, which requires an affirmative public vote at a duly called election.

The Retirement System is administered by the Retirement Board consisting of seven members, three appointed by the Mayor, three elected from among the members of the Retirement System, at least two of whom must be actively employed, and a member of the Board of Supervisors appointed by the President of the Board of Supervisors.

To aid in the administration of the Retirement System, the Retirement Board appoints an Executive Director and an Actuary. The Executive Director serves as chief executive officer, with responsibility extending to all divisions of the Retirement System. The Actuary's responsibilities include the production of data and a summary of plan provisions for the independent consulting actuarial firm retained by the Retirement Board to prepare an annual valuation report and other analyses as described below. The independent consulting actuarial firm is currently Cheiron, Inc., a nationally recognized firm selected by the Retirement Board pursuant to a competitive process.

In 2010, the Retirement System filed an application with the Internal Revenue Service ("IRS") for a Determination Letter. In March 2012, IRS issued a favorable Determination Letter for SFERS. Issuance of a Determination Letter constitutes a finding by the IRS that operation of the defined benefit plan in accordance with the plan provisions and documents disclosed in the application qualifies the plan for federal tax exempt status. A tax qualified plan also provides tax advantages to the City and to members of the Retirement System. The favorable Determination Letter included IRS review of all SFERS provisions, including the provisions of Proposition C approved by the City voters in November 2011.

Membership

Retirement System members include eligible employees of the City and County of San Francisco, the San Francisco Unified School District, the San Francisco Community College District, and the San Francisco Trial Courts.

The Retirement System estimates that the total active membership as of July 1, 2014 (the date of most recent valuation report) was 35,957, compared to 34,690 members a year earlier. Active membership includes 5,409 terminated vested members and 1,032 reciprocal members. Terminated vested members are former employees who have vested rights in future benefits from SFERS. Reciprocal members are individuals who have established membership in a reciprocal pension plan such as CalPERS and may be eligible to receive a reciprocal pension from the Retirement System in the future. Retirement allowances are paid to approximately 26,800 retired members and beneficiaries monthly. Benefit recipients include retired members, vested members receiving a vesting allowance, and qualified survivors.

Beginning July 1, 2008, the Retirement System had a Deferred Retirement Option Program (DROP) program for Police Plan members who were eligible and elected participation. The program "sunset" on June 30, 2011. A total of 354 eligible Police Plan members elected to participate in DROP during the three-year enrollment window. As of June 30, 2014, approximately 10 police officers are still enrolled in the program. All are expected to retire before the end of 2015.

Table A-16 displays total Retirement System participation (City and County of San Francisco, San Francisco Unified School District, San Francisco Community College District, and San Francisco Trial Courts) as of the five most recent actuarial valuation dates.

TABLE A-16

SAN FRANCISCO CITY AND COUNTY
Employees' Retirement System
Fiscal Years 2009 - 10 through 2013 - 14

As of 1-Jul	Active Members	Vested Members	Reciprocal Members	Total Non-retired	Retirees/ Continuants	Active to Retiree Ratio
2011	27,955	4,499	1,021	33,475	24,292	1.151
2012	28,097	4,543	1,015	33,655	25,190	1.115
2013	28,717	4,933	1,040	34,690	26,034	1.103
2014	29,516	5,409	1,032	35,957	26,852	1.099

Sources: SFERS' Actuarial Valuation reports as of July 1, 2014, July 1, 2013, July 1, 2012, July 1, 2011, and July 1, 2010.

Notes: Member counts exclude DROP participants.
Member counts are for the entire Retirement System and include non-City employees.

Funding Practices

The annual actuarial valuation of the Retirement System is a joint effort of the Retirement System and its independent consulting actuarial firm. City Charter prescribes certain actuarial methods and amortization periods to be used by the Retirement System in preparing the actuarial valuation. The Retirement Board adopts the economic and demographic assumptions used in the annual valuations. Demographic assumptions such as retirement, termination and disability rates are based upon periodic demographic studies performed by the consulting actuarial firm approximately every five years. Economic assumptions are reviewed each year by the Retirement Board after receiving an economic experience analysis from the consulting actuarial firm.

At the January 2015 Retirement Board meeting, the consulting actuarial firm recommended that the Board adopt the following economic assumptions for the July 1, 2014 actuarial valuation: long-term investment earnings assumption of 7.50%, long-term wage inflation assumption of 3.75% and long-term consumer price index assumption of 3.25%. After consideration of the analysis and recommendation, the Retirement Board voted to adopt these recommended assumptions.

Upon receipt of the consulting actuarial firm's valuation report, Retirement System staff provides a recommendation to the Retirement Board for their acceptance of the consulting actuary's valuation report. In connection with such acceptance, the Retirement Board acts to set the annual employer contribution rates required by the Retirement System as determined by the consulting actuarial firm and approved by the Retirement Board. This process is mandated by the City Charter.

Pursuant to the City Charter, the consulting actuarial firm and the Retirement Board set the actuarially required employer contribution rate using three related calculations:

First, the normal cost is established for the Retirement System. The normal cost of the Retirement System represents the portion of the actuarial present value of benefits that SFERS will be expected to fund that is attributable to a current year's employment. The Retirement System uses the entry age normal cost method, which is an actuarial method of calculating the anticipated cost of pension liabilities, designed to fund promised benefits over the working careers of the Retirement System members.

Second, the contribution calculation takes account of the amortization of a portion of the amount by which the actuarial accrued liability of the Retirement System exceeds the actuarial value of Retirement System assets, such amount being known as an "unfunded actuarial accrued liability" or "UAAL."

The UAAL can be thought of as a snapshot of the funding of benefits as of the valuation date. There are a number of assumptions and calculation methods that bear on each side of this asset-liability comparison. On the asset side, the actuarial value of Retirement System assets is calculated using a five-year smoothing technique, so that gains or losses in asset value are recognized over that longer period rather than in the immediate time period such gain or loss is identified. On the liability side, assumptions must be made regarding future costs of pension benefits in addition to demographic assumptions regarding the Retirement System members including rates of disability, retirement, and death. When the actual experience of the Retirement System differs from the expected experience, the impacts on UAAL are called actuarial gains or losses. Under the Retirement Board's updated Actuarial Funding Methods Policy any such gain or loss is amortized over a closed 20-year period. Similarly, if the estimated liabilities change due to an update in any of the assumptions, the impact on UAAL is also amortized over a closed 20-year period. Prior to the updated Policy which became effective with the July 1, 2014 actuarial valuation, the amortization period for gains, losses, and assumption changes was 15 years at the valuation date.

Third, supplemental costs associated with the various SFERS benefit plans are amortized. Supplemental costs are additional costs resulting from the past service component of SFERS benefit increases. In other words, when the Charter is amended to increase benefits to some or all beneficiaries of the Retirement System, the Retirement System's liability is correspondingly increased in proportion to the amount of the new benefit associated with service time already accrued by the then-current beneficiaries. These supplemental costs are required to be amortized over no more than 20 years according to the Charter. The Board has adopted a 15-year closed period for changes to active member benefits and a 5-year closed period for changes to inactive or retired members effective for all changes on or after July 1, 2014. The prior Board Policy specified closed 20-year periods for all benefit changes.

The consulting actuarial firm combines the three calculations described above to arrive at a total contribution requirement for funding the Retirement System in the next fiscal year. This total contribution amount is satisfied from a combination of employer and employee contributions. Employee contribution rates are mandated by the Charter. Sources of payment of employee contributions (i.e. City or employee) may be the subject of collective bargaining agreements with each union or bargaining unit. The employer contribution rate is established by Retirement Board action each year and is expressed as a percentage of salary applied to all wages covered under the Retirement System.

Prospective purchasers of the City's bonds should carefully review and assess the assumptions regarding the performance of the Retirement System. There is a risk that actual results will differ significantly from assumptions. In addition, prospective purchasers of the City's bonds are cautioned that the information and assumptions speak only as of the respective dates contained in the underlying source documents, and are therefore subject to change.

Recent Voter Approved Changes to the Retirement Plan

The levels of SFERS plan benefits are established under the Charter and approved directly by the voters, rather than through the collective bargaining process. Changes to retirement benefits require a voter-approved Charter amendment.

In August 2012, Governor Brown signed the Public Employee Pension Reform Act of 2012 ("PEPRA"). Current plan provisions of SFERS are not subject to PEPRA although future amendments may be subject to these reforms.

Recent changes to SFERS plan benefits have been intended to reduce pension costs associated with future City employees. For example, in November 2011, the voters of San Francisco approved Proposition C which provided the following:

a) New SFERS benefit plans for Miscellaneous and Safety employees commencing employment on or after January 7, 2012, which raise the minimum service retirement age for Miscellaneous members from 50 to 53; limit covered compensation to 85% of the IRC §401(a)(17) limits for Miscellaneous members and 75% of the IRC §401(a)(17) limits for Safety members; calculate final compensation using highest three-year average compensation; and decrease vesting allowances for Miscellaneous members by lowering the City's funding for a portion of the vesting allowance from 100% to 50%;

b) Employees commencing employment on or after January 7, 2012 otherwise eligible for membership in CalPERS may become members of SFERS;

c) Cost-sharing provisions which increase or decrease employee contributions to SFERS on and after July 1, 2012 for certain SFERS members based on the employer contribution rate set by the Retirement Board for that year. For example, Miscellaneous employees who earn between $50,000 and $100,000 per year pay a fluctuating contribution rate in the range of +4% to -4% of the Charter-mandated employee contribution rate, while Miscellaneous employees who earn $100,000 or more per year pay a fluctuating contribution rate in the range of +5% to -5% of the Charter-mandated employee contribution rate. Similar fluctuating employee contributions are also required from Safety employees; and

d) Effective July 1, 2012, no Supplemental COLA will be paid unless SFERS is fully funded on a market value of assets basis and, for employees hired on or after January 7, 2012, Supplemental COLA benefits will not be permanent adjustments to retirement benefits - in any year when a Supplemental COLA is not paid, all previously paid Supplemental COLAs will expire. A retiree organization has brought a legal action against the requirement to be fully funded in order to pay the Supplemental COLA. In that case, *Protect our Benefits (POB) v. City of San Francisco* (1st DCA Case No. A140095), the Court of Appeals held that changes to the Supplemental COLA adopted by the voters in November 2011 under Proposition C could not be applied to current City and County employees and those who retired after November 1996 when the Supplemental COLA provisions were originally adopted, but could be applied to SFERS members who retired before November 1996. The decision is not final and both sides can appeal. If the Appellate ruling becomes the final judgment, it is estimated that the actuarial liabilities of the Plan will increase approximately 1.8% for back payment of the Supplemental COLAs payable for 2013 and 2014.

The impact of Proposition C is incorporated in the actuarial valuations beginning with the July 1, 2012 Actuarial Valuation report.

Since 2009, the voters of San Francisco have approved one other retirement plan amendment:

- Proposition D enacted in June 2010, which enacted new SFERS retirement plans for Miscellaneous and Safety employees commencing on or after July 1, 2010, which changed average final compensation used in the benefit formula from highest one-year average compensation to highest two-year average compensation, increased the employee contribution rate for City safety and CalPERS members hired on or after July 1, 2010 from 7.5% of covered pay to 9.0%, and provides that, in years when the City's required contribution to SFERS is less than the employer normal cost as described above, the amount saved would be deposited into the Retiree Health Care Trust Fund.

SFERS Recent Funding Performance and City Employer Contribution History

Fiscal year 2012-13 total City employer contributions to the Retirement System were $423.3 million which included $183.4 million from the general fund. Fiscal year 2013-14 total City employer contributions were $507.6 million which included $228 million from the general fund. For fiscal year 2014-15, total City employer contributions to the Retirement System are budgeted at $571.2 million which includes $255.1 million from the General Fund. These budgeted amounts are based upon the fiscal year 2014-15 employer contribution rate of 26.76% (estimated to be 22.4% after taking into account the 2011 Proposition C cost-sharing provisions). The fiscal year 2015-16 employer contribution rate is 22.80% per the July 1, 2014 actuarial valuation report. The decline in employer contribution rate from 26.76% to 22.80% results from 1) overall investment gains in the last five fiscal years between July 1, 2009 and June 30, 2014, and 2) large investment losses from the 2008-09 fiscal year being fully reflected in the actuarial value of assets after a five-year smoothing period.

Table A-17 shows total Retirement System assets, liabilities, and percent funded for the last five actuarial valuations as well as contributions for the fiscal years 2009-10 through 2013-14. Information is shown for all employers in the Retirement System (City and County of San Francisco, San Francisco Unified School District, San Francisco Community College District, and San Francisco Trial Courts). "Market Value of Assets" reflects the fair market value of assets held in trust for payment of pension benefits. "Actuarial Value of Assets" refers to the value of assets held in trust adjusted according to the Retirement System's actuarial methods as summarized above. "Pension Benefit Obligation" reflects the actuarial accrued liability of the Retirement System. The "Market Percent Funded" column is determined by dividing the market value of assets by the Pension Benefit Obligation. The "Actuarial Percent Funded" column is determined by dividing the actuarial value of assets by the Pension Benefit Obligation. "Employee and Employer Contributions" reflects the total of mandated employee contributions and employer Actuarial Retirement Contributions received by the Retirement System in the fiscal year ended June 30th prior to the July 1st valuation date.

TABLE A-17

SAN FRANCISCO CITY AND COUNTY
Employees' Retirement System (in $000s)
Fiscal Years 2009-10 through 2013-14

As of 1-Jul	Market Value of Assets	Actuarial Value of Assets	Pension Benefit Obligation	Market Percent Funded	Actuarial Percent Funded	Employee & Employer Contribution	Employer Contribution Rates[1]
2010	$13,136,786	$16,069,100	$17,643,400	74.5%	91.1%	$413,562	9.49%
2011	15,598,839	16,313,100	18,598,700	83.9	87.7	490,578	13.56%
2012	15,293,700	16,027,700	19,393,900	78.9	82.6	608,957	18.09%
2013	17,011,500	16,303,400	20,224,800	84.1	80.6	701,596	20.71%
2014	19,920,600	18,012,100	21,122,600	94.3	85.3	821,902	24.82%

[1] Employer contribution rates for fiscal years 2014-15 and 2015-16 are 26.76% and 22.80%, respectively.

Sources: SFERS' audited financial statements and supplemental schedules June 30, 2013, 2012, 2011, 2010, and 2009.
SFERS' actuarial valuation report as of July 1, 2013, July 1, 2012, July 1, 2011, July 1, 2010, and July 1, 2009.

Table A-17 shows that the Actuarial Percent Funded ratio increased from 80.6% to 85.3%. In general, this indicates that for every dollar of benefits promised, the Retirement System has approximately $0.85 of assets available for payment based on the actuarial value of assets as of July 1, 2014. The Market Percent Funded ratio increased from 84.1% to 94.3% and is now higher than the Actuarial Percent Funded ratio which does not yet fully reflect all asset gains from the last five fiscal years.

Asset Management and Actuarial Valuation

The assets of the Retirement System, (the "Fund") are invested in a broadly diversified manner across the institutional global capital markets. In addition to U.S. equities and fixed income securities, the Fund holds international equities, global sovereign and corporate debt, global public and private real estate and an array of alternative investments including private equity and venture capital limited partnerships. See page 70 of the CAFR, attached as Appendix B to this Official Statement, for a breakdown of the asset allocation as of June 30, 2014. The Fund did not hold hedge funds as of June 30, 2014. The Board approved a 5% allocation to hedge funds at its January 2015 meeting. The investments, their allocation, transactions and proxy votes are regularly reviewed by the Retirement Board and monitored by an internal staff of investment professionals who in turn are advised by external consultants who are specialists in the areas of investments detailed above. A description of the Retirement System's investment policy, a description of asset allocation targets and current investments, and the Annual Report of the Retirement System are available upon request from the Retirement System by writing to the San Francisco Retirement System, 1145 Market Street, 5th Floor, San Francisco, California 94103, or by calling (415) 487-7020. Certain documents are available at the Retirement System website at www.mysfers.org. These documents are not incorporated herein by reference.

The actuarial accrued liability of the Retirement System (the Pension Benefit Obligation) is measured annually by an independent consulting actuary in accordance with Actuarial Standards of Practice. In addition, an actuarial audit is conducted every five years in accordance with Retirement Board policy.

Recent Changes in the Economic Environment and the Impact on the Retirement System

As of June 30, 2014, the audited market value of Retirement System assets was $19.9 billion. This value represents, as of the date specified, the estimated value of the Retirement System's portfolio if it were liquidated on that date. The Retirement System cannot be certain of the value of certain of its portfolio assets and, accordingly, the market value of the portfolio could be more or less. Moreover, appraisals for classes of assets that are not publicly traded are based on estimates which typically lag changes in actual market value by three to six months. Representations of market valuations are audited at each fiscal year end as part of the annual audit of the Retirement System's financial statements.

The Retirement System investment portfolio is structured for long-term performance. The Retirement System continually reviews investment and asset allocation policies as part of its regular operations and continues to rely on an investment policy which is consistent with the principles of diversification and the search for long-term value. Market fluctuations are an expected investment risk for any long-term strategy. Significant market fluctuations are expected to have significant impact on the value of the Retirement System investment portfolio.

A decline in the value of SFERS Trust assets over time, without a commensurate decline in the pension liabilities, will result in an increase in the contribution rate for the City. No assurance can be provided by the City that contribution rates will not increase in the future, and that the impact of such increases will not have a material impact on City finances.

Other Employee Retirement Benefits

As noted above, various City employees are members of CalPERS, an agent multiple-employer public employee defined benefit plan for safety members and a cost-sharing multiple-employer plan for miscellaneous members. The City makes certain payments to CalPERS in respect of such members, at rates determined by the CalPERS board. Such payment from the General Fund equaled $19.2 million in fiscal year 2012-13 and $20.0 million in fiscal year 2013-14. For fiscal year 2014-15, the City prepaid its annual CalPERS obligation at a level of $25.2 million. Further discussion of the City's CalPERS plan obligations are summarized in Note 9 to the City's CAFR, as of June 30, 2014, attached to this Official Statement as Appendix B. A discussion of other post-employment benefits, including retiree medical benefits, is provided below under "Medical Benefits – *Post-Employment Health Care Benefits and GASB 45.*"

Medical Benefits

Administration through Health Service System; Audited System Financial Statements

Medical benefits for eligible active City employees and eligible dependents, for retired City employees and eligible dependents, and for surviving spouses and domestic partners of covered City employees (the "City Beneficiaries") are administered by the City's Health Service System (the "Health Service System" or "HSS") pursuant to City Charter Sections 12.200 *et seq.* and A8.420 *et seq.* Pursuant to such Charter Sections, the Health Service System also administers medical benefits to active and retired employees of San Francisco Unified School District (SFUSD), San Francisco Community College District (SFCCD), and the San Francisco Superior Court (collectively the "System's Other Beneficiaries"). However, the City is not required to fund medical benefits for the System's Other Beneficiaries and therefore this section focuses on the funding by the City of medical and dental benefits for City Beneficiaries. The Health Service System is overseen by the City's Health Service Board (the "Health Service Board"). The seven member Health Service Board is composed of members including a seated member of the City's Board of Supervisors, appointed by the Board President; an individual who regularly consults in the health care field, appointed by the Mayor; a doctor of medicine, appointed by the Mayor; a member nominated by the Controller and approved by the Health Service Board, and three members of the Health Service System, active or retired, elected from among their members. The plans (the "HSS Medical Plans") for providing medical care to the City Beneficiaries and the System's Other Beneficiaries (collectively, the "HSS Beneficiaries") are determined annually by the Health Service Board and approved by the Board of Supervisors pursuant to Charter Section A8.422.

The Health Service System oversees a trust fund (the "Health Service Trust Fund") established pursuant to Charter Sections 12.203 and A8.428 through which medical benefits for the HSS Beneficiaries are funded. The Health Service System issues annually a publicly available, independently audited financial report that includes financial statements for the Health Service Trust Fund. This report may be obtained on the HSS website, or by writing to the San Francisco Health Service System, 1145 Market Street, Third Floor, San Francisco, California 94103, or by calling (415) 554-1727. Audited annual financial statements for several years are also posted on the HSS website. The information available on such website is not incorporated in this Official Statement by reference.

As presently structured under the City Charter, the Health Service Trust Fund is not a fund through which assets are accumulated to finance post-employment healthcare benefits (an "OPEB trust fund"). Thus, the Health Service Trust

Fund is not currently affected by Governmental Accounting Standards Board ("GASB") Statement Number 45, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions* ("GASB 45"), which applies to OPEB trust funds.

Determination of Employer and Employee Contributions for Medical Benefits

According to the City Charter Section A8.428, the City's contribution towards HSS Medical Plans is determined by the results of a survey annually of the amount of premium contributions provided by the 10 most populous counties in California (other than the City). The survey is commonly called the 10-County Average Survey (Average) and used to determine "the average contribution made by each such County toward the providing of health care plans, exclusive of dental or optical care, for each employee of such County." Under City Charter Section A8.428, the City is required to contribute to the Health Service Trust Fund an amount equal to such "average contribution" for each City Beneficiary.

In the June 2014 collective bargaining the Average was eliminated in the calculation of premiums for Active employees represented by most unions, in exchanged for a percentage based employee premium contribution. The long term impact of the premium contribution model is anticipated to be a reduction in the relative proportion of the projected increases in the City's contributions for Healthcare, stabilization of the medical plan membership and maintenance of competition among plans. The contribution amounts are paid by the City into the Health Service Trust Fund. The Average is still used as a basis for calculating all retiree premiums. To the extent annual medical premiums exceed the contributions made by the City as required by the Charter and union agreements, such excess must be paid by HSS Beneficiaries or, if elected by the Health Service Board, from net assets also held in the Health Service Trust Fund. Medical benefits for City Beneficiaries who are retired or otherwise not employed by the City (e.g., surviving spouses and surviving domestic partners of City retirees) ("Nonemployee City Beneficiaries") are funded through contributions from such Nonemployee City Beneficiaries and the City as determined pursuant to Charter Section A8.428. The Health Service System medical benefit eligibility requirements for Nonemployee City Beneficiaries are described below under "*– Post-Employment Health Care Benefits and GASB 45.*"

Contributions relating to Nonemployee City Beneficiaries are also based on the negotiated methodologies found in the most of the union agreements and, when applicable, the City contribution of the "average contribution" corresponding to such Nonemployee City Beneficiaries as described in Charter Section A8.423 along with the following:

Monthly contributions from Nonemployee City Beneficiaries in amounts equal to the monthly contributions required from active employees excluding health coverage or subsidies for health coverage paid for active employees as a result of collective bargaining. However, such monthly contributions from Nonemployee City Beneficiaries covered under Medicare are reduced by an amount equal to the amount contributed monthly by such persons to Medicare.

In addition to the average contribution the City contributes additional amounts in respect of the Nonemployee City Beneficiaries sufficient to defray the difference in cost to the Health Service System in providing the same health coverage to Nonemployee City Beneficiaries as is provided for active employee City Beneficiaries, excluding health coverage or subsidies for health coverage paid for active employees as a result of collective bargaining.

After application of the calculations described above, the City contributes 50% of monthly contributions required for the first dependent.

Health Care Reform

On March 23, 2010, President Obama signed into law the Patient Protection and Affordable Care Act (Public Law 111-114), and on March 30, 2010 signed the Health Care and Education Reconciliation of 2010 (collectively, the "Health Care Reform Law"). The Health Care Reform Law is intended to extend health insurance to over 32 million uninsured Americans by 2019, and includes other significant changes with respect to the obligation to carry health insurance by individuals and the provision of health care by private and public employers, such as the City. Due to the complexity of the Health Care Reform Law it is likely that additional legislation will be considered and enacted in future years.

The Health Care Reform Law is designed to be implemented in phases from 2010 to 2018. The provisions of the Health Care Reform Law include, the expansion of Medicaid, subsidies for health insurance for certain individuals, mandates that require most Americans obtain health insurance, and incentives for employers with over 50 employees to provide health insurance for their employees or pay a fine. Many aspects of the law have yet to be clarified and will require substantial regulation or subsequent legislative action. On June 28, 2012 the U.S. Supreme Court ruled to uphold the employer mandate, the individual mandate and the state Medicaid expansion requirements.

Provisions of Health Care Reform already implemented by HSS include discontinued eligibility for non-prescription drugs reimbursement through flexible spending accounts (FSAs) in 2011, eliminated copayments for wellness visits, eliminated life-time caps on coverage, and expanded eligibility to cover member dependent children up to age 26 in 2011, eliminated copayments for women's preventative health including contraception in 2012,W-2 reporting on total healthcare premium costs, implementation of a medical loss ratio rebate on self-insured plans, issuance of a separate summary of benefits to every member and provided to every new member and providing information on State Exchanges to both employees currently on COBRA and future COBRA recipients. As of 2014 and 2015, and beyond, healthcare flexible spending accounts (FSAs) are limited to $2,500 annually.

The change to the definition of a full time employee will be implemented 2015. The City modified health benefit eligibility to employees who are employed, on average, at least 30 hours of service per week or 130 hours in a calendar month.

The Automatic Enrollment requirement in the Health Care Reform was deferred until 2016. This requires that employers automatically enroll new full-time employees in one of the employer's health benefit plans (subject to any waiting period authorized by law). Further it is required than employees be given adequate notice and the opportunity to opt out of any coverage in which they were automatically enrolled. It is uncertain when final guidance will be issued by the Department of Labor.

As a result of the federal Health Care Reform Law there are two direct fees and one tax that have been factored into the calculation of medical premium rates and premium equivalents for the 2015 plan year. The three fees are the Federal Health Insurer Tax (HIT), Patient Centered Outcomes Research Institute (PCORI) fee, and the Transitional Reinsurance Fee. The total impact on the CCSF in 2015 is $15.06 million.

The Federal HIT tax is a fixed-dollar amount distributed across health insurance providers for fully insured plans. The 2015 plan year premiums for Kaiser Permanente and Blue Shield of California included the impact of the HIT tax. The impact on the CCSF only in 2015 is $11.91 million.

Beginning in 2013, the Patient Center Outcomes Research Institute (PCORI) Fee was accessed at the rate of $2.00 per enrollee per year was assessed per year to all participants in the Self-Insured medical-only plan (approximately 8,600). The fee is charged directly to the Health Service System. In 2014 the rate was $2.10 and is approximately $2.22 in 2015. The 2015 impact of PCORI is $0.20 million, HSS pays this fee directly to the Internal Revenue Service (IRS) and the fee will increase with health care inflation until it sunsets in 2019.

The Transitional Reinsurance Fee decreases from $63/year fee on each Health Service System beneficiary for plan year 2014. The Transitional Reinsurance Fee will be $44.00 in 2015 and the impact on CCSF only is $2.95 million.

Local Elections:

Proposition B (2008) Changing Qualification for Retiree Health and Pension Benefits and Establishing a Retiree Health Care Trust Fund

On June 3, 2008, the San Francisco voters approved Proposition B, a charter amendment that changed the way the City and current and future employees share in funding SFERS pension and health benefits. With regard to health benefits, elected officials and employees hired on or before January 9, 2009, contribute up to 2% of pre-tax compensation toward their retiree health care and the City contributes up to 1%. The impact of Proposition B on standard retirements occurred in 2014.

Proposition C (2011) City Pension and Health Care Benefit

On November 8, 2011, the San Francisco voters approved Proposition C, a charter amendment that made additional changes to the way the City and current and future employees share in funding SFERS pension and health benefits. The Proposition limits the 50% coverage for dependents to employees who left the workforces (without retiring) prior to 2001. The Health Service System is in the process of programming eligibility changes to comply with Proposition C.

Employer Contributions for Health Service System Benefits

For fiscal year 2013-14, based on the most recent audited financial statements, the Health Service System received approximately $644.1 million from participating employers for Health Service System benefit costs. Of this total, the City contributed approximately $540.3 million; approximately $160.8 million of this $540.3 million amount was for health care benefits for approximately 27,213 retired City employees and their eligible dependents and approximately $379.5 million was for benefits for approximately 62,206 active City employees and their eligible dependents. For Plan Year 2015, the Health Service System has budgeted to receive approximately $644.6 million from participating employers for Health Service System benefit costs.

The 2015 aggregate plan costs for the City decreased by 2.78%. This flattening of the healthcare cost curve is due to a number of factors including lower use of healthcare during recessions, aggressive contracting by HSS that maintains competition among our vendors, implementing Accountable Care Organizations (ACO's) that reduced utilization and increased use of generic prescription rates and changing our Blue Shield plan from a fully-funded to a flex-funded product. Flex-funding allows lower premiums to be set by our actuarial consultant, AON-Hewitt, without the typical margins added by Blue Shield; however, more risk is assumed by the City and reserves are required to protect against this risk. The Health Service Board also approved the use of $8.8 million in Health Service Trust Fund assets to decrease both the employee and employer premium costs for the Blue Shield of California (Flex-Funded), The flatten trend is anticipated to continue.

Post-Employment Health Care Benefits and GASB 45

Eligibility of former City employees for retiree health care benefits is governed by the Charter. In general, employees hired before January 10, 2009 and a spouse or dependent are potentially eligible for health benefits following retirement at age 50 and completion of five years of City service. Proposition B, passed by San Francisco voters on June 3, 2008, tightened post-retirement health benefit eligibility rules for employees hired on or after January 10, 2009, and generally requires payments by the City and these employees equal to three percent of salary into a new retiree health trust fund.

Proposition A, passed by San Francisco voters on November 5, 2013 restricted the City's ability to withdraw funds from the retiree health trust fund. The restrictions allow payments from the fund only when two of the three following conditions are met:

- The City's account balance in any fiscal year is fully funded. The account is fully funded when it is large enough to pay then-projected retiree health care costs as they come due; and,
- The City's retiree health care costs exceed 10% of the City's total payroll costs in a fiscal year. The Controller, Mayor, Trust Board, and a majority of the Board of Supervisors must agree to allow payments from the Fund for that year. These payments can only cover retiree health care costs that exceed 10% of the City's total payroll cost. The payments are limited to no more than 10% of the City's account; or,
- The Controller, Mayor, Trust Board, and two-thirds of the Board of Supervisors approve changes to these limits.

GASB 45 Reporting Requirements. The City was required to begin reporting the liability and related information for unfunded post-retirement medical and other benefits ("OPEBs") in the City's financial statements for the fiscal year ending June 30, 2008. This reporting requirement is defined under Governmental Accounting Standards Board Statement 45 ("GASB 45"). GASB 45 does not require that the affected government agencies, including the City, actually fund any portion of this post-retirement health benefit liability – rather, GASB 45 requires government agencies to determine on an actuarial basis the amount of its total OPEB liability and the annual contributions estimated to fund such liability over 30 years. Any underfunding in a year is recognized as a liability on the government agency's balance sheet.

City's Estimated Liability. The City is required by GASB 45 to prepare a new actuarial study of its post-retirement benefits obligation every two years. In its September 9, 2014 draft, Cheiron, Inc. estimated that the City's unfunded liability was approximately $4.00 billion as of July 1, 2012. This estimate assumed a 4.45% return on investments and had an ARC for fiscal year 2013-14 of approximately $341.4 million. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost of each year and any unfunded actuarial liabilities (or funding excesses) amortized over thirty years. The ARC was determined based on the July 1, 2012 actuarial valuation. The covered payroll (annual payroll of active employees covered by the plan) was $2.5 billion and the ratio of the unfunded actuarial accrued liability to the covered payroll was 162.0%.

The difference between the estimated ARC and the amount expended on post-retirement medical benefits in any year is the amount by which the City's overall liability for such benefits increases in that year. The City's most recent CAFR estimated that the 2013-14 annual OPEB cost was $353.2 million, of which the City funded $166.6million which caused, among other factors, the City's long-term liability to increase by $186.6 million (as shown on the City's balance sheet and below). The annual OPEB cost consists of the ARC, one year of interest on the net OPEB obligation, and recognition of one year of amortization of the net OPEB obligation. While GASB 45 does not require funding of the annual OPEB cost, any differences between the amount funded in a year and the annual OPEB cost are recorded as increases or decreases in the net OPEB obligation. See Note 9(c) and (d) to the City's CAFR, as of June 30, 2014, included as Appendix B to this Official Statement. Four-year trend information is displayed in Table A-18 (dollars in thousands):

TABLE A-18

CITY AND COUNTY OF SAN FRANCISCO
Five-year Trend
(000s)

Fiscal Year Ended	Annual OPEB	Percentage of Annual OPEB Cost Funded	Net OPEB Obligation
6/30/2010	$374,214	33.9%	$852,782
6/30/2011	392,151	37.2%	1,099,177
6/30/2012	405,850	38.5%	1,348,883
6/30/2013	418,539	38.3%	1,607,130
6/30/2014	353,251	47.2%	1,793,753

The September 2014 draft Cheiron Report estimates that the total long-term actuarial liability will reach $5.7 billion by 2030. The calculations in the Cheiron Report are sensitive to a number of critical assumptions, including, but not limited to, the projected rate of increase in health plan costs.

Actuarial projections of the City's OPEB liability will be affected by Proposition B as well as by changes in the other factors affecting that calculation. For example, the City's actuarial analysis shows that by 2031, Proposition B's three-percent of salary funding requirement will be sufficient to cover the cost of retiree health benefits for employees hired after January 10, 2009. See "Retirement System – *Recent Voter Approved Changes to the Retirement Plan*" above. As of June 30, 2014, the fund balance in the Retiree Health Care Trust Fund established by Proposition B was $49.0 million. Future projections of the City's GASB 45 liability will be lowered by the HSS implementation of the Employer Group Waiver Plan (EGWP) prescription benefit program for City Plan retirees. See "– Local Elections: Proposition C (2011)."

Total City Employee Benefits Costs

The City budgets to pay its ARC for pension and has established a Retiree Health Care Trust Fund into which both the City and employees are required to contribute funds as retiree health care benefits are earned. Currently, these Trust deposits are only required on behalf of employees hired after 2009, and are therefore limited, but will grow as the workforce retires and this requirement is extended to all employees in 2016. Proposition A, passed by San Francisco voters on November 5, 2013 restricted the City's ability to make withdrawals from the Retiree Health Care Trust Fund.

The balance in the Retiree Health Care Trust Fund as of June 30, 2014 is approximately $49 million. The City will continue to monitor and update its actuarial valuations of liability as required under GASB 45. Table A-19 provides a five-year history for all health benefits costs paid including pension, health, dental and other miscellaneous benefits. For all fiscal years shown, a "pay-as-you-go" approach was used by the City for health care benefits.

Table A-19 below provides a summary of the City's employee benefit actual and budgeted costs from fiscal years 2011-12 to fiscal year 2015-16.

TABLE A-19

CITY AND COUNTY OF SAN FRANCISCO
Employee Benefit Costs, All Funds
Fiscal Years 2011-12 through 2015-16
(000s)

	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Budget	FY 2015-16 Budget
SFERS and PERS Retirement Contributions	$428,263	$452,325	$535,309	$590,013	$541,989
Social Security & Medicare	147,682	156,322	160,288	174,497	182,525
Health - Medical + Dental, active employees [1]	363,344	370,346	369,428	380,501	393,772
Health - Retiree Medical [1]	151,301	155,885	161,859	165,779	169,381
Other Benefits [2]	21,766	16,665	16,106	20,775	21,506
Total Benefit Costs	**$1,112,355**	**$1,151,543**	**$1,242,990**	**$1,331,565**	**$1,309,172**

FY 2008-09 through FY 2013-14 figures are audited actuals. FY 2014-15 and 2015-16 figures are original budget.

[1] Does not include Health Service System administrative costs. Does include flexible benefits that may be used for health insurance.

[2] "Other Benefits" includes unemployment insurance premiums, life insurance, and other miscellaneous employee benefits.

Source: Office of the Controller, City and County of San Francisco.

INVESTMENT OF CITY FUNDS

Investment Pool

The Treasurer of the City and County of San Francisco (the "Treasurer") is authorized by Charter Section 6.106 to invest funds available under California Government Code Title 5, Division 2, Part 1, Chapter 4. In addition to the funds of the City, the funds of various City departments and local agencies located within the boundaries of the City, including the school and community college districts, airport and public hospitals, are deposited into the City and County's Pooled Investment Fund (the "Pool"). The funds are commingled for investment purposes.

Investment Policy

The management of the Pool is governed by the Investment Policy administered by the Office of the Treasurer and Tax Collector in accordance with California Government Code Sections 27000, 53601, 53635, et. al. In order of priority, the objectives of this Investment Policy are safety, liquidity, and return on investments. Safety of principal is the foremost objective of the investment program. The investment portfolio maintains sufficient liquidity to meet all expected expenditures for at least the next six months. The Office of the Treasurer and Tax Collector also attempts to generate a market rate of return, without undue compromise of the first two objectives.

The Investment Policy is reviewed and monitored annually by a Treasury Oversight Committee established by the Board of Supervisors. The Treasury Oversight Committee meets quarterly and is comprised of members drawn from (a) the Treasurer; (b) the Controller; (c) a representative appointed by the Board of Supervisors; (d) the County Superintendent of Schools or his/her designee; (e) the Chancellor of the Community College District or his/her designee; and (f) Members of the general public. See "APPENDIX – City and County of San Francisco Office of the Treasurer – Investment Policy" for a complete copy of the Treasurer's Investment Policy, dated October 2014. The Investment Policy is also posted at the Treasurer's website. The information available on such website is not incorporated herein by reference.

Investment Portfolio

As of February 28, 2015, the City's surplus investment fund consisted of the investments classified in Table A-20, and had the investment maturity distribution presented in Table A-21.

TABLE A-20

City and County of San Francisco
Investment Portfolio
Pooled Funds
As of February 28, 2015

Type of Investment	Par Value	Book Value	Market Value
U.S. Treasuries	$ 585,000,000	$ 585,066,602	$ 588,151,550
Federal Agencies	4,690,587,000	4,694,542,429	4,698,647,491
State and Local Obligations	169,110,000	171,100,019	169,738,571
Public Time Deposits	240,000	240,000	240,000
Negotiable Certificates of Deposit	455,500,000	455,486,775	455,545,317
Banker's Acceptances	-	-	-
Commercial Paper	100,000,000	99,997,472	99,997,917
Medium Term Notes	537,570,000	540,569,174	538,946,734
Money Market Funds	50,095,150	50,095,150	50,095,150
Total	$ 6,588,102,150	$ 6,597,097,621	$ 6,601,362,730

February 2015 Earned Income Yield: 0.79%
Sources: Office of the Treasurer & Tax Collector, City and County of San Francisco From Citibank-Custodial Safekeeping, SunGard Systems-Inventory Control Program.

TABLE A-21

City and County of San Francisco
Investment Maturity Distribution
Pooled Funds
As of February 28, 2015

Maturity in Months			Par Value	Percentage
0	to	1	$217,114,150	3.30%
1	to	2	50,240,000	0.76%
2	to	3	115,425,000	1.75%
3	to	4	55,500,000	0.84%
4	to	5	44,665,000	0.68%
5	to	6	71,815,000	1.09%
6	to	12	847,986,000	12.87%
12	to	24	2,569,542,000	39.00%
24	to	36	1,838,940,000	27.91%
36	to	48	437,200,000	6.64%
48	to	60	339,675,000	5.16%
			$6,588,102,150	100.00%

Weighted Average Maturity: 695 Days
Sources: Office of the Treasurer & Tax Collector, City and County of San Francisco From Citibank-Custodial Safekeeping, SunGard Systems-Inventory Control Program.

Further Information

A report detailing the investment portfolio and investment activity, including the market value of the portfolio, is submitted to the Mayor and the Board of Supervisors monthly. The monthly reports and annual reports are available on the Treasurer's web page: www.sftreasurer.org. The monthly reports and annual reports are not incorporated by reference herein.

Additional information on the City's investments, investment policies, and risk exposure as of June 30, 2014 are described in Appendix B: "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2014," Notes 2(d) and 5.

CAPITAL FINANCING AND BONDS

Capital Plan

In October 2005, the Board of Supervisors adopted, and the Mayor approved, Ordinance No. 216-05, which established a new capital planning process for the City. The legislation requires that the City develop and adopt a ten-year capital expenditure plan for City-owned facilities and infrastructure. It also created the Capital Planning Committee ("CPC") and the Capital Planning Program ("CPP"). The CPC, composed of other City finance and capital project officials, makes recommendations to the Mayor and Board of Supervisors on all of the City's capital expenditures. To help inform CPC recommendations, the CPP staff, under the direction of the City Administrator, review and prioritize funding needs; project and coordinate funding sources and uses; and provide policy analysis and reports on interagency capital planning.

The City Administrator, in conjunction with the CPC, is directed to develop and submit a ten-year capital plan every other fiscal year for approval by the Board of Supervisors. The Capital Plan is a fiscally constrained long-term finance strategy that prioritizes projects based on a set of funding principles. It provides an assessment of the City's infrastructure needs over ten years, highlights investments required to meet these needs and recommends a plan of finance to fund these investments. Although the Capital Plan provides cost estimates and proposes methods to finance such costs, the document does not reflect any commitment by the Board of Supervisors to expend such amounts or to adopt any specific financing method. The Capital Plan is required to be updated and adopted biennially, along with the City's Five Year Financial Plan and the Five-Year Information & Communication Technology Plan. The CPC is also charged with reviewing the annual capital budget submission and all long-term financing proposals, and providing recommendations to the Board of Supervisors relating to the compliance of any such proposal or submission with the adopted Capital Plan.

The Capital Plan is required to be submitted to the Mayor and the Board of Supervisors by each March 1 in odd-numbered years and adopted by the Board of Supervisors and the Mayor on or before May 1 of the same year. The fiscal year 2016-2025 Capital Plan was approved by the CPC on March 2, 2015 and wad adopted by the Board of Supervisors in April 2015. The Capital Plan contains $32 billion in capital investments over the coming decade for all City departments, including $5.1 billion in projects for General Fund-supported departments. The Capital Plan proposes $1.66 billion for General Fund pay-as-you-go capital projects over the next ten years. The amount for General Fund pay-as-you-go capital projects is assumed to grow to over $200 million per year by fiscal year 2025-26. Major capital projects for General Fund-supported departments included in the Capital Plan consist of upgrades to public health, police, fire and park facilities; street and right-of-way improvements; the removal of barriers to accessibility; park improvements; the replacement of the Hall of Justice; and seismic upgrades to the Veteran's Memorial Building, among other capital projects. Approximately $1.8 billion of the capital projects of General Fund supported departments are expected to be financed with general obligation bonds and other long-term obligations. The balance is expected to be funded by federal and State funds, the General Fund, and other sources.

In addition to the City General Fund-supported capital spending, the Capital Plan recommends $18.2 billion in enterprise fund department projects to continue major transit, economic development and public utility projects such as the Central Subway project, runway and terminal upgrades at San Francisco International Airport, Pier 70 infrastructure investments, and the Sewer System Improvement Program, among others. Approximately $12.2 billion of enterprise fund department capital projects is financed with voter-approved revenue bonds and other long-term obligations. The balance is expected to be funded by federal and State funds, user/operator fees, General Fund, and other sources.

While significant investments are proposed in the City's adopted ten-year capital plan, identified resources remain below those necessary to maintain and enhance the City's physical infrastructure. As a result, over $8.5 billion in capital needs are deferred from the plan's horizon. Over two-thirds of these unfunded needs are for the City's transportation and waterfront infrastructure, where core maintenance investments have lagged for decades. Mayor Edwin Lee has convened a taskforce to recommend funding mechanisms to bridge a portion of the gaps in the City's transportation needs, but it is likely that significant funding gaps will remain even assuming the identification of significant new funding sources for these needs.

Failure to make the capital improvements and repairs recommended in the Capital Plan may have the following impacts: (i) failing to meet federal, state, or local legal mandates; (ii) failing to provide for the imminent life, health, safety and security of occupants and the public; (iii) failing to prevent the loss of use of the asset; (iv) impairing the value of the City's assets; (v) increasing future repair and replacement costs; and (vi) harming the local economy.

Tax-Supported Debt Service

Under the State Constitution and the Charter, City bonds secured by *ad valorem* property taxes ("general obligation bonds") can only be authorized with a two-thirds approval of the voters. As of April 1, 2015, the City had approximately $2.05 billion aggregate principal amount of general obligation bonds outstanding.

Table A-22 shows the annual amount of debt service payable on the City's outstanding general obligation bonds.

TABLE A-22

CITY AND COUNTY OF SAN FRANCISCO
General Obligation Bonds Debt Service
As of April 1, 2015 [1] [2]

Fiscal Year	Principal	Interest	Annual Debt Service
2015	$165,859,884	$44,554,130	$210,414,014
2016	123,173,046	86,766,286	209,939,332
2017	111,929,110	81,281,872	193,210,982
2018	108,828,225	75,766,419	184,594,644
2019	108,070,545	70,556,949	178,627,494
2020	106,636,232	65,251,012	171,887,244
2021	103,445,457	60,059,487	163,504,944
2022	108,633,401	55,282,324	163,915,725
2023	111,475,251	50,195,006	161,670,257
2024	113,201,206	44,789,781	157,990,987
2025	113,181,476	39,221,281	152,402,757
2026	107,681,279	33,662,671	141,343,950
2027	112,200,840	28,619,511	140,820,351
2028	116,384,035	23,391,846	139,775,881
2029	116,131,751	18,303,143	134,434,894
2030	111,590,095	13,269,617	124,859,712
2031	72,826,950	8,388,702	81,215,652
2032	75,415,000	5,494,800	80,909,800
2033	40,100,000	2,564,600	42,664,600
2034	14,875,000	912,250	15,787,250
2035	5,330,000	266,500	5,596,500
TOTAL [3]	$2,046,968,783	$808,598,187	$2,855,566,970

[1] This table does <u>not</u> reflect any debt other than City direct tax-supported debt, such as any assessment district indebtedness or any redevelopment agency indebtedness.

[2] Totals reflect rounding to nearest dollar.

[3] Section 9.106 of the City Charter limits issuance of general obligation bonds of the City to 3% of the assessed value of all real and personal assessment district indebtedness or any redevelopment agency indebtedness.

Source: Office of Public Finance, City and County of San Francisco.

General Obligation Bonds

Certain general obligation bonds authorized by the City's voters as discussed below have not yet been issued. Such bonds may be issued at any time by action of the Board of Supervisors, without further approval by the voters.

In November 1992, voters approved Proposition A, which authorized the issuance of up to $350.0 million in general obligation bonds to provide moneys to fund the City's Seismic Safety Loan Program (the "Loan Program"). The purpose of the Loan Program is to provide loans for the seismic strengthening of privately-owned unreinforced masonry buildings in San Francisco for affordable housing and market-rate residential, commercial and institutional purposes. In April 1994, the City issued $35.0 million in taxable general obligation bonds to fund the Loan Program and in October 2002, the City redeemed all outstanding bonds remaining from such issuance. In February 2007, the Board of Supervisors approved the issuance of additional indebtedness under this authorization in an amount not to exceed $35.0 million. Such issuance would be achieved pursuant to the terms of a Credit Agreement with Bank of America, N.A. (the "Credit Bank"), under which the Credit Bank agreed to fund one or more loans to the City from time to time as evidenced by the City's issuance to the Credit Bank of the Taxable General Obligation Bond (Seismic Safety Loan Program), Series 2007A. The funding by the Credit Bank of the loans at the City's request and the terms of repayment of such loans are governed by the terms of the Credit Agreement. Loan funds received by the City from the Credit Bank are in turn used to finance loans to Seismic Safety Loan Program borrowers. In March 2007, the City initiated an initial borrowing of $2.0 million, and in October 2007, the City borrowed approximately $3.8 million from the Credit Bank. In January 2008, the City borrowed approximately $3.9 million and in November 2008, the City borrowed $1.3 million from the Credit Bank. Further borrowings under the Credit Agreement with the Credit Bank (up to the $35.0 million not-to-exceed amount) are expected as additional loans to Seismic Safety Loan Program borrowers are approved.

In February 2008, voters approved Proposition A, which authorized the issuance of up to $185.0 million in general obligation bonds for the construction, reconstruction, purchase, and/or improvement of park and recreation facilities located in the City and under the jurisdiction of the Recreation and Parks Commission or under the jurisdiction of the Port Commission. The City issued the first series of bonds under Proposition A in the amount of approximately $42.5 million in August 2008. The City issued the second series in the amount of approximately $60.4 million in March 2010 and the third series in the amount of approximately $73.4 million in March 2012.

In June 2010, voters approved Proposition B, which authorized the issuance of up to $412.3 million in general obligation bonds to provide funds to finance the construction, acquisition, improvement, and retrofitting of neighborhood fire and police stations, the auxiliary water supply system, a public safety building, and other critical infrastructure and facilities for earthquake safety and related costs. The City issued the first series of bonds under Proposition B in the amount of $79.5 million in December 2010 and the second series of bonds in the amount of $183.3 million in March 2012. The City issued the third series in the amount of approximately $38.3 million in August 2012 and the fourth series of bonds in the amount of $31.0 million in June 2013, and the fifth series in the amount of $54.9 million was issued in October 2014.

In November 2011, voters approved Proposition B, which authorized the issuance of up to $248.0 million in general obligation bonds to provide funds to repair and repave City streets and remove potholes; strengthen and seismically upgrade street structures; redesign street corridors by adding or improving pedestrian signals, lighting, sidewalk extensions, bicycle lanes, trees and landscaping; construct and renovate curb ramps and sidewalks to increase accessibility and safety for everyone, including persons with disabilities; and add and upgrade traffic signals to improve MUNI service and traffic flow. The City issued the first series of bonds under Proposition B in the amount of approximately $74.3 million in March 2012 and the second series of bonds in the amount of $129.6 million in June 2013.

In November 2012, voters approved Proposition B, which authorized the issuance of up to $195.0 million in general obligation bonds to provide funds for the construction, reconstruction, renovation, demolition, environmental remediation and/or improvement of park, open space, and recreation facilities located in the City and under the jurisdiction of the Recreation and Parks Commission or under the jurisdiction of the Port Commission. The City issued the first series of bonds under Proposition B in the amount of approximately $71.9 million in June 2013.

In June 2014, voters approved Proposition A, which authorized the issuance of up to $400.0 million in general obligation bonds to provide funds to finance the construction, acquisition, improvement, and retrofitting of neighborhood fire and police stations, emergency firefighting water system, medical examiner facility, traffic company & forensic services division and other critical infrastructure and facilities for earthquake safety and related costs. The City issued the first series of bonds in the amount of $100.6 million in October 2014.

In November 2014, voters approved Proposition A, which authorized the issuance of up to $500 million in general obligation bonds to provide funds to finance the construction, acquisition, and improvement of certain transportation and transit related improvements and other related costs.

Refunding General Obligation Bonds

The Board of Supervisors adopted Resolution No. 272-04 on May 11, 2004 (the "2004 Resolution"). The Mayor approved the 2004 Resolution on May 13, 2004. The 2004 Resolution authorized the issuance of not to exceed $800.0 million aggregate principal amount of its General Obligation Refunding Bonds from time to time in one or more series for the purpose of refunding all or a portion of the City's then outstanding General Obligation Bonds. On November 1, 2011, the Board of Supervisors adopted, and the Mayor approved, Resolution No. 448-11 (the "2011 Resolution," and together with the 2004 Resolution, the "Refunding Resolutions"). The 2011 Resolution authorized the issuance of not to exceed $1.356 billion aggregate principal amount of the City's General Obligation Refunding Bonds from time to time in one or more series for the purpose of refunding certain outstanding General Obligation Bonds of the City. The City has issued eight series of refunding bonds under the Refunding Resolutions, as shown on Table A-23.

TABLE A-23

CITY AND COUNTY OF SAN FRANCISCO
General Obligation Refunding Bonds

Series Name	Date Issued	Principal Amount Issued (Millions)
2006-R1	October 2006	90.7
2006-R2	December 2006	66.6
2008-R1	May 2008	232.1
2008-R2	July 2008	39.3
2008-R3	July 2008	118.1
2011-R1 [1]	November 2011	339.4
2015-R1 [2]	February 2015	293.9

[1] Series 2004-R1 Bonds were refunded by the 2011-R1 Bonds in November 2011

[2] Series 2006-R1, 2006-R2, and 2008-R3 Bonds were refunded by the 2015-R1 Bonds in February 2015. Series 2008-R3 Bonds were partially refunded.

CITY AND COUNTY OF SAN FRANCISCO
General Obligation Refunding Bonds

Series Name	Date Issued	Principle Amount Issued (Millions)
2006-R1	October 2006	90.7
2006-R2	December 2006	66.6
2008-R1	May 2008	232.1
2008-R2	July 2008	39.3
2008-R3	July 2008	118.1
2011-R1 [1]	November 2011	339.4

[1] Series 2004-R1 Bonds were refunded by the 2011-R1 Bonds in November 2011

Table A-24 below lists for each of the City's voter-authorized general obligation bond programs the amount originally authorized, the amount issued and outstanding, and the amount of remaining authorization for which bonds have not yet been issued. Series are grouped by program authorization in chronological order. The authorized and unissued column refers to total program authorization that can still be issued, and does not refer to any particular series. As of April 1, 2015, the City had authorized and unissued general obligation bond authority of approximately $1.285 billion.

TABLE A-24

CITY AND COUNTY OF SAN FRANCISCO
General Obligation Bonds (as of April 1, 2015)

Description of Issue (Date of Authorization)	Series	Issued	Outstanding [1]	Authorized & Unissued
Seismic Safety Loan Program (11/3/92)	2007A	$30,315,450	$25,193,783	$284,684,550 [2]
Branch Library Facilities Improvement (11/7/00)	2008A	31,065,000	1,315,000	
Clean & Safe Neighborhood Parks (2/5/08)	2008B	42,520,000	1,805,000	
	2010B	24,785,000	11,960,000	
	2010D	35,645,000	35,645,000	
	2012B	73,355,000	58,010,000	8,695,000
San Francisco General Hospital and Trauma Center (11/4/08)	2009A	131,650,000	25,210,000	
	2010A	120,890,000	58,335,000	
	2010C	173,805,000	173,805,000	
	2012D	251,100,000	184,380,000	
	2014A	209,955,000	198,680,000	
Earthquake Safety and Emergency Response Bond (6/8/10)	2010E	79,520,000	49,605,000	
	2012A	183,330,000	145,205,000	
	2012E	38,265,000	35,415,000	
	2013B	31,020,000	27,235,000	
	2014C	54,950,000	54,950,000	25,215,000
Road Repaving & Street Safety (11/8/11)	2012C	74,295,000	59,385,000	
	2013C	129,560,000	113,730,000	44,145,000
Clean & Safe Neighborhood Parks (11/6/12)	2013A	71,970,000	63,175,000	123,030,000
Earthquake Safety and Emergency Response Bond (6/3/14)	2014D	100,670,000	100,670,000	299,330,000
Transportation and Road Improvement (11/4/14)				500,000,000
SUB TOTALS		**$1,888,665,450**	**$1,423,708,783**	**$1,285,099,550**
General Obligation Refunding Bonds:				
Series 2006-R1 issued 10/31/06		$90,690,000	$0	
Series 2006-R2 issued 12/18/06		66,565,000	-	
Series 2008-R1 issued 5/29/08		232,075,000	35,200,000	
Series 2008-R2 issued 5/29/08		39,320,000	21,195,000	
Series 2008-R3 issued 7/30/08		118,130,000	-	
Series 2011-R1 issued 11/9/12		339,475,000	272,955,000	
Series 2015-R1 issued 2/25/15		293,910,000	293,910,000	
SUB TOTALS		**1,180,165,000**	**623,260,000**	
TOTALS		**$3,068,830,450**	**$2,046,968,783**	**$1,285,099,550**

[1] Section 9.106 of the City Charter limits issuance of general obligation bonds of the City to 3% of the assessed value of all taxable real and personal property, located within the City and County.

[2] Of the $35,000,000 authorized by the Board of Supervisors in February 2007, $30,315,450 has been drawn upon to date pursuant to the Credit Agreement described under "General Obligation Bonds."

Source: Office of Public Finance, City and County of San Francisco.

Lease Payments and Other Long-Term Obligations

The Charter requires that any lease-financing agreements with a nonprofit corporation or another public agency must be approved by a majority vote of the City's electorate, except (i) leases approved prior to April 1, 1977, (ii) refunding lease financing expected to result in net savings, and (iii) certain lease financing for capital equipment. The Charter does not require voter approval of lease financing agreements with for-profit corporations or entities.

Table A-25 sets forth the aggregate annual lease payment obligations supported by the City's General Fund with respect to outstanding lease revenue bonds and certificates of participation as of April 1, 2015. Note that the annual payment obligations reflected in Table A-25 reflect the fully accreted value of any capital appreciation obligations as of the payment dates.

TABLE A-25

CITY AND COUNTY OF SAN FRANCISCO
Lease Revenue Bonds and Certificates of Participation
As of April 1, 2015

Fiscal Year	Principal	Interest	Annual Payment Obligation
2015	$8,770,000	$6,788,900	$15,558,900
2016	64,585,000	48,009,207	112,594,207
2017	60,500,000	45,247,295	105,747,295
2018	59,015,000	42,476,466	101,491,466
2019	51,030,000	40,008,234	91,038,234
2020	42,310,000	37,896,276	80,206,276
2021	44,455,000	35,981,834	80,436,834
2022	44,250,000	34,011,070	78,261,070
2023	46,185,000	32,044,432	78,229,432
2024	47,685,000	30,007,359	77,692,359
2025	47,275,000	27,869,306	75,144,306
2026	46,975,000	25,791,909	72,766,909
2027	49,155,000	23,608,266	72,763,266
2028	49,630,000	21,330,462	70,960,462
2029	51,880,000	18,993,964	70,873,964
2030	51,410,000	16,578,701	67,988,701
2031	42,705,000	14,210,744	56,915,744
2032	31,950,000	12,050,087	44,000,087
2033	30,995,000	10,480,656	41,475,656
2034	32,465,000	8,852,743	41,317,743
2035	20,155,000	7,383,525	27,538,525
2036	18,420,000	6,313,469	24,733,469
2037	16,450,000	5,322,520	21,772,520
2038	17,180,000	4,404,563	21,584,563
2039	17,935,000	3,446,211	21,381,211
2040	18,735,000	2,441,919	21,176,919
2041	19,565,000	1,393,151	20,958,151
2042	11,490,000	499,473	11,989,473
2043	1,900,000	95,000	1,995,000
TOTAL [1]	$1,045,055,000	$563,537,742 [2]	$1,608,592,742

[1] Totals reflect rounding to nearest dollar.
[2] For purposes of this table, the interest rate on the Lease Revenue Bonds Series 2008-1, and 2008-2 (Moscone Center Expansion Project) is assumed to be 3.25%. These bonds are in variable rate mode.

Source: Office of Public Finance, City and County of San Francisco.

The City electorate has approved several lease revenue bond propositions, some of which have authorized but unissued bonds. The following lease programs have remaining authorization:

In 1987, voters approved Proposition B, which authorizes the City to lease finance (without limitation as to maximum aggregate par amount) the construction of new parking facilities, including garages and surface lots, in eight of the City's neighborhoods. In July 2000, the City issued $8.2 million in lease revenue bonds to finance the construction of the North Beach Parking Garage, which was opened in February 2002. There is no current plan to issue any more bonds under Proposition B.

In 1990, voters approved Proposition C, which amended the Charter to authorize the City to lease-purchase equipment through a nonprofit corporation without additional voter approval but with certain restrictions. The City and County of San Francisco Finance Corporation (the "Corporation") was incorporated for that purpose. Proposition C provides that the outstanding aggregate principal amount of obligations with respect to lease financings may not exceed $20.0 million, with such amount increasing by five percent each fiscal year. As of April 1, 2015 the total authorized amount for such financings was $64.5 million. The total principal amount outstanding as of April 1, 2015 was $14.2 million.

In 1994, voters approved Proposition B, which authorized the issuance of up to $60.0 million in lease revenue bonds for the acquisition and construction of a combined dispatch center for the City's emergency 911 communication system and for the emergency information and communications equipment for the center. In 1997 and 1998, the Corporation issued $22.6 million and $23.3 million of Proposition B lease revenue bonds, respectively, leaving $14.0 million in remaining authorization. There is no current plan to issue additional series of bonds under Proposition B.

In June 1997, voters approved Proposition D, which authorized the issuance of up to $100.0 million in lease revenue bonds for the construction of a new football stadium at Candlestick Park, the previous home of the San Francisco 49ers football team. If issued, the $100.0 million of lease revenue bonds would be the City's contribution toward the total cost of the stadium project and the 49ers would be responsible for paying the remaining cost of the stadium construction project. There is no current plan to issue the Proposition D bonds.

On March 7, 2000, voters approved Proposition C, which extended a two and one half cent per $100.0 in assessed valuation property tax set-aside for the benefit of the Recreation and Park Department (the "Open Space Fund"). Proposition C also authorizes the issuance of lease revenue bonds or other forms of indebtedness payable from the Open Space Fund. The City issued approximately $27.0 million and $42.4 million of such Open Space Fund lease revenue bonds in October 2006 and October 2007, respectively.

In November 2007, voters approved Proposition D, which amended the Charter and renewed the Library Preservation Fund. Proposition D continues the two and one half cent per $100.0 in assessed valuation property tax set-aside and establishes a minimum level of City appropriations, moneys that are maintained in the Library Preservation Fund. Proposition D also authorizes the issuance of revenue bonds or other evidences of indebtedness. The City issued the first series of lease revenue bonds in the amount of approximately $34.3 million in March 2009.

Commercial Paper Program

The Board authorized on March 17, 2009 and the Mayor approved on March 24, 2009 the establishment of a not-to-exceed $150.0 million Lease Revenue Commercial Paper Certificates of Participation Program, Series 1 and 1-T and Series 2 and 2-T (the "CP Program"). Commercial Paper Notes (the "CP Notes") are issued from time to time to pay approved project costs in connection with the acquisition, improvement, renovation, and construction of real property and the acquisition of capital equipment and vehicles in anticipation of long-term or other take-out financing to be issued when market conditions are favorable. Projects are eligible to access the CP Program once the Board and the Mayor have approved the project and the long-term, permanent financing for the project. In June 2010, the City obtained letters of credit securing the CP Notes issued by J.P. Morgan Chase Bank, N.A. with a maximum principal amount of $50 million and by U.S. Bank, N.A. with a maximum principal amount of $50 million. The letters of credit expire June 2016.

The Board authorized on July 16, 2013 and the Mayor approved on July 25, 2013 an additional $100.0 million Lease Revenue Commercial Paper Certificates of Participation Program, Series 3 and 3-T and Series 4 and 4-T that increases the total authorization of the CP Program to $250.0 million. The Series 3 and 3-T and 4 and 4-T are secured by a letter of credit issued by State Street Bank and Trust Company expiring June 2016.

As of April 2015, the outstanding principal amount of CP Notes is $156.6 million. The weighted average interest rate for the CP Notes is approximately 0.08%.

Board Authorized and Unissued Long-Term Obligations

The Board of Supervisors authorized on October 26, 2010 and the Mayor approved on November 5, 2010 the issuance of not to exceed $38,000,000 in City and County of San Francisco certificates of participation to partially finance the rebuilding of severely distressed public housing sites, while increasing affordable housing and ownership opportunities and improving the quality of life for existing residents and the surrounding communities (the HOPE SF Project). The City anticipates issuing the certificates in the Fall of 2015.

The Board of Supervisors authorized on July 26, 2011 and the Mayor approved on August 1, 2011 the issuance of not to exceed \$170,000,000 in City and County of San Francisco certificates of participation to finance the construction and installation of certain improvements in connection with the renovation of the San Francisco War Memorial Veterans Building. The City anticipates issuing the certificates in the Summer of 2015.

The Board of Supervisors authorized on February 12, 2013 and the Mayor approved on February 15, 2013 the issuance of not to exceed \$507.9 million of City and County of San Francisco Certificates of Participation (Moscone Expansion Project) payable from Moscone Expansion District assessments to finance the costs of additions and improvements to the George R. Moscone Convention Center. The City anticipates issuing the certificates in 2017.

The Board of Supervisors authorized October 8, 2013 and the Mayor approved October 11, 2013 the issuance of not to exceed \$13.5 million of City and County of San Francisco Certificates of Participation (Treasure Island Improvement Project) to finance the cost of additions and improvements to the utility infrastructure at Treasure island.

Overlapping Debt

Table A-26 shows bonded debt and long-term obligations as of April 1, 2015 sold in the public capital markets by the City and those public agencies whose boundaries overlap the boundaries of the City in whole or in part. Long-term obligations of non-City agencies generally are not payable from revenues of the City. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency. In the table, lease obligations of the City which support indebtedness incurred by others are included. As noted below, the Charter limits the City's outstanding general obligation bond debt to 3% of the total assessed valuation of all taxable real and personal property within the City.

TABLE A-26

CITY AND COUNTY OF SAN FRANCISCO

Statement of Direct and Overlapping Debt and Long-Term Obligations

2014-2015 Assessed Valuation (net of non-reimbursable & homeowner exemptions):	$181,809,981,276	
	Outstanding	
DIRECT GENERAL OBLIGATION BOND DEBT	**4/1/2015**	
General City Purposes Carried on the Tax Roll	$2,046,968,783	
GROSS DIRECT DEBT	$2,046,968,783	
DIRECT LEASE PAYMENT AND LONG-TERM OBLIGATIONS		
San Francisco COPs, Series 2001A (30 Van Ness Ave. Property)	$26,920,000	
San Francisco Finance Corporation, Equipment LRBs Series 2010A, 2011A, 2012A, and 2013A	14,225,000	
San Francisco Finance Corporation Emergency Communication Refunding Series, 2010-R1	13,815,000	
San Francisco Finance Corporation Moscone Expansion Center, Series, 2008-1, 2008-2	116,020,000	
San Francisco Finance Corporation LRBs Open Space Fund (Various Park Projects) Series 2006, 2007	52,770,000	
San Francisco Finance Corporation LRBs Library Preservation Fund Series, 2009A	29,960,000	
San Francisco COPs, Series 2007A (City Office Buildings - Multiple Properties)	137,185,000	
San Francisco COPs, Series 2009A Multiple Capital Improvement Projects (Laguna Honda Hospital)	137,585,000	
San Francisco COPs, Series 2009B Multiple Capital Improvement Projects (Street Improvement Project)	33,270,000	
San Francisco COPs, Series 2009C Office Project (525 Golden Gate Avenue) Tax Exempt	29,560,000	
San Francisco COPs, Series 2009D Office Project (525 Golden Gate Avenue) Taxable BABs	129,550,000	
San Francisco Refunding Certificates of Participation, Series 2010A	116,165,000	
San Francisco COPs, Refunding Series 2011AB (Moscone)	67,825,000	
San Francisco COPs, Series 2012A Multiple Capital Improvement Projects (Street Improvement Project)	39,415,000	
San Francisco COPs, Series 2013A Moscone Center Improvement	22,135,000	
San Francisco COPs, Series 2013BC Port Facilities	34,355,000	
San Francisco COPs, Series 2014-R1 (Courthouse Project), 2014-R2 (Juvenile Hall Project)	44,300,000	
LONG-TERM OBLIGATIONS	$1,045,055,000	
GROSS DIRECT DEBT & LONG-TERM OBLIGATIONS	$3,092,023,783	
OVERLAPPING DEBT & LONG-TERM OBLIGATIONS		
Bayshore Hester Assessment District	$625,000	
San Francisco Bay Area Rapid Transit District (33%) Sales Tax Revenue Bonds	86,486,667	
San Francisco Bay Area Rapid Transit District (29%) General Obligation Bonds, Series 2005A, 2007B	105,251,150	
San Francisco Community College District General Obligation Bonds - Election of 2001, 2005	328,550,000	
San Francisco Redevelopment Agency Hotel Tax Revenue Bonds - 2011	40,635,000	
San Francisco Redevelopment Agency Obligations (Property Tax Increment)	858,437,852	1
San Francisco Redevelopment Agency Obligations (Special Tax Bonds)	106,098,939	
Association of Bay Area Governments Obligations (Special Tax Bonds)	19,005,000	
San Francisco Unified School District General Obligation Bonds, Series Election of 2003, 2006, and 2011	613,130,000	
TOTAL OVERLAPPING DEBT & LONG-TERM OBLIGATIONS	$2,158,219,608	
GROSS COMBINED TOTAL OBLIGATIONS	$5,250,243,391	2

Ratios to Assessed Valuation:	**Actual Ratio**	**Charter Req.**
Gross Direct Debt (General Obligation Bonds)	1.13%	< 3.00% [3]
Gross Direct Debt & Long-Term Obligations	1.70%	n/a
Gross Combined Total Obligations	2.89%	n/a

[1] The accreted value as of July 1, 2014 is $6,705,001

[2] Excludes revenue and mortgage revenue bonds and non-bonded third party financing lease obligations. Also excludes tax allocation bonds sold in August, 2009.

[3] Section 9.106 of the City Charter limits issuance of general obligation bonds of the City to 3% of the assessed value of all real and personal property within the City's boundaries that is subject to

Source: Office of Public Finance, City and County of San Francisco.

On November 4, 2003, voters approved Proposition A. Proposition A of 2003 authorized the SFUSD to issue up to $295.0 million of general obligation bonds to repair and rehabilitate school facilities, and various other improvements. The SFUSD issued $58.0 million of such authorization in October 2004, $130.0 million in October 2005, and $92.0 million in October 2006, leaving $15.0 million authorized but unissued. In March 2012, the SFUSD issued $116.1 million in refunding general obligation bonds that refunded $137.4 million in general obligation bonds authorized under Proposition A of 2003.

On November 2, 2004, voters approved Proposition AA. Proposition AA authorized the San Francisco BART to issue general obligation bonds in one or more series over time in an aggregate principal amount not to exceed $980.0 million to strengthen tunnels, bridges, overhead tracks and the underwater Transbay Tube for BART facilities in Alameda and Contra Costa counties and the City. Of the $980.0 million, the portion payable from the levy of *ad valorem* taxes on property within the City is approximately 29.0% or $282.0 million. Of such authorization, BART issued $100.0 million in May 2005 and $400.0 million in July 2007, of which the allocable City portion is approximately $29.0 million and $116.0 million, respectively.

On November 7, 2006, voters approved Proposition A. Proposition A of 2006 authorized the SFUSD to issue an aggregate principal amount not to exceed $450.0 million of general obligation bonds to modernize and repair up to 64 additional school facilities and various other improvements. The SFUSD issued the first series in the aggregate principal amount of $100 million under the Proposition A authorization in February 2007. The SFUSD issued the second series in the aggregate principal amount of $150.0 million under the Proposition A authorization in January 2009. The SFUSD issued the third series in the aggregate principal amount of $185.0 million under the Proposition A authorization in May 2010.

On November 8, 2011, voters approved Proposition A. Proposition A of 2011 authorized the SFUSD to issue an aggregate principal amount not to exceed $531.0 million of general obligation bonds to repair and rehabilitate school facilities to current accessibility, health, safety, and instructional standards, and where applicable, replace worn-out plumbing, electrical and other major building systems, replace aging heating, ventilation and air handling systems, renovate outdated classrooms and training facilities, construct facilities to replace aging modular classrooms. The SFUSD issued the first series in the aggregate principal amount of $115.0 million under the Proposition A of 2011 authorization in March 2012.

MAJOR ECONOMIC DEVELOPMENT PROJECTS

Numerous development and construction projects are in progress throughout the City at any given time. This section describes several of the most significant privately owned and managed real estate developments currently under way in the City in which there is City participation, generally in the form of a public/private partnership. The information in this section has been prepared by the City based on City-approved plans as well as unofficial plans and representations of the developer in each case, and includes forward-looking statements. These forward-looking statements consist of expressions of opinion, estimates, predictions, projections, plans and the like; such forward-looking statements in this section are those of the developers and not of the City. The City makes no prediction, representation or assurance that the plans and projects described will actually be accomplished, or the time frame in which the developments will be completed, or as to the financial impact on City real estate taxes, developer fees, other tax and fee income, employment, retail or real estate activity, or other consequences that might be expected or projected to result from the successful completion of each development project. Completion of development in each case may depend on the local economy, the real estate market, the financial health of the developer and others involved in the project, specific features of each development and its attractiveness to buyers, tenants, and others, as well as the financial health of such buyers, tenants, and others. Completion and success of each development will also likely depend on other factors unknown to the City.

Hunters Point Shipyard (Phase 1 and 2) and Candlestick Point

The Hunters Point Shipyard Phase 1 and 2 and Candlestick Point project area will deliver approximately 12,100 new homes, approximately 32 percent of which will be below market rate and will include the rebuilding of the Alice Griffith public housing development consistent with the City's HOPE SF program, up to 3 million square feet of research and development space, and more than 350 acres of new parks in the southeast portion of San Francisco (the "Project"). In total, the Project will generate over $6 billion of new economic activity to the City, more than

12,000 permanent jobs, hundreds of new construction jobs each year, new community facilities, new transit infrastructure, and provide approximately $90 million in community benefits. The Project's full build out will occur over 20 to 30 years. In the next five years over 1,000 units of housing and 26 acres of parks will be completed in the first phase of the Shipyard.

The first phase of development has begun at the Hunters Point Shipyard site with over 300 units currently under construction, and an additional 150 units will begin construction in 2015-2016. In late 2014 construction of horizontal infrastructure began for the first 184 affordable units in the Candlestick Point area Also, in 2015, the design process will begin for a 635,000 square foot mixed-use retail center, 150,000 square foot hotel at the former Candlestick Stadium site and an additional 1200 residential units , including 230 stand alone affordable units and up to 100 inclusionary units. Two hillside open space areas at the base of Bayview Hill will be improved and a new wedge park plaza will also be constructed, adding a total of 7.5 acres of open space adjacent to the new retail and residential development.

Treasure Island

Former Naval Station Treasure Island is located in the San Francisco Bay and connected to the City by the San Francisco-Oakland Bay Bridge. The former base, which ceased operations in 1997, consists of approximately 405 acres on Treasure Island and 90 acres on adjoining Yerba Buena Island. Development plans for the islands include up to 8,000 new homes, 25% of which will be offered at below-market rates; up to 500 hotel rooms; a 400 slip marina; restaurants; retail and entertainment venues; and a world-class 300-acre parks and open space system. The compact mixed-use transit-oriented development is centered around a new ferry terminal connecting the island to downtown San Francisco and is designed to prioritize walking, biking and public transit. The development plans include green building standards and best practices in low-impact development.

The first major land transfer from the Navy to the Treasure Island Development Authority (TIDA) will occur in early 2015 and will include the northern half of Yerba Buena Island and more than half of the area of Treasure Island. The developer, Treasure Island Community Development (TICD), is performing the preliminary engineering and pursuing the permits required to begin construction before the end of 2015. The first phase of development will include extensive horizontal infrastructure improvements (utilities, roadway improvements, site preparation, etc.) as well as the initial vertical developments. The complete build-out of the project is anticipated to occur over fifteen to twenty years.

Mission Bay Blocks 29-32– Warriors Multipurpose Recreation and Entertainment Venue

The Golden State Warriors, a National Basketball Association (NBA) team, is proposing to develop a multipurpose recreation and entertainment venue and associated development the former Salesforce site in Mission Bay. The site is bordered by Third Street to the West, Terry Francois Boulevard to the East, 16th Street to the South and South Street to the North. The Warriors propose constructing a state-of-the-art multi-purpose recreation and entertainment venue for Warriors' home games, concerts, and family shows. The site will also have two live performance theatres, restaurants retail, office space, bike valet, public plazas and a limited amount of parking. The project will trigger the Mission Bay master developer's construction of a new 3.5 acre Bay Front Park between the new arena and the Bay. Environmental review is currently underway with the goal of opening in time for the 2018-2019 basketball season.

Transbay

The Transbay Project Redevelopment Project Area was adopted in 2005 with the purpose of redeveloping 10 acres of property owned by the State of California in order to generate funding for the new Transbay Transit Center. In 2012 the Transit Center District Plan, the guiding document for the area surrounding the Transit Center, was approved by the Planning Commission and by the Board of Supervisors. The Transit Center District Plan includes additional funding sources for the Transbay Transit Center. The Transbay Transit Center Project will replace the outdated Transbay Terminal at First and Mission Streets with a modern transit hub and extend the Caltrain commuter rail line underground 1.3 miles into the Financial District. The Transbay Transit Center broke ground on August 11, 2010, and is scheduled to open by the end of 2017. Demolition of existing structures on the site was completed in August 2011.

The area surrounding the Transbay Transit Center is being redeveloped with plans for 4,500 new homes, 1,200 to be affordable below-market rate homes, 6 million square feet of new office space, over 11 acres of new parks and open space, and a new retail boulevard on Folsom Street. Much of this new development will occur on the publicly-owned parcels within the district. Recently completed in the neighborhood is Rene Cazenave Apartments which is 120 units of permanent affordable housing for formerly homeless individuals. There are over 470 units currently under construction on Folsom and Beale Streets, with three new construction projects along Folsom Street totaling over 1,800 units expected to break ground within the next two years. There is also over 2 million square feet of commercial space currently under construction, with several new projects expected to break ground in the coming years.

The Pelli Clarke Pelli Architects-designed Transit Center will serve more than 100,000 people per day through nine transportation systems, including future California High Speed Rail, which will be designed to connect San Francisco to Los Angeles in less than 2-1/2 hours. The Center is designed to embrace the goals of green architecture and sustainability. The heart of the Transbay Transit Center, "City Park," a 5.4-acre public park that will sit atop the facility, and there will be a living green roof for the transit facility. The Center will have a LEED rating of Silver. The project is estimated to create more than 48,000 jobs in its first phase of construction, which will last seven years. The $4.2 billion Transbay Transit Center Project is funded by various public and private funding partners, including the federal government, the State, the Metropolitan Transportation Commission, the San Francisco County and San Mateo County Transportation Authorities, and AC Transit, among others. In March 2013, the TJPA sold the TJPA property adjacent to the Transbay Transit Center to Hines Corporation and Boston Properties, paving the way for construction of the 61-story Transbay Transit Tower, which will contain 1.4 million square feet of office space, for $190 million.

Mission Bay

The development plans for Mission Bay include a new University of California-San Francisco (UCSF) research campus containing 3.15 million square feet of building space on 46 acres of land, of which 43 acres were donated by the Mission Bay Master Developer and the City; UCSF's 550-bed hospital; 3.4 million square feet of biotech, 'cleantech' and health care office space; 6,400 housing units, with 1,850 (29%) affordable to moderate-, low-, and very low-income households; 425,000 square feet of retail space; a 250-room hotel with up to 25,000 square feet of retail entertainment uses; 49 acres of public open space, including parks along Mission Creek and San Francisco Bay and eight acres of open space within the UCSF campus; a new 500-student public school; and a new fire and police station and police headquarters. Mission Bay is approximately 50% complete.

Over 4,067 units have been completed with an additional 900 units under construction, along with several new parks. Another 550 housing units, a 250-room hotel and several new commercial buildings will break ground in 2015. As discussed above, the design development process has also begun for that Golden State Warriors project.

Seawall Lot (SWL) 337 and Pier 48 (Mission Rock)

Mission Rock is a proposed mixed-use development at Seawall Lot 337 and Pier 48, Port-owned property comprising approximately 25 acres. The Port, OEWD in its capacity as lead negotiator, and Mission Rock's competitively-selected master developer, Seawall Lot 337 Associates, LLC, have agreed on a development concept and corresponding financial terms for Mission Rock, which are reflected in a non-binding Term Sheet that the Port

Commission and Board of Supervisors have endorsed and which will be finalized in a Development Agreement following environmental review.

The proposed development plan for Mission Rock set forth in the term sheet includes: approximately 8 acres of public parks and open spaces, including a 5-acre regional waterfront park; 650 to 1,500 new housing units, 15 percent of which will be affordable to low-income households; 1.3 to 1.7 million square feet of commercial space; 150,000 to 250,000 square feet of retail space, approximately 3,000 parking spaces within mixed-use buildings and a dedicated parking structure, which will serve San Francisco Giants baseball team patrons as well as Mission Rock occupants and visitors; and the rehabilitation and reuse of historic Pier 48 as a new brewery/distillery for Anchor Steam Brewing Company.

In the wake of the passage of Proposition B on the June 2013 ballot, the developer, Port and OEWD staff have continued to engage relevant agencies and stakeholders to further refine the project plan. The environmental review process was initiated in January 2014 and is expected to last until early to mid-2016. That process will be accompanied by negotiation of transaction agreements and approval of any needed height limit and zoning changes which will likely determine the final approval schedule (currently expected on or after early 2017).

Pier 70

Plans for Pier 70 call for substantial development, including major parks and historic building rehabilitation, on this 69-acre site to achieve a number of goals, including preservation and adaptive reuse of historic structures; retention of the ship repair operations; provision of new open space; reactivation and economic development on the site; and needed infrastructure and site remediation. The Port, which controls Pier 70, and OEWD, in its capacity as lead negotiator, have initiated preliminary negotiations with Forest City, the developer selected to build a new mixed-use neighborhood on a 25-acre portion of Pier 70 known as the Waterfront Site. The parties have agreed on a development concept and corresponding financial terms for the Waterfront Site, which are reflected in a non-binding Term Sheet that the Port Commission and Board of Supervisors have endorsed and which will be finalized in a Development Agreement following community and environmental review. In November 2014, Proposition F was approved by the voters, authorizing an increase of height limits on Pier 70 from 40 feet to 90 feet.

Current development plans for the Pier 70 Waterfront Site call for 7 acres of parks and up to 3.25 million square feet of above-grade construction (not including parking) which may include up to 1.7 million square feet of office space; up to 400,000 square feet of retail, small-scale production, arts space intended to establish the new district as destination with unique character; and between 935 and 1825 housing units, with as many as 30% percent of them made available to low- and middle- income households. This built area includes three historic industrial buildings that will be rehabilitated as part of the Waterfront Site development.

Cruise Terminal

On September 25, 2014 the Port opened the new James R. Herman cruise ship terminal at Pier 27. Formerly the base for the America's Cup races in the summer of 2013, the Cruise Terminal includes 91,000 square feet in a two-story building with views to the Bay Bridge and back to the City skyline and Telegraph Hill. Sized for 2,600 passengers and able to handle ships with up to 4,000 passengers, the Cruise Terminal is designed for the evolving trends in the passenger cruise industry. It includes the latest passenger and perimeter security features while also transitioning to an event center for the City on non-cruise days. The site also includes a 2.5 acre Cruise Terminal Plaza along the Embarcadero, creating a new open space amenity and strengthening connection between the Bay and the base of Telegraph Hill.

The James R. Herman Cruise Terminal has been designed to meet modern ship and operational requirements of the cruise industry and expects to receive a LEED Silver designation for its environmental design.

The Cruise Terminal contributes to San Francisco's economy by attracting 40-80 cruise calls a year, bringing visitors and tax revenue to the City's General Fund. It is estimated that the cruise industry in San Francisco supports $31.2 million annually in economic activity and generates 300 jobs within San Francisco. The facility will continue to be used for maritime events, such as Fleet Week, foreign naval diplomatic calls, Tall Ship festivals and visits by oceanic research vessels. When there are no cruise calls, the cruise terminal will provide approximately 60,000 square feet of designated space for shared uses, including meetings and special events.

San Francisco Public Works, along with the Port were responsible for construction management of the new cruise terminal. Contractor for the construction project was Turner Construction and Designers/Architects were KMD Kaplan McLaughlin Diaz, Pfau Long Architecture, JV Bermello Ajamil & Partners and cruise terminal design consultants.

Moscone Convention Center

The Moscone Center Expansion Project will add approximately 300,000 square feet and repurpose an additional 120,000 square feet to the portion of the existing Moscone Center located on Howard Street between 3rd and 4th Streets in the Yerba Buena Gardens neighborhood of San Francisco. Nearly 140,000 square feet of this additional space would be created by excavating and expanding the existing below-grade exhibition halls that connect the Moscone North and South buildings under Howard Street, with the remaining consisting of new and repurposed lobby area, new multi-purpose/meeting room area, and new and repurposed building support area.

In addition to adding new rentable square footage, the project architects propose an iconic sense of arrival that enhances Moscone's civic presence on Howard Street and reconnects it to the surrounding neighborhood through the creation of reintroduced lost mid-block passageways. As such, the project proposes a new mid-block pedestrian entrance from Third St and a replacement pedestrian bridge connecting Yerba Buena Gardens with the cultural facilities and children's playground to the south. An additional enclosed pedestrian bridge would provide enhanced circulation for Moscone convention attendees and reduce on-street congestion.

A May 2012 analysis by Jones Lang Lasalle Hotels estimated that the City would lose up to $2 billion in foregone revenue over the next decade if Moscone was not expanded. The project allows the City to recover approximately $734 million of this future revenue and create 3,480 local jobs through a phased construction schedule that keeps Moscone in continuous revenue generating operation.

The proposed project is a joint partnership between the City and the hotel industry, acting through the Tourist Improvement District Management Corporation, with the City paying approximately one-third of all expansion costs and the hotel community paying approximately two-thirds. The Board of Supervisors unanimously approved the creation of the Moscone Expansion District and the issuance of $507 million in Certificates of Participation on February 5, 2013 and the Planning Commission unanimously approved the project on August 15, 2014. Pre-construction began in December 2014 with major construction scheduled to begin in the spring of 2015 and continue intermittently around existing convention reservations through 2018.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES

Several constitutional and statutory limitations on taxes, revenues and expenditures exist under State law which limits the ability of the City to impose and increase taxes and other revenue sources and to spend such revenues, and which, under certain circumstances, would permit existing revenue sources of the City to be reduced by vote of the City electorate. These constitutional and statutory limitations, and future limitations, if enacted, could potentially have an adverse impact on the City's general finances and its ability to raise revenue, or maintain existing revenue sources, in the future. However, *ad valorem* property taxes required to be levied to pay debt service on general obligation bonds was authorized and approved in accordance with all applicable constitutional limitations. A summary of the currently effective limitations is set forth below.

Article XIII A of the California Constitution

Article XIII A of the California Constitution, known as "Proposition 13," was approved by the California voters in June of 1978. It limits the amount of *ad valorem* tax on real property to 1% of "full cash value," as determined by the county assessor. Article XIII A defines "full cash value" to mean the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when "purchased, newly constructed or a change in ownership has occurred" (as such terms are used in Article XIII A) after the 1975 assessment. Furthermore, all real property valuation may be increased or decreased to reflect the inflation rate, as shown by the consumer price index or comparable data, in an amount not to exceed 2% per year, or may be reduced in the event of declining property values caused by damage, destruction or other factors. Article XIII A provides that the 1% limitation does not apply to *ad valorem* taxes to pay interest or redemption charges on 1) indebtedness approved by the voters prior to July 1, 1978, 2) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition, or 3) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district voting on the proposition, but only if certain accountability measures are included in the proposition.

The California Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher or lower than 2%, depending on the assessor's measure of the restoration of value of the damaged property. The California courts have upheld the constitutionality of this procedure.

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be assessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate persons with disabilities and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the City. Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIII A.

Article XIII B of the California Constitution

Article XIII B was enacted by California voters as an initiative constitutional amendment in November 1979. Article XIII B limits the annual appropriations from the proceeds of taxes of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population, and services rendered by the governmental entity. However, no limit is imposed on the appropriation of local revenues and taxes to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters. Article XIII B includes a requirement that if an entity's revenues in any year exceed the amount permitted to be spent, the excess would have to be returned by revising tax or fee schedules over the next two years.

Articles XIII C and XIII D of the California Constitution

Proposition 218, an initiative constitutional amendment, approved by the voters of the State in 1996, added Articles XIII C and XIII D to the State Constitution, which affect the ability of local governments, including charter cities such as the City, to levy and collect both existing and future taxes, assessments, fees and charges. Proposition 218 does not affect the levy and collection of taxes for voter-approved debt. However, Proposition 218 affects the City's finances in other ways. Article XIII C requires that all new local taxes be submitted to the electorate for approval before such taxes become effective. Taxes for general governmental purposes of the City require a majority vote and taxes for specific purposes require a two-thirds vote. Under Proposition 218, the City can only continue to collect taxes that were imposed after January 1, 1995 if voters subsequently approved such taxes by November 6, 1998. All of the City's local taxes subject to such approval have been either reauthorized in accordance with Proposition 218 or discontinued. The voter approval requirements of Article XIII C reduce the City's flexibility to manage fiscal problems through new, extended or increased taxes. No assurance can be given that the City will be able to raise taxes in the future to meet increased expenditure requirements.

In addition, Article XIII C addresses the initiative power in matters of local taxes, assessments, fees and charges. Pursuant to Article XIII C, the voters of the City could, by initiative, repeal, reduce or limit any existing or future local tax, assessment, fee or charge, subject to certain limitations imposed by the courts and additional limitations with respect to taxes levied to repay bonds. The City raises a substantial portion of its revenues from various local taxes which are not levied to repay bonded indebtedness and which could be reduced by initiative under Article XIII C. No assurance can be given that the voters of the City will disapprove initiatives that repeal, reduce or prohibit the imposition or increase of local taxes, assessments, fees or charges. See "OTHER CITY TAX REVENUES" herein, for a discussion of other City taxes that could be affected by Proposition 218.

With respect to the City's general obligation bonds (City bonds secured by *ad valorem* property taxes), the State Constitution and the laws of the State impose a duty on the Board of Supervisors to levy a property tax sufficient to pay debt service coming due in each year. The initiative power cannot be used to reduce or repeal the authority and obligation to levy such taxes which are pledged as security for payment of the City's general obligation bonds or to otherwise interfere with performance of the duty of the City with respect to such taxes which are pledged as security for payment of those bonds.

Article XIII D contains several provisions making it generally more difficult for local agencies, such as the City, to levy and maintain "assessments" (as defined in Article XIII D) for local services and programs. The City has created a number of special assessment districts both for neighborhood business improvement purposes and community benefit purposes, and has caused limited obligation bonds to be issued in 1996 to finance construction of a new public right of way. The City cannot predict the future impact of Proposition 218 on the finances of the City, and no assurance can be given that Proposition 218 will not have a material adverse impact on the City's revenues.

Statutory Limitations

On November 4, 1986, California voters adopted Proposition 62, an initiative statute that, among other things, requires (i) that any new or increased general purpose tax be approved by a two-thirds vote of the local governmental entity's legislative body and by a majority vote of the voters, and (ii) that any new or increased special purpose tax be approved by a two-thirds vote of the voters.

In *Santa Clara County Local Transportation Authority v. Guardino,* 11 Cal. 4th 220 (1995) (the *"Santa Clara* decision"), the California Supreme Court upheld a Court of Appeal decision invalidating a one-half cent countywide sales tax for transportation purposes levied by a local transportation authority. The California Supreme Court based its decision on the failure of the authority to obtain a two-thirds vote for the levy of a "special tax" as required by Proposition 62. The *Santa Clara* decision did not address the question of whether it should be applied retroactively. In *McBrearty v. City of Brawley,* 59 Cal. App. 4th 1441 (1997), the Court of Appeal, Fourth District, concluded that the *Santa Clara* decision is to be applied retroactively to require voter approval of taxes enacted after the adoption of Proposition 62 but before the *Santa Clara* decision.

The *Santa Clara* decision also did not decide, and the California Supreme Court has not otherwise decided, whether Proposition 62 applies to charter cities. The City is a charter city. Cases decided by the California Courts of Appeal have held that the voter approval requirements of Proposition 62 do not apply to certain taxes imposed by charter cities. See *Fielder v. City of Los Angeles,* 14 Cal. App. 4th 137 (1993) and *Fisher v. County of Alameda*, 20 Cal. App. 4th 120 (1993).

Proposition 62, as an initiative statute, does not have the same level of authority as a constitutional initiative, but is analogous to legislation adopted by the State Legislature, except that it may be amended only by a vote of the State's electorate. Since it is a statute, it is subordinate to the authority of charter cities to impose taxes derived from the State Constitution. Proposition 218 (discussed above), however, incorporates the voter approval requirements initially imposed by Proposition 62 into the State Constitution.

Even if a court were to conclude that Proposition 62 applies to charter cities, the City's exposure under Proposition 62 may not be significant. The effective date of Proposition 62 was November 1986. Proposition 62 contains provisions that apply to taxes imposed on or after August 1, 1985. Since August 1, 1985, the City has collected taxes on businesses, hotel occupancy, utility use, parking, property transfer, stadium admissions and vehicle rentals. See "OTHER CITY TAX REVENUES" herein. Only the hotel and stadium admissions taxes have been increased since that date. The increases in these taxes were ratified by the voters on November 3, 1998 pursuant to the requirements of Proposition 218. With the exception of the vehicle rental tax, the City continues to collect all of the taxes listed above. Since these remaining taxes were adopted prior to August 1, 1985, and have not been increased, these taxes would not be subject to Proposition 62 even if Proposition 62 applied to a charter city.

Proposition 1A

Proposition 1A, a constitutional amendment proposed by the State Legislature and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate, or change the allocation of local sales tax revenues, subject to certain exceptions.

As set forth under the laws in effect as of November 3, 2004, Proposition 1A generally prohibits the State from shifting any share of property tax revenues allocated to local governments for any fiscal year to schools or community colleges. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

Proposition 1A also provides that if the State reduces the annual vehicle license fee rate below 0.65% of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 1A may result in increased and more stable City revenues. The magnitude of such increase and stability is unknown and would depend on future actions by the State. However, Proposition 1A could also result in decreased resources being available for State programs. This reduction, in turn, could affect actions taken by the State to resolve budget difficulties. Such actions could include increasing State taxes, decreasing aid to cities and spending on other State programs, or other actions, some of which could be adverse to the City.

Proposition 22

Proposition 22 ("Proposition 22") which was approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. In addition, Proposition 22 generally eliminates the State's authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily increase a school and community college district's share of property tax revenues, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof, and prohibits the State from reallocating vehicle license fee revenues to pay for State-imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. Proposition 22 prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies (but see "San Francisco Redevelopment Agency Dissolution" above). While Proposition 22 will not change overall State and local government costs or revenues by the express terms thereof, it will cause the State to adopt alternative actions to address its fiscal and policy objectives.

Due to the prohibition with respect to the State's ability to take, reallocate, and borrow money raised by local governments for local purposes, Proposition 22 supersedes certain provisions of Proposition 1A (2004). However, borrowings and reallocations from local governments during 2009 are not subject to Proposition 22 prohibitions. In addition, Proposition 22 supersedes Proposition 1A of 2006. Accordingly, the State is prohibited from borrowing sales taxes or excise taxes on motor vehicle fuels or changing the allocations of those taxes among local governments except pursuant to specified procedures involving public notices and hearings.

Proposition 26

On November 2, 2010, the voters approved Proposition 26 ("Proposition 26"), revising certain provisions of Articles XIIIA and XIIIC of the California Constitution. Proposition 26 re-categorizes many State and local fees as taxes, requires local governments to obtain two-thirds voter approval for taxes levied by local governments, and requires the State to obtain the approval of two-thirds of both houses of the State Legislature to approve State laws that increase taxes. Furthermore, pursuant to Proposition 26, any increase in a fee beyond the amount needed to provide the specific service or benefit is deemed to be a tax and the approval thereof will require a two-thirds vote. In addition, for State-imposed charges, any tax or fee adopted after January 1, 2010 with a majority vote which would have required a two-thirds vote if Proposition 26 were effective at the time of such adoption is repealed as of November 2011 absent the re-adoption by the requisite two-thirds vote.

Proposition 26 amends Article XIII C of the State Constitution to state that a "tax" means a levy, charge or exaction of any kind imposed by a local government, except (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property or the purchase rental or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law, including late payment fees, fees imposed under administrative citation ordinances, parking violations, etc.; (6) a charge imposed as a condition of property development; or (7) assessments and property related fees imposed in accordance with the provisions of Proposition 218. Fees, charges and payments that are made pursuant to a voluntary contract that are not "imposed by a local government" are not considered taxes and are not covered by Proposition 26.

Proposition 26 applies to any levy, charge or exaction imposed, increased, or extended by local government on or after November 3, 2010. Accordingly, fees adopted prior to that date are not subject to the measure until they are increased or extended or if it is determined that an exemption applies.

If the local government specifies how the funds from a proposed local tax are to be used, the approval will be subject to a two-thirds voter requirement. If the local government does not specify how the funds from a proposed local tax are to be used, the approval will be subject to a fifty percent voter requirement. Proposed local government fees that are not subject to Proposition 26 are subject to the approval of a majority of the governing body. In general, proposed property charges will be subject to a majority vote of approval by the governing body although certain proposed property charges will also require approval by a majority of property owners.

Future Initiatives and Changes in Law

The laws and Constitutional provisions described above were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the City or the City's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the City.

On April 25, 2013, the California Supreme Court in *McWilliams v. City of Long Beach* (April 25, 2013, No. S202037), held that the claims provisions of the Government Claims Act (Government Code Section 900 *et. seq.*) govern local tax and fee refund actions (absent another State statue governing the issue), and that local ordinances were without effect. The effect of the McWilliams case is that local governments could face class actions over disputes involving taxes and fees. Such cases could expose local governments to significant refund claims in the future. The City cannot predict whether any such class claims will be filed against it in the future, the outcome of any such claim or its impact on the City.

LITIGATION AND RISK MANAGEMENT

Pending Litigation

There are a number of lawsuits and claims routinely pending against the City, including those summarized in Note 16 to the City's CAFR as of June 30, 2014, attached as Appendix B to this Official Statement. Included among these are a number of actions which if successful would be payable from the City's General Fund. In the opinion of the City Attorney, such suits and claims presently pending will not impair the ability of the City to make debt service payments or otherwise meet its General Fund lease or debt obligations, nor materially impair the City's ability to fund current operations.

Risk Retention Program

Citywide risk management is coordinated by the Office of Risk Management Division within the City's General Services Agency, which is under the supervision of the City Administrator. With certain exceptions, it is the general policy of the City not to purchase commercial insurance for the risks of losses to which it is exposed but rather to first evaluate self-insurance for such risks. The City's policy in this regard is based on its analysis that it is more economical to manage its risks internally and administer, adjust, settle, defend, and pay claims from budgeted resources (i.e., "self-insurance"). The City obtains commercial insurance in certain circumstances, including when required by bond or lease financing covenants and for other limited purposes. The City actuarially determines liability and workers' compensation risk exposures as permitted under State law. The City does not maintain commercial earthquake coverage, with certain minor exceptions.

The City's property risk management approach varies depending on various factors including whether the facility is currently under construction or if the property is owned by a self-supporting enterprise fund department. For new construction projects, the City has utilized traditional insurance, owner-controlled insurance programs or contractor-controlled insurance programs. Under the latter two approaches, the insurance program provides coverage for the entire construction project. When a traditional insurance program is used, the City requires each contractor to provide its own insurance, while ensuring that the full scope of work be covered with satisfactory levels to limit the City's risk exposure. The majority of the City's commercial insurance coverage is purchased for enterprise fund departments and other similar revenue-generating departments (the Airport, MTA, the SF Public Utilities Commission, the Port and Convention Facilities, etc.). The remainder of the commercial insurance coverage is for General Fund departments that are required to provide coverage for bond-financed facilities, coverage for collections at City-owned museums and to meet statutory requirements for bonding of various public officials, and other limited purposes where required by contract or other agreement.

Through coordination with the City Controller and the City Attorney's Office, the City's general liability risk exposure is actuarially determined and is addressed through appropriations in the City's budget and also reflected in the CAFR. The appropriations are sized based on actuarially determined anticipated claim payments and the projected timing of disbursement.

The City actuarially estimates future workers' compensation costs to the City according to a formula based on the following: (i) the dollar amount of claims; (ii) yearly projections of payments based on historical experience; and (iii) the size of the department's payroll. The administration of workers' compensation claims and payouts are handled by the Workers' Compensation Division of the City's Department of Human Resources. The Workers' Compensation Division determines and allocates workers' compensation costs to departments based upon actual payments and costs associated with a department's injured workers' claims. Statewide workers' compensation reforms have resulted in City budgetary savings in recent years. The City continues to develop and implement programs to lower or mitigate workers' compensation costs. These programs focus on accident prevention, transitional return to work for injured workers, improved efficiencies in claims handling and maximum utilization of medical cost containment strategies.

The City's estimated liability and workers' compensation risk exposures are summarized in Note 16 to the City's CAFR, attached to this Official Statement as Appendix B.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 14-148

WHEREAS, The San Francisco Municipal Transportation Agency have proposed the installation of new various traffic and parking modifications along the 9 San Bruno rapid Muni transit route included in the Transit Effectiveness Project's Service-Related Capital Improvements and Travel Time Reduction Proposals as follows:

A. ESTABLISH – TOW AWAY NO STOPPING ANYTIME - 11th Street, east side, from Market Street to 108 feet southerly (removes 12 motorcycle spaces and meter #21100310 for a 6-foot wide transit bulb); 11th Street, east side, from Harrison Street to 165 feet northerly (removes commercial metered spaces #354 and #356, public parklet, and five bike corrals for a 6-foot wide transit bulb); 11th Street, east side, from Harrison Street to 106 feet southerly; Bayshore Boulevard, east side, from 730 feet to 805 feet south of Jerrold Avenue. (75-foot long, 6-foot wide transit bulb); Bayshore Boulevard, west side, from Oakdale Avenue to 110 feet southerly (110-foot long, 6-foot wide transit bulb); Bayshore Boulevard, east side, from Flower Street to 145 feet southerly (for a bus boarding island and bike channelization lane); Bayshore Boulevard, west side, from Cortland Avenue to 110 feet southerly (Removes 38-foot green zone for a 110-foot long, 6-foot wide transit bulb); and Bayshore Boulevard, east side, from 103 to 125 feet north of Cortland Avenue (removes 23 feet of commercial loading zone for a bus boarding island in place of existing bus zone).
B. ESTABLISH – METERED MOTORCYCLE PARKING - 11th Street, east side, from 108 to 154 feet south of Market Street (removes meters #21100330 and #21100350 for 12 metered motorcycle spaces).
C. ESTABLISH – BLUE ZONE - 11th Street, east side, from 5 feet to 30 feet north of Folsom Street; and 11th Street, west side, from 5 feet to 30 feet south of Folsom Street.
D. RESCIND – BUS ZONE - 11th Street, east side, from Folsom Street to 75 feet northerly; 11th Street, west side, from Folsom Street to 75 feet southerly; Bayshore Boulevard, west side, from 40 to 120 feet north of Oakdale Avenue (restores 4 parking spaces); Bayshore Boulevard, east side, from Oakdale Avenue to 120 feet southerly (restores 3 parking spaces); Bayshore Boulevard, west side, from 20 to 100 feet north of Cortland Avenue (restores 4 parking spaces); and Bayshore Boulevard, east side, from Marengo Street to 100 feet northerly (restores 4 parking spaces).
E. RESCIND – GENERAL METERED PARKING - 11th Street, east side, from Folsom Street to 25 feet southerly (daylighting, removes meter #301); and 11th Street, west side, from Folsom Street to 19 feet northerly (daylighting, removes meter #256).
F. RESCIND – FLAG STOP - Bayshore Boulevard, east side, 270 feet south of Jerrold Avenue; and Bayshore Boulevard, west side, at "380" Bayshore Boulevard (south of Jack in the Box driveway).
G. ESTABLISH – YELLOW METERED LOADING ZONE (7AM to 6PM, Mon-Sat) - 11th Street, west side, from Harrison Street to 40 feet northerly (at meters #354 and #356).

WHEREAS, This project was analyzed in the Transit Effectiveness Project Final Environmental Impact Report (FEIR) certified by the San Francisco Planning Commission in Motion No. 19105 on March 27, 2014; and,

WHEREAS, Approval for traffic and parking modifications to implement various projects along the 9 San Bruno rapid Muni transit route included in the Transit Effectiveness Project's (TEP) Service-Related Capital Improvements and Travel Time Reduction Proposals relies on said FEIR, and information pertaining to the FEIR and its certification are set forth in a SFMTA Resolution No 14-041, which is on file with the Secretary to the SFMTA Board of Directors and are incorporated herein by reference; and,

WHEREAS, As part of the Resolution No. 14-041, the SFMTA Board of Directors adopted approval findings under the California Environmental Quality Act (CEQA), the CEQA Guidelines, and Chapter 31 of the Administrative Code (CEQA Findings) and a Mitigation Monitoring and Reporting Program (MMRP), which Resolution, CEQA Findings, and MMRP are on file with the Secretary to the SFMTA Board of Directors and are incorporated herein by reference as though fully set forth; and,

WHEREAS, The SFMTA Board has reviewed the FEIR and hereby finds that since certification of the FEIR, no changes have occurred in the proposed project or in the circumstances under which the project would be implemented that would cause new significant impacts or a substantial increase in the severity of impacts identified and analyzed in the FEIR, and that no new information has emerged that would materially change the analyses or conclusions set forth in the FEIR. The actions approved herein would no necessitate implementation or additional or considerably different mitigation measures that those identified in the FEIR; and,

WHEREAS, The public has been notified about the proposed modifications and has been given the opportunity to comment on those modifications through the public hearing process; now, therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors approves these traffic and parking modifications to implement various projects along the 9 San Bruno rapid Muni transit route included in the Transit Effectiveness Project's (TEP) Service-Related Capital Improvements and Travel Time Reduction Proposals.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of October 7, 2014.

R. Boomer

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 14-041

WHEREAS, The Strategic Plan requires that the SFMTA, in the context of the "Transit First" policy, make transit and other non-personal vehicle-oriented transportation modes the preferred means of travel; and

WHEREAS, The Transit Effectiveness Project (TEP) is a major SFMTA initiative to improve Muni and help meet the Strategic Plan's mode shift goals; and

WHEREAS, The goals of the TEP are to improve Muni travel speed, reliability and safety, make Muni a more attractive transportation mode, improve cost-effectiveness of Muni operations and assist in implementing the City's Transit First policy; and

WHEREAS, The SFMTA applied to the Planning Department for environmental review of the TEP under the California Environmental Quality Act, Public Resources Code Sections 21000 *et seq.*, (CEQA), on June 25, 2011, and the Planning Department determined that an Environmental Impact Report (EIR) was required and provided public notice of that determination by publication in a newspaper of general circulation on November 9, 2011; and

WHEREAS, On July 10, 2013, the Planning Department published the Transit Effectiveness Project Draft Environmental Impact Report (DEIR) and provided public notice in a newspaper of general circulation of the availability of the DEIR for public review and comment and of the date and time of the Planning Commission public hearing on the DEIR; this notice was mailed to the Department's list of persons requesting such notice; and

WHEREAS, Notices of availability of the DEIR and of the date and time of the public hearing were posted at the San Francisco County Clerk's Office, on transit vehicles, and on the Planning Department's web site on July 10, 2013, and copies were provided to all public libraries within San Francisco; and

WHEREAS, On July 10, 2013, copies of the DEIR were mailed or otherwise delivered to a list of persons requesting it, to those noted on the distribution list in the DEIR, and to government agencies, the latter both directly and through the State Clearinghouse; and

WHEREAS, The Planning Commission held a duly advertised public hearing on the DEIR on August 15, 2013 and received public comment on the DEIR; the period for acceptance of written comments ended on September 17, 2013; and

WHEREAS, The Planning Department prepared responses to comments on environmental issues received at the public hearing and in writing during the 67 day public review period for the DEIR, prepared revisions to the text of the DEIR in response to comments received or based on additional information that became available during the public review period, and corrected errors in the DEIR. This material was presented in a Responses to Comments document, published on March 13, 2014; and

WHEREAS, The Planning Department prepared a Final Environmental Impact Report (FEIR), consisting of the DEIR, any consultations and comments received during the review process, any additional information that became available, the Responses to Comments document, and the Supplemental Service Variants Memorandum dated March 13, 2014, all as required by law; and

WHEREAS, Environmental review files have been made available for review by the SFMTA Board and the public. (Planning Department File No. 2011.0558E.)These files are available for public review at the Planning Department at 1650 Mission Street, Suite 400, and are part of the record before the SFMTA Board; and

WHEREAS, On March 27, 2014, the Planning Commission reviewed and considered the FEIR and found that its contents and the procedures through which the FEIR was prepared, publicized, and reviewed complied with the provisions of CEQA, the CEQA Guidelines, and Chapter 31 of the San Francisco Administrative Code; and

WHEREAS, The Planning Commission found that the FEIR reflects the independent judgment and analysis of the City and County of San Francisco, is adequate, accurate and objective, and that the Responses to Comments document, the Supplemental Service Variants Memorandum, and all relevant errata contain no significant revisions to the DEIR, and certified the completion of the FEIR in compliance with CEQA and the CEQA Guidelines; and

WHEREAS, The Planning Commission's CEQA certification motion is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by this reference; now, therefore be it

RESOLVED, That the SFMTA Board of Directors approves the Service Policy Framework as identified in the FEIR and incorporated herein by this reference; and be it further

RESOLVED, That the SFMTA Board of Directors approves the Transit Preferential Streets "Toolkit" as identified in the FEIR and incorporated herein by this reference; and be it further

RESOLVED, That the SFMTA Board of Directors approves at a programmatic and conceptual level the Service Improvements, Service-Related Capital Improvements and both the Moderate and Expanded Travel Time Reduction Proposals Alternatives identified in the FEIR and incorporated herein by this reference; and be it further

RESOLVED, That, in taking this approval action, the SFMTA Board of Directors adopts CEQA Findings, which include rejecting alternatives identified in the FEIR as infeasible and adopting a statement of overriding considerations, attached to this Resolution as Enclosure A and incorporated herein by this reference; and be it further

RESOLVED, That the SFMTA Board of Directors adopts the Mitigation Monitoring and Reporting Program (MMRP) attached to this Resolution as Enclosure B; and be it further

RESOLVED, That the SFMTA Board authorizes the Director of Transportation to direct staff to continue with obtaining otherwise necessary approvals and to carry out the actions to implement the Project.

I certify that the foregoing resolution was adopted by the Municipal Transportation Agency Board of Directors and the Parking Authority Commission at their meeting of March 28, 2014.

R. Boomer

Secretary, Municipal Transportation Agency
Board and Parking Authority Commission

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 14-066

WHEREAS, With input from the San Francisco Bicycle Coalition, the Board of Supervisors' Bicycle Advisory Committee, and community groups, the San Francisco Municipal Transportation Agency (SFMTA) has identified a need for various bicycle projects and programs to improve and enhance bicycling as a safe, viable transportation option; and,

WHEREAS, The SFMTA will apply to the Metropolitan Transportation Commission (MTC) for up to $440,861 in FY14/15 Transportation Development Act, Article 3 (TDA) funds for bicycle facility projects; and,

WHEREAS, The SFMTA intends to fund the following bicycle facility projects (Bicycle Facility Projects) with the FY14/15 TDA funds, which projects are described in detail on the TDA Article 3 Project Application Form:

1. Extension of Regional Bicycle Sharing Pilot
2. Bicycle Parking
3. Bicycle Project Coordination with Near Term Repaving Projects
4. Post Construction Evaluation
5. General Bicycle Facility Fund; and,

WHEREAS, The Bicycle Facility Projects are from a pool of projects identified in the 2009 SFMTA Bicycle Plan for which the San Francisco Planning Department, on August 14, 2009, issued a Notice of Determination regarding certification of the Environmental Impact Report prepared pursuant to the California Environmental Quality Act (CEQA); and,

WHEREAS, The Planning Department also determined that the proposed extension of implementation of the Regional Bicycle Sharing Pilot project was exempt from environmental review under CEQA pursuant to Title 14 of the California Code of Regulations Section 15306 as a Class 6 (Information Collection) categorical exemption; and,

WHEREAS, A copy of these CEQA determinations are on file with the Secretary for the SFMTA Board of Directors; and,

WHEREAS, As part of the application for TDA grant funds, MTC requires a resolution adopted by the SFMTA Board stating the following:

1. That the SFMTA will commit adequate staffing resources to complete the Bicycle Facility Projects.
2. A review of the Bicycle Facility Projects has resulted in the consideration of all pertinent matters, including those related to environmental review and right-of-way permits attendant to the successful completion of the project(s).

3. Issues attendant to securing environmental and right-of-way permits and clearances for the Bicycle Facility Projects have been reviewed and will be concluded in a manner and on a schedule that will not jeopardize the deadline for the use of the TDA funds being requested.
4. That the Bicycle Facility Projects comply or will comply with the requirements of the California Environmental Quality Act (CEQA, Public Resources Code Sections 21000, *et seq.*).
5. That as portrayed in the budgetary description(s) of the Bicycle Facility Projects, the sources of funding other than TDA are assured and adequate for completion of the project(s).
6. That the FY 14/15 TDA funds will be used for capital construction and/or design engineering of bicycle facility projects.
7. That the Bicycle Facility Projects have been included in a detailed bicycle circulation element included in an adopted general plan, or included in an adopted comprehensive bikeway plan (such as outlined in Section 2377 of the California Bikeways Act, Streets and Highways Code section 2370, *et seq.*).
8. That the Bicycle Facility Projects are ready to commence implementation during the fiscal year of the requested allocation.
9. That the SFMTA agrees to maintain, or provide for the maintenance of, the Bicycle Facility Projects for the benefit of and use by the public.

WHEREAS, If any of the projects and programs do not receive funding, this will not affect SFMTA's other projects and programs; now, therefore, be it,

RESOLVED, That the SFMTA Board of Directors authorizes the SFMTA, through its Director of Transportation (or his designee), to accept and expend up to $440,861 in FY14/15 Transportation Development Act, Article 3 funds for bicycle facility projects as set forth in the TDA Article 3 Project Application Form; and be it further,

RESOLVED, That the SFMTA Board of Directors, by adopting this resolution, does hereby affirm the following: That the SFMTA will commit adequate staffing resources to complete the Bicycle Facility Projects; a review of the Bicycle Facility Projects has resulted in the consideration of all pertinent matters, including those related to environmental and right-of-way permits and clearances, attendant to the successful completion of the project(s); issues attendant to securing environmental and right-of-way permits and clearances for the Bicycle Facility Projects have been reviewed or will be reviewed and will be concluded in a manner and on a schedule that will not jeopardize the deadline for the use of the TDA funds being requested; that the Bicycle Facility Projects comply or will comply with the requirements of the California Environmental Quality Act (CEQA, Public Resources Code Sections 21000, *et seq.*); that as portrayed in the budgetary description(s) of the Bicycle Facility Projects, the sources of funding other than TDA will be assured and adequate for completion of the project(s); that the FY 14/15 TDA Funds will be used for capital construction and/or design engineering of bicycle facility projects; that the Bicycle Facility Projects have been included in a detailed bicycle circulation element included in an adopted general plan, or included in an adopted comprehensive bikeway plan (such as outlined in Section 2377 of the California Bikeways Act, Streets and Highways

Code section 2370, *et seq.*); that the Bicycle Facility Projects are ready to commence implementation during the fiscal year of the requested allocation; and that the SFMTA agrees to maintain, or provide for the maintenance of, the Bicycle Facility Projects for the benefit of and use by the public; and be it further,

RESOLVED, That the SFMTA Board recommends that the Board of Supervisors approve the acceptance and expenditure of the aforementioned grant funds as part of a countywide application with the Department of Public Works; and be it further,

RESOLVED, That the SFMTA Board authorizes the Director of Transportation (or his designee) to execute agreements and provide documents required for receipt of these funds, pending approval of the Board of Supervisors; and be it further,

RESOLVED, That the Director of Transportation (or his designee) shall transmit a copy of this resolution to the Metropolitan Transportation Commission.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of May 6, 2014.

R. Boomer

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 14-137

WHEREAS, The San Francisco Municipal Transportation Agency have proposed the installation of new traffic signals and various traffic and parking modifications along rapid Muni transit routes included in the Transit Effectiveness Project's Service-Related Capital Improvements and Travel Time Reduction Proposals as follows:

A. ESTABLISH – NEW TRAFFIC SIGNALS - 18th Avenue and Judah Street; 47th Avenue and Fulton Street; Cesar Chavez and Church Streets; Fulton Street and La Playa; Laguna and McAllister Streets; and Cayuga Street and Geneva Avenue.
B. ESTABLISH – TRANSIT/COMMERCIAL VEHICLE-ONLY LANE, 6 AM TO 8 PM, EVERYDAY - Sansome Street, southbound, from Broadway to Washington Street (replaces 1 northbound lane).
C. ESTABLISH – NO PARKING ANYTIME - Sansome Street, west side, from Washington Street to 27 feet northerly (removes one 6-wheel commercial metered space, Meter #601); and Sansome Street, west side, from Pacific Avenue to 20 feet northerly (removes one metered space, Meter #803).
D. ESTABLISH – BUS ZONE and ESTABLISH – NO PARKING ANYTIME - Sansome Street, west side, from Jackson Street to 67 feet southerly (removes one metered space, Meter #627).
E. ESTABLISH – FLAG STOP - Broadway, west side, nearside at Sansome Street (moves flag stop from farside to nearside).
F. ESTABLISH – TOW-AWAY NO STOPPING ANYTIME, 6 AM TO 8 PM, EVERYDAY, EXCEPT METERED COMMERCIAL LOADING - Sansome Street, west side, from 26 feet to 255 feet south of Broadway (replaces six general metered spaces, Meter #805, #807, #815, #817, #819, #821); Sansome Street, west side, from Pacific Avenue to Jackson Street (replaces five general metered spaces, Meter #711, #713, #719, #721, #723); and Sansome Street, west side, from 133 feet to 153 feet south of Jackson Street (replaces one general metered space, Meter #613).
G. ESTABLISH – TOW-AWAY NO STOPPING ANYTIME, 6 AM TO 8 PM, EVERYDAY, EXCEPT METERED COMMERCIAL LOADING FOR TRUCKS WITH 6 WHEELS OR MORE - Sansome Street, west side, from 184 feet to 228 feet south of Jackson Street (replaces two general metered spaces, Meter #605, #607).
H. RESCIND – TOW-AWAY NO STOPPING ANY TIME, 7 AM TO 6 PM, MONDAY THROUGH FRIDAY, EXCEPT METERED COMMERCIAL LOADING FOR TRUCKS WITH 6 WHEELS OR MORE - Washington Street, north side, from 110 feet to 152 feet west of Sansome Street (Meter #512, #514).
I. RESCIND – TOW-AWAY NO STOPPING ANYTIME, 7 AM TO 3 PM, MONDAY THROUGH FRIDAY, EXCEPT COMMERCIAL LOADING - Sansome Street, east side, from 71 feet to 115 feet north of Jackson Street (Meter #710, #712).
J. RESCIND – TOW-AWAY NO STOPPING ANYTIME, 7 AM TO 6 PM, MONDAY THROUGH FRIDAY, EXCEPT COMMERCIAL LOADING - Washington Street, north side, from 152 feet to 196 feet west of Sansome Street (Meter #512, #514, #516, #518); Jackson Street, south side, from 128 feet to 173 feet west of Sansome Street (REINO Meters #0413, #0415); Pacific Avenue, south side, from 108 feet to 150 feet west of Sansome Street

(Meter #411, #413); Pacific Avenue, south side, from 239 feet to 261 feet west of Sansome Street (Meter #427); Pacific Avenue, north side, from 12 feet to 40 feet east of Sansome Street (Meter #332);and Broadway, south side, from 188 feet to 228 feet west of Sansome Street (Meter #317, #319).

K. ESTABLISH –SHORT TERM METERED GREEN ZONE - Sansome Street, east side, from 78 feet to 96 feet south of Broadway (One metered 30-minute green parking space replaces one metered general parking space, Meter #820); and Jackson Street, north side, from 69 feet to 83 feet west of Sansome Street (One metered 30-minute green parking space replaces one metered commercial parking space, Meter #508).
L. ESTABLISH – NO RIGHT TURN ON RED - Broadway, eastbound, at Sansome Street
M. ESTABLISH – BLUE ZONE - Pacific Avenue, north side, from 6 feet to 28 feet west of Battery Street (300 Block, parking meter #304); Washington Street, south side, from Battery Street to 24 feet westerly (400 Block, REINO meter #04005); Montgomery Street, east side, from 16 feet to 38 feet north of Washington Street (700 Block, REINO meter #07006); Montgomery Street, west side, from 7 feet to 29 feet south of Jackson Street (700 Block, REINO meter #07017); Pacific Avenue, north side, from 13 feet to 35 feet west of Front Street (Meter #204); Jackson Street, south side, from 21 feet to 40 feet east of Columbus Avenue (Meter #515); and Pacific Avenue, north side, from 12 feet to 34 feet west of Montgomery (Meter #502).

WHEREAS, This project was analyzed in the Transit Effectiveness Project Final Environmental Impact Report (FEIR) certified by the San Francisco Planning Commission in Motion No. 19105 on March 27, 2014; and,

WHEREAS, Approval for traffic and parking modifications to implement various projects along rapid Muni transit routes included in the Transit Effectiveness Project's (TEP) Service-Related Capital Improvements and Travel Time Reduction Proposals relies on said FEIR, and information pertaining to the FEIR and its certification are set forth in a SFMTA Resolution No 14-041, which is on file with the Secretary to the SFMTA Board of Directors and are incorporated herein by reference; and,

WHEREAS, As part of the Resolution No. 14-041, the SFMTA Board of Directors adopted approval findings under the California Environmental Quality Act (CEQA), the CEQA Guidelines, and Chapter 31 of the Administrative Code (CEQA Findings) and a Mitigation Monitoring and Reporting Program (MMRP), which Resolution, CEQA Findings, and MMRP are on file with the Secretary to the SFMTA Board of Directors and are incorporated herein by reference as though fully set forth; and,

WHEREAS, The SFMTA Board has reviewed the FEIR and hereby finds that since certification of the FEIR, no changes have occurred in the proposed project or in the circumstances under which the project would be implemented that would cause new significant impacts or a substantial increase in the severity of impacts identified and analyzed in the FEIR, and that no new information has emerged that would materially change the analyses or conclusions set forth in the FEIR. The actions approved herein would no necessitate implementation or additional or considerably different mitigation measures that those identified in the FEIR; and,

WHEREAS, The public has been notified about the proposed modifications and has been given the opportunity to comment on those modifications through the public hearing process; now, therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors approves these traffic and parking modifications to implement various projects along rapid Muni transit routes included in the Transit Effectiveness Project's (TEP) Service-Related Capital Improvements and Travel Time Reduction Proposals, as set forth above.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of September 2, 2014.

R. Boomer

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

NOTICE OF EXEMPTION

PROJECT TITLE

Communications Based Overlay Signal System (CBOSS)

PROJECT LOCATION

The project is located within the counties of San Francisco, San Mateo, Santa Clara, and Alameda in California. The project is located within the existing railroad right of way or within facilities that currently support railroad operations.

DESCRIPTION OF NATURE, PURPOSE, AND BENEFICIARIES OF PROJECT

The project proposes to integrate a Positive Train Control (PTC) type system into the existing signal system and communications systems to provide additional functionality and improved safety and operational performance. The project will increase the safety and general welfare of the public and will provide more reliable rail operations.

The project proposes to install and operate the following elements:

- CBOSS cab – on-board subsystems in train cabs
- CBOSS field – wayside based subsystems in new and existing trackside signaling houses within the existing railroad right of way
- CBOSS track – track based subsystems for calibration and location determination within the existing railroad right of way
- CBOSS network – a dedicated communication network that includes a radio based element for communication with equipped trains. Modifications to the existing digital microwave system may need to be modified as part of the integration process.
- CBOSS office – an office subsystem located at the existing Central Control Facility
- CBOSS (EIC) portable – a portable subsystem for use by the Employee-In-Charge (EIC) of field work while working under Form B conditions in the railroad right of way.

The purpose of the project is to provide additional functionality and improved safety and operational performance by integrating a Positive Train Control (PTC) system into the existing signal system and communications systems. A PTC system is designed to prevent train-to-train collisions, over-speed derailments, incursions into established work zone limits, and the movement of a train through a switch left in the wrong position. The purpose of this project is also to fulfill the mandate of the Rail Safety Improvement Act of 2008.

There is a need to ensure that all operating passenger trains have the capability to continuously supervise the speed of the train and automatically intervene with a penalty brake application whenever train speed exceeds the "intervention" speed. This speed will be based on the train's movement authority taking into account the particular train's performance characteristics. This need arises from the Rail Safety Improvement Act of 2008 which mandates that Caltrain develops a plan to implement a PTC system by 2015 and that Caltrain implements a PTC system in accordance to the plan.

Name of Public Agency Approving Project:
Peninsula Corridor Joint Powers Board (Caltrain)

Name of Public Agency Carrying Out Project:
Peninsula Corridor Joint Powers Board (Caltrain)

Exemption Status:
Statutory Exemption. Section 21080(b)(10) of the Public Resources Code
Categorical Exemption. Section 15301 of the CEQA Guidelines

Reasons why the Project is Exempt:
The railroad and railbed improvements are exempt pursuant to 21080(b)(10) of the Public Resources Code:

> A project for the institution or increase of passenger or commuter services on rail or highway rights-of way already in use, including modernization of existing stations and parking facilities.

The installation of the PTC system and modifications to the existing signal systems are exempt pursuant to Section 15301 (f) of the CEQA Guidelines:

> Addition of safety or health protection devices for use during construction of or in conjunction with existing structures, facilities, or mechanical equipment, or topographical features including navigational devices

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Planning Commission Motion 19105

HEARING DATE: March 27, 2014

Hearing Date:	March 27, 2014
Date:	March 13, 2014
Case No.:	**2011.0558E**
Project Address:	**Transit Effectiveness Project (TEP), Citywide**
Zoning:	Not applicable
Block/Lot:	Not applicable
Project Sponsor:	Sean Kennedy, TEP Manager San Francisco Municipal Transportation Agency (the SFMTA) One South Van Ness Avenue, 7th Floor San Francisco, CA 94103
Staff Contact:	Debra Dwyer – (415) 575-9031 Debra.Dwyer@sfgov.org

ADOPTING FINDINGS RELATED TO THE CERTIFICATION OF A FINAL ENVIRONMENTAL IMPACT REPORT FOR THE TRANSIT EFFECTIVENESS PROJECT AND SERVICE POLICY FRAMEWORK.

MOVED, that the San Francisco Planning Commission (hereinafter "Commission") hereby CERTIFIES the Final Environmental Impact Report identified as Case No. 2011.0558E, the Transit Effectiveness Project, a citywide transit infrastructure project (hereinafter "Project"), based upon the following findings:

1. The City and County of San Francisco, acting through the Planning Department (hereinafter "Department") fulfilled all procedural requirements of the California Environmental Quality Act (Cal. Pub. Res. Code Section 21000 *et seq.*, hereinafter "CEQA"), the State CEQA Guidelines (Cal. Admin. Code Title 14, Section 15000 *et seq.*, (hereinafter "CEQA Guidelines") and Chapter 31 of the San Francisco Administrative Code (hereinafter "Chapter 31").

   A. The Department determined that an Environmental Impact Report (hereinafter "EIR") was required and provided public notice of that determination by publication in a newspaper of general circulation on November 9, 2011.

   B. On July 10, 2013, the Department published the Draft Environmental Impact Report (hereinafter "DEIR") and provided public notice in a newspaper of general circulation of the availability of the DEIR for public review and comment and of the date and time of the Planning Commission public hearing on the DEIR; this notice was mailed to the Department's list of persons requesting such notice and to people that commented on the Initial Study, published January 23, 2013.

   C. Notices of availability of the DEIR and of the date and time of the public hearing were posted at the San Francisco County Clerk's Office, on transit vehicles, and on the Planning Department's web site by Department staff on July 10, 2013. In addition, copies of the NOA were provided to all public libraries within San Francisco.

D. On July 10, 2013, copies of the DEIR were mailed or otherwise delivered to a list of persons requesting it, to those noted on the distribution list in the DEIR, and to government agencies, the latter both directly and through the State Clearinghouse.

E. Notice of Completion was filed with the State Secretary of Resources via the State Clearinghouse on July 10, 2013.

2. The Commission held a duly advertised public hearing on said DEIR on August 15, 2013 at which opportunity for public comment was given, and public comment was received on the DEIR. The period for acceptance of written comments ended on September 17, 2013.

3. The Department prepared responses to comments on environmental issues received at the public hearing and in writing during the 67-day public review period for the DEIR, prepared revisions to the text of the DEIR in response to comments received or based on additional information that became available during the public review period, and corrected errors in the DEIR. This material was presented in a Responses to Comments document, published on March 13, 2014, distributed to the Commission and all parties who commented on the DEIR, and made available to others upon request at the Department.

4. A Final Environmental Impact Report (hereinafter "FEIR") has been prepared by the Department, consisting of the DEIR, any consultations and comments received during the review process, any additional information that became available, the Responses to Comments document, and any Errata to the FEIR, all as required by law.

5. Project EIR files have been made available for review by the Commission and the public. These files are available for public review at the Department at 1650 Mission Street, Suite 400, and are part of the record before the Commission.

6. On March 27, 2014, the Commission reviewed and considered the FEIR and hereby does find that the contents of said report and the procedures through which the FEIR was prepared, publicized, and reviewed comply with the provisions of CEQA, the CEQA Guidelines, and Chapter 31 of the San Francisco Administrative Code.

7. The Planning Commission hereby does find that the FEIR concerning File No. 2011.0558E reflects the independent judgment and analysis of the City and County of San Francisco, is adequate, accurate and objective, and that the Responses to Comments document contains no significant revisions to the DEIR, and hereby does CERTIFY THE COMPLETION of said FEIR in compliance with CEQA and the CEQA Guidelines.

8. The Commission, in certifying the completion of said FEIR, hereby does find that the project described in the EIR:

A. will have the following unavoidable significant project-specific effects on the environment:

<u>Program Level Components</u>

Service Policy Framework: Objectives A and C

- **Impact TR-3:** Implementation of the Policy Framework Objective A, Action A.3, and Objective C, Actions C.3 through C.5 may result in significant traffic impacts;
- **Impact TR-5:** Implementation of the Policy Framework Objective A, Action A.3 and Objective C, Actions C.3 through C.5 may result in significant loading impacts;

TPS Toolkit Categories and Program level TTRPs:

- **Impact TR-8:** Implementation of the following TPS Toolkit categories: Lane Modifications and Pedestrian Improvements may result in significant traffic impacts;
- **Impact TR-10:** Implementation of the following TPS Toolkit categories: Transit Stop Changes, Lane Modifications, Parking and Turn Restrictions, and Pedestrian Improvements, may result in significant loading impacts;
- **Impact TR-14:** Implementation of TPS Toolkit elements within the following categories: Lane Modifications and Pedestrian Improvements, along the program-level TTRP corridors may result in significant traffic impacts;

  Affected Intersections by program-level TTRP corridor

  - TTRP.1, at the intersections of: California/Arguello and California/Park Presidio, California/Cherry, California/Locust, California/Presidio, and California/Divisadero
  - TTRP.22_2, at the intersection of: Fillmore/Lombard
  - TTRP.K, at the intersections of: Ocean/Junipero Serra, Ocean/Geneva/Phelan, Ocean/Lee, Ocean/Miramar, Ocean/Brighton

- **Impact TR-16:** Implementation of the following TPS Toolkit categories: Transit Stop Changes, Lane Modifications, Parking and Turn Restrictions, and Pedestrian Improvements, along the program-level TTRP corridors may result in significant loading impacts;

<u>Project Level Components:</u>

TTRP.14 Moderate Alternative Variant 1

- **Impact TR-48:** Implementation of project-level TTRP.14 Moderate Alternative Variant 1 would result in a reduction in on-street commercial loading supply on Mission Street such that the existing loading demand during the peak hour of loading activities could not be accommodated within on-street loading supply and may create a potentially hazardous condition or significant delay that may affect traffic, transit, bicycles, or pedestrians;

TTRP.14 Moderate Alternative Variant 2

- **Impact TR-49:** Implementation of project-level TTRP.14 Moderate Alternative Variant 2 would result in a reduction in on-street commercial loading supply on Mission Street such that the existing loading demand during the peak hour of loading activities could not be accommodated within on-street loading supply and may create a potentially hazardous condition or significant delay that may affect traffic, transit, bicycles, or pedestrians;

TTRP.14 Expanded Alternative

- **Impact TR-24:** Implementation of the project-level TTRP.14 Expanded Alternative would result in a significant traffic impact at the intersection of Randall Street/San Jose Avenue that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.14 Expanded Alternative conditions;
- **Impact TR-50:** Implementation of project-level TTRP.14 Expanded Alternative would result in a reduction in on-street commercial loading supply on Mission Street such that the existing loading demand during the peak hour of loading activities could not be accommodated within on-street loading supply and may create a potentially hazardous condition or significant delay that may affect traffic, transit, bicycles, or pedestrians;

TTRP.22_1 Expanded Alternative

- **Impact TR-26:** Implementation of the project-level TTRP.22_1 Expanded Alternative would result in a significant traffic impact at the intersection of 16th/Bryant streets that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative conditions;
- **Impact TR-27:** Implementation of the project-level TTRP.22_1 Expanded Alternative would result in a significant traffic impact at the intersection of 16th Street/Potrero Avenue that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative conditions;
- **Impact TR-28:** Implementation of the project-level TTRP.22_1 Expanded Alternative would result in a significant traffic impact at the intersection of 16th/Seventh streets that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative conditions;

TTRP.22_1 Expanded Alternative Variant 1

- **Impact TR-30:** Implementation of the project-level TTRP.22_1 Expanded Alternative Variant 1 would result in a significant traffic impact at the intersection of 16th/Bryant streets that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 1 conditions;
- **Impact TR-31:** Implementation of the project-level TTRP.22_1 Expanded Alternative Variant 1 would result in a significant traffic impact at the intersection of 16th Street/Potrero Avenue that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 1 conditions;
- **Impact TR-32:** Implementation of the project-level TTRP.22_1 Expanded Alternative Variant 1 would result in a significant traffic impact at the intersection of 16th/Seventh streets that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative conditions;

TTRP.22_1 Expanded Alternative Variant 2

- **Impact TR-34:** Implementation of the project-level TTRP.22_1 Expanded Alternative Variant 2 would result in a significant traffic impact at the intersection of 16th/Bryant streets that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 2 conditions;
- **Impact TR-35:** Implementation of the project-level TTRP.22_1 Expanded Alternative Variant 2 would result in a significant traffic impact at the intersection of 16th Street/Potrero Avenue that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 2 conditions;
- **Impact TR-36:** Implementation of the project-level TTRP.22_1 Expanded Alternative Variant 2 would result in a significant traffic impact at the intersection of 16th/Seventh streets that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 2 conditions;

TTRP.30_1 Moderate Alternative

- **Impact TR-51:** Implementation of project-level TTRP.30_1 Moderate Alternative would result in a reduction in on-street commercial loading supply on Stockton Street such that the existing loading demand during the peak hour of loading activities could not be accommodated within on-street loading supply and may create a potentially hazardous condition or significant delay that may affect traffic, transit, bicycles, or pedestrians;

TTRP.30_1 Expanded Alternative

- **Impact TR-38:** Implementation of the project-level TTRP.30_1 Expanded Alternative would result in a significant traffic impact at the intersection of Columbus Avenue/Green Street/Stockton Street that would operate at LOS E conditions under Existing plus Service Improvements and the TTRP.30_1 Expanded Alternative conditions;
- **Impact TR-52:** Implementation of project-level TTRP.30_1 Expanded Alternative would result in a reduction in on-street commercial loading supply on Stockton Street such that the existing loading demand during the peak hour of loading activities could not be accommodated within on-street loading supply and may create a potentially hazardous condition or significant delay that may affect traffic, transit, bicycles, or pedestrians;

TTRP.30_1 Expanded Alternative Variant 1

- **Impact TR-40:** Implementation of the project-level TTRP.30_1 Expanded Alternative Variant 1 would result in a significant traffic impact at the intersection of Columbus Avenue/Green Street/Stockton Street that would operate at LOS E conditions under Existing plus Service Improvements and the TTRP.30_1 Expanded Alternative Variant 1 conditions;

- **Impact TR-53:** Implementation of project-level TTRP.30_1 Expanded Alternative Variant 1 would result in a reduction in on-street commercial loading supply on Stockton Street such that the existing loading demand during the peak hour of loading activities could not be accommodated within on-street loading supply and may create a potentially hazardous condition or significant delay that may affect traffic, transit, bicycles, or pedestrians;

TTRP.30_1 Expanded Alternative Variant 2

- **Impact TR-42:** Implementation of the project-level TTRP.30_1 Expanded Alternative Variant 2 would result in a significant traffic impact at the intersection of Columbus Avenue/Green Street/Stockton Street that would operate at LOS E conditions under Existing plus Service Improvements and the TTRP.30_1 Expanded Alternative Variant 2 conditions;
- **Impact TR-54:** Implementation of project-level TTRP.30_1 Expanded Alternative Variant 2 would result in a reduction in on-street commercial loading supply on Stockton Street such that the existing loading demand during the peak hour of loading activities could not be accommodated within on-street loading supply and may create a potentially hazardous condition or significant delay that may affect traffic, transit, bicycles, or pedestrians; and

B. will have the following significant cumulative effects on the environment:

- **Impact C-TR-1:** The Service Policy Framework and Service Improvements or Service Variants, in combination with past, present and reasonably foreseeable development in San Francisco, would contribute considerably to a significant cumulative impact on transit, resulting in an exceedance of Muni's capacity utilization standard on the Mission corridor within the Southeast screenline of the Downtown screenlines under 2035 Cumulative plus Service Improvements only conditions;
- **Impact C-TR-2:** The Service Policy Framework, TPS Toolkit elements as applied in the program-level TTRP corridors, and the Service Improvements with the TTRP Moderate Alternative, in combination with past, present and reasonably foreseeable development in San Francisco, would contribute considerably to significant cumulative impacts on transit, resulting in exceedances of Muni's capacity utilization standard on the Fulton/Hayes corridor within the Northwest screenline and on the Mission corridor within the Southeast screenline of the Downtown screenlines under 2035 Cumulative plus Service Improvements and the TTRP Moderate Alternative conditions;
- **Impact C-TR-3:** The Service Policy Framework, the TPS Toolkit elements as applied in the program-level TTRP corridors, and the Service Improvements with the TTRP Expanded Alternative, in combination with past, present and reasonably foreseeable development in San Francisco, would contribute considerably to significant cumulative impacts on transit, resulting in exceedances of Muni's capacity utilization standard on the Fulton/Hayes corridor within the Northwest screenline and on the Mission corridor within the Southeast screenline of the Downtown screenlines under 2035 Cumulative conditions plus Service Improvements and the TTRP Expanded Alternative conditions;
- **Impact C-TR-7:** Implementation of the Service Policy Framework Objective A, Action A.3 and Objective C, Actions C.3 through C.5 and TPS Toolkit categories: Lane Modifications and Pedestrian Improvements as applied in program-level TTRP corridors, in combination with past, present and reasonably foreseeable development in San Francisco, would result

in cumulative traffic impacts at intersections along the corridors under 2035 Cumulative plus Service Improvements and the TTRP Moderate Alternative conditions;

- **Impact C-TR-9:** Implementation of the Service Policy Framework Objective A, Action A.3 and Objective C, Actions C.3 through C.5 and TPS Toolkit categories: Lane Modifications and Pedestrian Improvements as applied in program-level TTRP corridors would result in cumulative traffic impacts at intersections along the corridors under 2035 Cumulative plus Service Improvements and the TTRP Expanded Alternative conditions;

- **Impact C-TR-43:** Implementation of the Policy Framework Objective A, Action A.3 and Objective C, Actions C.3 through C.5, and TPS Toolkit Categories: Transit Stop Changes, Lane Modifications, Parking and Turn Restrictions, and Pedestrian Improvements as applied to the program-level TTRP corridors in combination with past, present and reasonably foreseeable development in San Francisco, would result in cumulative loading impacts;

- **Impact C-TR-49:** Implementation of the Service Policy Framework Objective A, Action A.3 and Objective C, Actions C.3, C.4 and C.5, and the TPS Toolkit categories: Lane Modifications, Parking and Turn Restrictions, and Pedestrian Improvements as applied in program-level TTRP corridors, in combination with past, present and reasonably foreseeable development in San Francisco, may result in significant cumulative parking impacts;

TTRP.J Expanded Alternative

- **Impact C-TR-13:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.J Expanded Alternative would contribute considerably to cumulative traffic impacts at the intersection of Market/Church/14th streets during the p.m. peak hour;

TTRP.5 Expanded Alternative

- **Impact C-TR-14:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.5 Expanded Alternative would result in cumulative traffic impacts at the intersection of Fulton Street/Masonic Avenue during the p.m. peak hour;

TTRP.8X Expanded Alternative

- **Impact C-TR-15:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.8X Expanded Alternative would result in cumulative traffic impacts at the intersection of Geneva Avenue/Carter Street during the p.m. peak hour;

- **Impact C-TR-16:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.8X Expanded Alternative would result in cumulative traffic impacts at the intersection of Geneva Avenue/Moscow Street during the p.m. peak hour;

TTRP.14 Variant 1 Moderate Alternative

- **Impact C-TR-44:** Implementation of the project-level TTRP Moderate Alternative including the TTRP.14 Variant 1, TTRP.14 Variant 2, and TTRP.30_1 in combination with past, present and other reasonably foreseeable development in San Francisco, would result in cumulative loading impacts;

- **Impact C-TR-52:** Implementation of the project-level TTRP Moderate Alternative for the TTRP.14 Variant 1 or the TTRP.14 Variant 2, in combination with past, present and reasonably foreseeable development in San Francisco, would result in significant cumulative parking impacts;

TTRP.14 Variant 2 Moderate Alternative

- **Impact C-TR-44:** Implementation of the project-level TTRP Moderate Alternative including the TTRP.14 Variant 1, TTRP.14 Variant 2, and TTRP.30_1 in combination with past, present and other reasonably foreseeable development in San Francisco, would result in cumulative loading impacts;
- **Impact C-TR-52:** Implementation of the project-level TTRP Moderate Alternative for the TTRP.14 Variant 1 or the TTRP.14 Variant 2, in combination with past, present and reasonably foreseeable development in San Francisco, would result in significant cumulative parking impacts;

TTRP.14 Expanded Alternative

- **Impact C-TR-17:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.14 Expanded Alternative would result in project and cumulative traffic impacts at the intersection of Randall Street/San Jose Avenue during the a.m. peak hour;
- **Impact C-TR-18:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.14 Expanded Alternative would result in cumulative traffic impacts at the intersection of Mission/Fifth streets during the a.m. peak hour;
- **Impact C-TR-19:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.14 Expanded Alternative would result in cumulative impacts at the intersection of Mission/16th streets during the p.m. peak hour;
- **Impact C-TR-45:** Implementation of the project-level TTRP Expanded Alternative including the TTRP.14, TTRP.30_1, TTRP.30_1 Variant 1, and TTRP.30_1 Variant 2, in combination with past, present and reasonably foreseeable development in San Francisco, would result in project and cumulative loading impacts;

TTRP.22_1 Expanded Alternative

- **Impact C-TR-20:** Implementation of the 2035 Cumulative plus Service Improvements and TTRP.22_1 Expanded Alternative would result in project and cumulative traffic impacts at the intersection of 16th/Bryant streets during the p.m. peak hour;
- **Impact C-TR-23:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative would result in project and cumulative traffic impacts at the intersection of 16th/Potrero streets during the p.m. peak hour;

- **Impact C-TR-26:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative would result in cumulative traffic impacts at the intersection of 16th/Owens streets during the p.m. peak hour;
- **Impact C-TR-29:** Implementation of the 2035 Cumulative plus Service Improvements plus the TTRP.22_1 Expanded Alternative would result in cumulative traffic impacts at the intersection of 16th/Fourth streets during the a.m. and p.m. peak hours;
- **Impact C-TR-32:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative would result in project and cumulative traffic impacts at the intersection of 16th/Seventh streets during the a.m. and p.m. peak hours;
- **Impact C-TR-54:** Implementation of the project-level TTRP Expanded Alternative for the TTRP.22_1, TTRP.22_1 Variant 1, or TTRP.22_1 Variant 2, in combination with past, present and reasonably foreseeable development in San Francisco, would result in significant cumulative parking impacts;

TTRP.22_1 Expanded Alternative Variant 1

- **Impact C-TR-21:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 1 would result in project and traffic cumulative impacts at the intersection of 16th/Bryant streets during the p.m. peak hour;
- **Impact C-TR-24:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 1 would result in project and cumulative traffic impacts at the intersection of 16th/Potrero streets during the p.m. peak hour;
- **Impact C-TR-27:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 1 would result in cumulative traffic impacts at the intersection of 16th/Owens streets during the p.m. peak hour;
- **Impact C-TR-30:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 1 would result in cumulative traffic impacts at the intersection of 16th/Fourth streets during the a.m. and p.m. peak hours;
- **Impact C-TR-33:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 1 would result in project and cumulative traffic impacts at the intersection of 16th/Seventh streets during the a.m. and p.m. peak hours;
- **Impact C-TR-54:** Implementation of the project-level TTRP Expanded Alternative for the TTRP.22_1, TTRP.22_1 Variant 1, or TTRP.22_1 Variant 2, in combination with past, present and reasonably foreseeable development in San Francisco, would result in significant cumulative parking impacts;

TTRP.22_1 Expanded Alternative Variant 2

- **Impact C-TR-22:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 2 would result in project and cumulative traffic impacts at the intersection of 16th/Bryant streets during the p.m. peak hour;

- **Impact C-TR-25:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 2 would result in project and cumulative traffic impacts at the intersection of 16th/Potrero streets during the p.m. peak hour;
- **Impact C-TR-28:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 2 would result in cumulative traffic impacts at the intersection of 16th/Owens streets during the p.m. peak hour;
- **Impact C-TR-31:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 2 would result in cumulative traffic impacts at the intersection of 16th/Fourth streets during the a.m. and p.m. peak hours;
- **Impact C-TR-34:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 2 would result in project and cumulative traffic impacts at the intersection of 16th/Seventh streets during the a.m. and p.m. peak hours;
- **Impact C-TR-54:** Implementation of the project-level TTRP Expanded Alternative for the TTRP.22_1, TTRP.22_1 Variant 1, or TTRP.22_1 Variant 2, in combination with past, present and reasonably foreseeable development in San Francisco, would result in significant cumulative parking impacts;

TTRP.30_1 Moderate Alternative

- **Impact C-TR-44:** Implementation of the project-level TTRP Moderate Alternative including the TTRP.14 Variant 1, TTRP.14 Variant 2, and TTRP.30_1 in combination with past, present and other reasonably foreseeable development in San Francisco, would result in cumulative loading impacts;

TTRP.30_1 Expanded Alternative

- **Impact C-TR-35:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.30_1 Expanded Alternative would result in project and cumulative traffic impacts at the intersection of Columbus Avenue/Green Street/Stockton Street;
- **Impact C-TR-45:** Implementation of the project-level TTRP Expanded Alternative including the TTRP.14, TTRP.30_1, TTRP.30_1 Variant 1, and TTRP.30_1 Variant 2, in combination with past, present and reasonably foreseeable development in San Francisco, would result in project and cumulative loading impacts;

TTRP.30_1 Expanded Alternative Variant 1

- **Impact C-TR-36:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.30_1 Expanded Alternative Variant 1 would result in project and cumulative traffic impacts at the intersection of Columbus Avenue/Green Street/Stockton Street; and
- **Impact C-TR-45:** Implementation of the project-level TTRP Expanded Alternative including the TTRP.14, TTRP.30_1, TTRP.30_1 Variant 1, and TTRP.30_1 Variant 2, in combination with past, present and reasonably foreseeable development in San Francisco, would result in project and cumulative loading impacts; and

TTRP.30_1 Expanded Alternative Variant 2

- **Impact C-TR-37:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.30_1 Expanded Alternative Variant 2 would result in project and cumulative traffic impacts at the intersection of Columbus Avenue/Green Street/Stockton Street; and
- **Impact C-TR-45:** Implementation of the project-level TTRP Expanded Alternative including the TTRP.14, TTRP.30_1, TTRP.30_1 Variant 1, and TTRP.30_1 Variant 2, in combination with past, present and reasonably foreseeable development in San Francisco, would result in project and cumulative loading impacts.

I hereby certify that the foregoing Motion was ADOPTED by the Planning Commission at its regular meeting of March 27, 2014.

Jonas Ionin
Commission Secretary

AYES: Wu, Fong, Hillis, Borden, Sugaya, and Moore

NOES: Antonini

ABSENT: None

ADOPTED: March 27, 2014

ENCLOSURE A

**TRANSIT EFFECTIVENESS PROJECT,
INCLUDING THE SERVICE POLICY FRAMEWORK,
CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS:
FINDINGS OF FACT, EVALUATION OF MITIGATION MEASURES AND
ALTERNATIVES, AND STATEMENT OF OVERRIDING CONSIDERATIONS
SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS**

In determining to approve the Transit Effectiveness Project (the "Project") described in Section I, Project Description below, the San Francisco Municipal Transportation Agency Board of Directors (the "SFMTA Board") makes and adopts the following findings of fact and decisions regarding significant impacts, mitigation measures, and alternatives, and adopts the statement of overriding considerations, based on substantial evidence in the whole record of this proceeding and under the California Environmental Quality Act ("CEQA"), California Public Resources Code Sections 21000 et seq. ("CEQA"), particularly Sections 21081 and 21081.5, the Guidelines for Implementation of CEQA ("CEQA Guidelines"), 14 California Code of Regulations Sections 15000 et seq., particularly Sections 15091 through 15093, and Chapter 31 of the San Francisco Administrative Code. These findings comprise **ENCLOSURE A** to the associated Board of Directors Resolution.

This document is organized as follows:

Section I provides a description of the Project proposed for adoption, the environmental review process for the Project, the approval actions to be taken and the location of records;

Section II identifies the impacts found not to be significant that do not require mitigation;

Section III identifies potentially significant impacts that can be avoided or reduced to less-than-significant levels through mitigation and describes the disposition of the mitigation measures;

Section IV identifies significant impacts that cannot be avoided or reduced to less-than-significant levels and describes any applicable mitigation measures as well as the disposition of the mitigation measures;

Section V evaluates the different Project alternatives and sets forth the economic, legal, social, technological, and other considerations, and incorporates by reference the reasons set forth in Section VI, that support approval of the Project and the rejection of the alternatives, or elements thereof, analyzed as infeasible; and

Section VI presents a statement of overriding considerations setting forth specific reasons in support of the Board's actions to approve the Project despite its significant and unavoidable environmental impacts and its rejection of the alternatives not incorporated into the Project as infeasible.

The Mitigation Monitoring and Reporting Program ("MMRP") containing the mitigation measures from the Final Environmental Impact Report ("FEIR") that have been proposed for adoption is attached with these findings as **Attachment B** to the associated Board of Directors Resolution. The MMRP is required by CEQA Section 21081.6 and CEQA Guidelines Section 15091. The MMRP provides a table setting forth each mitigation measure listed in the FEIR for the Project that is required to reduce or avoid a significant adverse impact and that is made a condition of approval. The MMRP also specifies the agency responsible for implementation of each measure and establishes monitoring actions and a monitoring schedule. The full text of the mitigation measures is set forth in the MMRP.

These findings are based upon substantial evidence in the entire record before the SFMTA Board. The references set forth in these findings to certain pages or sections of the Draft Environmental Impact Report ("DEIR" or "DEIR") or the Responses to Comments document ("RTC") are for ease of reference and are not intended to provide an exhaustive list of the evidence relied upon for these findings. The DEIR and the Responses to Comments document, together with the Supplemental Service Variants Memorandum dated March 13, 2014 and Errata dated March 27, 2014, comprise the FEIR.

I. APPROVAL OF THE PROJECT

A. Project Description

The Transit Effectiveness Project (TEP) is comprised of a Service Policy Framework, Service Improvements and Service Variants, Service-related Capital Improvements, and Travel Time Reduction Proposals ("TTRPs"), including the Transit Preferential Streets Toolkit. The TEP includes locations throughout the 49-square-mile City and County of San Francisco and is a program comprised of a group of varied projects and proposals. The TEP components will be implemented on public land and within the public right-of-way throughout the City, on property largely under the jurisdiction of the San Francisco Public Works Department and the SFMTA.

The proposals that comprise the TEP vary in the level of detail provided, from highly specific redesigns, including capital improvements, along certain transportation corridors to more conceptual policy recommendations. Accordingly, and pursuant to CEQA Guidelines Sections 15161 and 15168, the FEIR analyzed portions of the TEP at a "project-level" where the amount and type of information available for those components lent itself to a detailed and specific analysis of all potential environmental impacts, and other portions were analyzed at a "program-level" (a more conceptual level) when the details about and current level of design for a component did not allow for a project-level analysis. In particular, the Service Policy Framework, 5 of the 12 Service-related Capital Improvements, and 6 of the 17 Travel Time Reduction Proposals (TTRPs) were analyzed at a program level.

The description provided here summarizes the project description provided in the FEIR, which, as noted above, is comprised of the DEIR, the RTC, and the Supplemental Service Variant Memorandum. Please see Chapter 2 of the FEIR for a more detailed description of the TEP project.

1. The Service Policy Framework

The Service Policy Framework sets forth transit service delivery objectives that support the SFMTA Strategic Plan goals, and identifies a variety of actions to implement these objectives. The Service Policy Framework will guide how investments are made to the Muni system and is intended to improve system reliability and reduce transit travel time as well as improve customer service. These objectives include the effective allocation of transit resources, the efficient delivery of service, the improvement of service reliability and reduction in transit travel time, and an improvement in customer service. Most importantly, the Policy Framework would organize Muni transit service into four distinct transit categories:

- Rapid Network: These heavily used bus and rail lines form the backbone of the Muni system. With vehicles arriving frequently and transit priority enhancements along the routes, the Rapid network delivers speed and reliability whether customers are heading across town, or simply traveling a few blocks.
- Local Network: Also known as "Grid" routes, these long routes combine with the Rapid network to form an expansive core system that lets customers get to their destinations with no more than a short walk, or a seamless transfer.
- Community Connectors: Also known as "Circulators", these lightly used bus routes predominantly circulate through San Francisco's hillside residential neighborhoods, filling in gaps in coverage and connecting customers to the core network.
- Specialized Services: These routes augment existing service during specific times of day to serve a specific need, or serve travel demand related to special events. They include express service, owl service, and special event trips to serve sporting events, large festivals and other San Francisco activities.

2. Service Improvements and Service Variants

The Service Improvements and Service Variants include creation of new transit routes, changes in the alignment of some existing routes, elimination of underused routes or route segments, changes to headways and hours of service, changes to the day of the week for service, and changes to the mix of local/limited/express service on several routes. The Service Improvements were developed based on a comprehensive evaluation of the overall transit network and public input from community meetings. Specifically, these proposals include:

- Increasing frequency of transit service along heavily used corridors;
- Creating new routes;
- Changing existing route alignments;
- Eliminating underutilized routes or route segments;
- Introducing larger buses on crowded routes;
- Changing the mix of local/limited/express service;
- Expanding limited services.

In addition, the SFMTA included a number of possible variants to these service changes (including recent service variants developed as part of the public outreach process and summarized in the Supplemental Service Variants Memorandum of March 13, 2014) that are proposed as part of the project to allow for flexibility in the phasing and implementation of the Service Improvements. Proposed Service Variants mostly include modifications to portions of some routes or change the type of vehicle used on some routes. In addition, many of the service variants work in concert to improve service along a particular corridor or neighborhood.

3. Service-Related Capital Improvements

Some of the Service Improvements will be supported by Service-related Capital Improvements. The Service-related Capital Improvements include the following: a) Transfer and Terminal Point Improvements, which include installation of overhead wiring and poles; installation of new switches, bypass rails, and/or transit bulbs; expansion of transit zones; and modification of sidewalks at stops to accommodate substantial passenger interchanges and/or to provide for transit vehicle layovers; b) Overhead Wire Expansion capital improvements to support service route changes for electric trolley routes and provide bypass wires to allow trolley coaches to pass one another on existing routes; c) Systemwide Capital Infrastructure projects, such as installation of new accessible platforms to improve system accessibility across the light rail network.

4. Travel Time Reduction Proposals (TTRPs), Using the Transit Preferential Streets (TPS) Toolkit

The Travel Time Reduction Proposals (TTRPs) will implement roadway and transit stop changes to reduce transit delay on the most heavily used routes that make up the backbone of the Muni system, which is referred to as the Rapid Network. The SFMTA has identified a set of 18 standard roadway and traffic engineering elements that can be used to reduce transit travel time along a transit corridor. Collectively, these tools or elements are called the Transit Preferential Streets Toolkit ("TPS Toolkit"). The TPS Toolkit elements will be applied to 17 Rapid Network transit corridors to improve operation of the Muni system. These elements include:

- Transit Stop Changes: removing or consolidating transit stops; moving stop locations at intersections; adding transit bulbs; adding transit boarding islands; increasing transit stop lengths; converting flag stops to transit zones;
- Land Modifications: establishing transit-only lanes; establishing transit queue jump/bypass lanes; establishing dedicated turn lanes; widening travel lanes through lane reductions;
- Parking and Turn Restrictions: implement turning restrictions; widening travel lanes through parking restrictions; installing traffic signals at uncontrolled and two-way stop-controlled intersections; installing traffic signals at all-way stop-controlled intersections; replacing all-way stop-controls with traffic calming measures at intersections;
- Pedestrian Improvements: installing pedestrian refuge islands; installing pedestrian bulbs; and widening sidewalks.

The TEP proposes to apply the TPS Toolkit to 17 Rapid Network corridors throughout the City. Using the TPS Toolkit, the SFMTA has developed specific corridor designs for 11 of the 17 proposed TTRP corridors. These corridor designs were thus analyzed at a project- level in the FEIR. Project variants were also included as part of these project-level TTRPs. Three of the TTRPs (TTRP.14, TTRP.22 and TTRP.30_1) include variants with different designs on one or more segments of the route. TTRP routes with no design variants at the project level include TTRP.5, TTRP.8x, TTRP.28_1, TTRP.J, TTRP.N, TTRP.9, TTRP.71 and TTRP.L. The SFMTA developed conceptual planning for the remaining 6 TTRP corridors, for which specific corridor designs will be developed at a later stage of the project. These corridor designs were thus analyzed at a programmatic level in the FEIR.

For each of the project-level TTRPs, the SFMTA developed two specific corridor designs comprised of TPS Toolkit elements: a moderate option, referred to as the "TTRP Moderate Alternative;" and an expanded option, referred to as the "TTRP Expanded Alternative." This was done because, although the TEP program was examined in one environmental document in order to understand the full scope of its potential cumulative environmental impacts, the TEP is actually a collection of projects and proposals, which, while related, may be implemented at various times and, in many cases, independently of each other. Thus, these alternatives bracket a range of feasible options that accomplish the SFMTA's objectives for the TEP and describe and analyze the scope of potential physical environmental impacts that would result from implementing a combination of elements from both alternatives. These two alternatives are described and analyzed at an equal level of detail in the FEIR.

Under either alternative, the Service Policy Framework, the Service Improvements, Service Variants, the Service-related Capital Improvements, and the TPS Toolkit as applied to the program-level TTRP corridors would be implemented. The difference between the two alternative projects is that under the TTRP Moderate Alternative, these elements would be implemented in combination with a "moderate" number of TPS Toolkit elements along certain Rapid Network corridors, and, under the TTRP Expanded Alternative, these elements would be implemented in combination with an "expanded" number of TPS Toolkit elements along the same Rapid Network corridors.

Please note that when the DEIR was published, the SFMTA had developed project-level details for only 8 of the 17 TTRP corridors. Subsequently, SFMTA staff developed project-level details for three more of the TTRPs, using the TPS Toolkit. With this additional detail, the TTRP.L, TTRP.9, and TTRP.71_1 Moderate and Expanded Alternatives were analyzed at a project level of detail in the RTC document. These three TTRPs would have the same significant and less-than-significant impacts as the eight project-level TTRPs analyzed in the DEIR and the same mitigation measures would be applicable. Chapter 2 of the RTC document, Project Description Revisions, provides a detailed description of the three additional project-level TTRPs and a summary of their significant and less-than-significant impacts. Chapter 5 of the RTC document, DEIR Revisions, presents the results of the impact analyses of the new three project-level TTRPs as integrated into EIR Chapter 4, Environmental Setting, Impacts, and Mitigation Measures and Chapter 6, Alternatives. Thus, 11 of the 17 TTRPs are analyzed at the project-level in the FEIR. In addition, the descriptions and analyses of TTRP.N and TTRP.5 Moderate and Expanded Alternatives were updated in the FEIR based on minor design modifications to these two project components that occurred after the DEIR was published.

B. Project Objectives

The FEIR discusses several Project objectives identified by the SFMTA as Project Sponsor. The objectives are:

- To improve, to the greatest extent possible, transit speed, reliability and safety by redesigning routes; to reduce travel time along high-ridership corridors by optimizing transit stop locations, implementing traffic engineering changes, and constructing capital infrastructure projects; and to improve safety for pedestrians, bicyclists, and riders at intersections by introducing infrastructure changes (e.g. pedestrian bulbs, transit bulbs, etc.) that lead to safer transit operation.
- To make Muni a more attractive transportation mode and increase transit ridership through both attracting new riders and increasing use by current riders by: serving major origin-destination patterns, such as between regional transit connections and major employment sites; providing direct and efficient service through reduction or elimination

of circuitous route segments; reducing crowding through shifting resources to improve customer comfort and decreasing pass-ups; and redesigning routes to maximize ridership.

- To improve the cost-effectiveness and productivity of transit operations by improving network efficiency and reducing system redundancy by implementing service modifications that include route restructuring, frequency improvements, vehicle-type changes, and hours of service adjustments.
- To implement more fully the City's Transit First Policy by providing clear direction for managing transportation in San Francisco with the goals of providing service to all residents within a quarter mile of 95 percent of the Muni service area and prioritizing transit operations in high-ridership corridors over automobile delay and on-street parking.

C. Environmental Review

The San Francisco Planning Department, as lead agency, prepared a Notice of Preparation ("NOP") and Notice of Public Scoping Meetings on November 9, 2011, and held two Public Scoping Meetings on December 6 and 7, 2011.

The NOP was distributed to the State Clearinghouse and mailed to local, state, and federal agencies and to other interested parties on November 9, 2011, initiating a 30-day public comment period extending through December 9, 2011. A copy of the NOP is available in Appendix 1 in Volume 2 of the EIR. The Public Scoping Meetings were held at the SFMTA offices, One South Van Ness Avenue, in San Francisco. The purpose of the meetings was to present information about the proposed Project to the public and receive public input regarding the scope of the EIR analyses. Attendees were provided an opportunity to voice comments on concerns regarding the project; translators were available for Chinese- and Spanish-speaking attendees if needed.

Oral comments were provided by 21 individuals at the Public Scoping Meetings. During the public review period, 29 public agencies and/or other interested parties submitted comment letters to the Planning Department. Comments raised the following concerns related to physical environmental effects: aesthetics of various transit facilities, including overhead wires; the potential for impacts on archeological resources; air quality impacts related to potential increases in use of private passenger vehicles; the effects on traffic flow and potential for diversions due to new transit and pedestrian bulbs; locations of and distance between transit stops; the potential for shifts in travel modes; concern about loss of parking and loading; pedestrian safety concerns; the environmental review process; suggested use of different approaches to the transportation impact analysis such as providing estimates of time saved; and requested variations on some service improvements.

The San Francisco Planning Department published an Initial Study on January 23, 2013. The Initial Study was distributed to the State Clearinghouse and mailed to local, state, and federal agencies and to other interested parties on January 23, 2013, initiating a 30-day public comment period extending from January 24, 2013 through February 22, 2013. A copy of the Initial Study is available in Appendix 2 in Volume 2 of the EIR.

The San Francisco Planning Department then prepared a DEIR, which describes both of the Project Alternatives; presents the environmental setting; identifies potential impacts at a program-level or a project-level of detail for both Alternatives; presents mitigation measures for impacts found to be significant or potentially significant; and summarizes the Project Alternatives and their impacts, and compares their impacts and those of the No Project Alternative. In assessing construction and operational impacts of the Project, the DEIR also considers the contribution of the Project impacts to cumulative impacts associated with the Project in combination with other past, present, and reasonably foreseeable future actions with potential for impacts on the same resources.

Each environmental issue presented in the DEIR is analyzed with respect to significance criteria that are based on the San Francisco Planning Department Environmental Planning Division ("EP") guidance regarding the environmental effects to be considered significant. EP guidance is, in turn, based on CEQA Guidelines Appendix G, with some modifications.

The Department published the DEIR on July 10, 2013. The DEIR was circulated to local, state, and federal agencies and to interested organizations and individuals for review and comment beginning on July 11, 2013 for a 67-day public review period, which ended on September 17, 2013. The San Francisco Planning Commission held a duly noticed public hearing to solicit testimony on the DEIR on August 15, 2013. The Planning Department also received written comments on the DEIR, sent through mail, hand-delivered, or by email.

The San Francisco Planning Department then prepared the Responses to Comments document ("RTC"). This document, which provides written response to each comment received on the DEIR that raises environmental issues, was published on March 12, 2014, and includes copies of all of the comments received on the DEIR and responses to those comments. The RTC provided additional updated information and clarification on issues raised by commenters, as well as Planning Department DEIR text changes. The text changes included more detailed analyses, at a project level, for three transit Travel Time Reduction Proposal (TTRPs) for both the Moderate and Expanded Alternatives that had previously been analyzed in the DEIR at a program level: the TTRP.L (L Taraval), TTRP.9 (9/9L San Bruno), and TTRP.71_1 (71 Haight-Noriega).

On March 13, 2013, the Planning Department published a Supplemental Service Variants Memorandum, which described and analyzed additional service variants developed as part of the SFMTA's public outreach process. The Planning Department concluded that these additional service variants would have the same environmental impacts and require the same mitigation measures as the service variants already described and analyzed in the DEIR, and thus, no additional environmental review was required nor was recirculation of the DEIR required.

The Planning Commission reviewed and considered the FEIR, which is comprised of the DEIR, the RTC document and the Supplemental Service Variants Memorandum, Errata dated March 27, 2014, and all of the supporting information. In certifying the FEIR, the Planning Commission determined that it does not add significant new information to the DEIR that would require recirculation under CEQA because the FEIR contains no information revealing (1) any new significant environmental impact that would result from the project or from a new mitigation measure proposed to be implemented, (2) any substantial increase in the severity of a previously identified environmental impact, (3) any feasible project alternative or mitigation measure considerably different from others previously analyzed that would clearly lessen the environmental impacts of the project, but that was rejected by the project's proponents, or (4) that the DEIR was so fundamentally and basically inadequate and conclusory in nature that meaningful public review and comment were precluded. This SFMTA Board concurs in this determination.

D. Approval Actions

1. Planning Commission Action

On March 27, 2014 the Planning Commission certified the FEIR.

2. San Francisco Municipal Transportation Agency Board of Directors Actions

- Approval of the Transit Effectiveness Project, including the Service Policy Framework
- Approval of the implementation of certain parking and traffic measures in accordance with Section 201(c) of the Transportation Code

3. San Francisco Board of Supervisors Actions

The Planning Commission's certification of the FEIR may be appealed to the Board of Supervisors. If appealed, the Board of Supervisors will determine whether to uphold the certification or to grant the appeal and remand the FEIR to the Planning Department for further review.

Additional actions that may be taken by the Board of Supervisors are:

- Review and approval of system changes related to any route abandonments.
- Approval of sidewalk changes, upon referral from the Department of Public Works.

4. Other San Francisco Agency Actions

- Approval by the Department of Public Works of sidewalk legislation and construction period encroachment permits.
- Approval by the San Francisco Recreation and Park Commission of property encroachments, if required.
- Approval by the San Francisco Planning Department of any required General Plan Referrals

5. Other—Local, State, and Federal Agencies

Implementation of the Project will involve consultation with, or required approvals by, other local, state and federal regulatory agencies, including, but not limited to, the following:

- The Transportation Advisory Staff Committee ("TASC"): Coordination of all roadway and transit changes.
- City of Daly City: Approval of installation of a traffic signal and transit bulb in Daly City.
- California Department of Transportation ("Caltrans") District 4: Approval of temporary construction street encroachment permits within Caltrans rights-of-way.

To the extent that the identified mitigation measures require consultation with or approval by these other agencies, the SFMTA Board urges these agencies to assist in implementing, coordinating, or approving the mitigation measures, as appropriate to the particular measure.

6. Location and Custodian of Records

The DEIR and all documents referenced in or relied on by the Draft and FEIR, the DEIR public hearing transcript, a copy of all letters regarding the EIR received during the Notice of Preparation and DEIR public review periods, the administrative record, the Responses to Comments document, and the Supplemental Service Variants Memorandum, and background documentation for the FEIR are located at the Planning Department, 1650 Mission Street, San Francisco. (Planning Department Case File No. 2011.0558E.) The Planning Commission Secretary, Jonas Ionin, is the custodian of records for the Planning Department and the Planning Commission.

All information, including written materials and testimony, concerning approval of the Project and adoption of these findings, presented to the SFMTA Board or incorporated into reports presented to the SFMTA Board, are located at the SFMTA offices at One South Van Ness Avenue, 7th floor, San Francisco.

All files have been available to the SFMTA Board and the public for review in considering these findings and whether to approve the Project.

E. Findings about Significant Environmental Impacts and Mitigation Measures

The following Sections II, III, and IV set out the SFMTA Board of Directors' findings about the FEIR's determinations regarding significant environmental impacts and the mitigation measures proposed to address them. These findings provide the written analysis and conclusions of the SFMTA Board regarding the environmental impacts of the Project and the mitigation measures included as part of the FEIR and adopted by the SFMTA Board as part of the Project. To avoid duplication and redundancy, and because the SFMTA Board agrees with, and hereby adopts, the conclusions in the FEIR, these findings will not repeat the analysis and conclusions in the FEIR, but instead incorporate them by reference and rely upon them as substantial evidence supporting these findings.

In making these findings, the SFMTA Board has considered the opinions of SFMTA staff and other City staff and experts, other agencies, and members of the public. The SFMTA Board finds that the determination of significance thresholds is a judgment decision within the discretion of the SFMTA and the City and County of San Francisco; the significance thresholds used in the EIR are supported by substantial evidence in the record, including the expert opinion of the SFMTA and City staff; and the significance thresholds used in the EIR provide reasonable and appropriate means of assessing the significance of the adverse environmental effects of the Project.

These findings do not attempt to describe the full analysis of each environmental impact contained in the FEIR. Instead, a full explanation of these environmental findings and conclusions can be found in the FEIR, which includes its Initial Study presented in EIR Appendix 2, and these findings hereby incorporate by reference the discussion and analysis in the FEIR supporting the determinations regarding the Project impacts and mitigation measures designed to address those impacts. In making these findings, the SFMTA Board of Directors ratifies, adopts, and incorporates in these findings the determinations and conclusions of the FEIR relating to environmental impacts and mitigation measures, except to the extent any such determinations are specifically and expressly modified by these findings.

As set forth below, the SFMTA Board adopts and incorporates the mitigation measures set forth in the FEIR and the attached MMRP to substantially lessen or avoid the significant impacts of the Project. The SFMTA Board intends to adopt all the mitigation measures proposed in the FEIR. Accordingly, in the event a mitigation measure identified in the FEIR has inadvertently been omitted in these findings or the MMRP, such mitigation measure is hereby adopted and incorporated in the findings below by reference. In addition, in the event the language describing a mitigation measure set forth in these findings or the MMRP fails to accurately reflect the mitigation measures in the FEIR due to a clerical error, the language of the policies and implementation measures as set forth in the FEIR shall control. The impact numbers and mitigation measure numbers used in these findings reflect the information contained in the FEIR.

In the Sections II, III and IV below, the same findings are made for a category of environmental impacts and mitigation measures. Rather than repeat the identical finding dozens of times to address each and every significant effect and mitigation measure, the initial finding obviates the need for such repetition because in no instance is the SFMTA Board rejecting the conclusions of the FEIR or the mitigation measures identified in the FEIR for the Project.

The findings below include findings relevant to the TTRP Moderate Alternative and to the TTRP Expanded Alternative. Under either alternative, the FEIR assumed that the Service Policy Framework, the Service Improvements, Service Variants, the Service-related Capital Improvements, and the TPS Toolkit as applied to the program-level TTRP corridors would be implemented. It is not known at this time which specific alternative, or mixture of proposals from the two alternatives, will be ultimately approved by the SFMTA Board for each TTRP corridor. It is likely that, over time, a mix of the proposals described in the TTRP Moderate Alternative and the TTRP Expanded Alternative will be adopted and implemented along the various corridors. Because of this, in taking this action, the SFMTA Board makes the following findings regarding the potential for environmental impacts and required mitigation measures for both the TTRP Moderate Alternative and the TTRP Expanded Alternative, as each are described in the FEIR.

II. IMPACTS FOUND NOT TO BE SIGNIFICANT AND THUS DO NOT REQUIRE MITIGATION

Under CEQA, no mitigation measures are required for impacts that are less than significant (Pub. Resources Code § 21002; CEQA Guidelines §§ 15126.4(a)(3) and 15091). Based on the evidence in the whole record of this proceeding, the Board finds that implementation of the Proposed Project will not result in any significant impacts in the following areas and that these impact areas therefore do not require mitigation:

Land Use and Land Use Planning

- Impacts LU-1, LU-2, and LU-3: The proposed Project would not physically divide an established community, would not conflict with applicable land use plans, policies, or regulations of an agency with jurisdiction over the project adopted for the purpose of avoiding or mitigating an environmental effect, or have a substantial adverse impact on the existing character of the vicinity.
- Impact C-LU-1: The proposed Project, in combination with other past, present, or reasonably foreseeable future projects in the project vicinity, would not have a cumulatively considerable contribution to a significant cumulative land use or land use planning impact.

Aesthetics

- Impacts AE-1 and AE-2: The proposed Project would not have a substantial adverse effect on a scenic vista or on scenic resources, including, but not limited to, trees, rock outcroppings, and other features of the built or natural environment which contribute to a scenic public setting.
- Impact AE-3: The proposed Project would not degrade existing visual character or quality of the project sites and surroundings.
- Impact AE-4: The proposed Project would not create a new source of substantial light or glare that would have a substantial adverse effect on day or nighttime views.
- Impact C-AE-1: The proposed Project, in combination with other past, present, or reasonably foreseeable future projects would not have a cumulatively considerable contribution to a significant cumulative aesthetics impact.

Population and Housing

- Impact PH-1: The proposed Project would not induce substantial population growth either directly or indirectly.
- Impact PH-2: The proposed Project would not displace any existing housing units or create any demand for additional housing, or displace substantial numbers of people, necessitating the construction of replacement housing.
- Impact C-PH-1: The proposed Project in combination with other past, present, or reasonably foreseeable future projects would not result in a cumulatively considerable contribution to significant cumulative impacts on population or housing.

Cultural and Paleontological Resources

- Impact CP-1: The proposed Project would not cause a substantial adverse change in the significance of an historic architectural resource.
- Impact C-CP-1: The proposed Project, in combination with past, present, and reasonably foreseeable future projects in the vicinity, would not result in a cumulatively considerable contribution to significant cumulative impacts on cultural resources or archaeological resources.

Transportation and Circulation

- The proposed Project would not result in changes to air traffic patterns because the project site is not located within an airport land use plan area or in the vicinity of a private airstrip.
- The proposed Project would not substantially increase transportation hazards due to a design feature or incompatible uses.
- Impact TR-1: Implementation of the Service Policy Framework and the TEP project components would not result in construction-related transportation impacts because of their temporary and limited duration.
- Impact TR-2: Implementation of the Service Policy Framework Objectives A through D would not result in significant impacts to local or regional transit, traffic operations, pedestrians and bicyclists, loading, emergency vehicle access, or parking.
- Impact TR-4: Implementation of the Policy Framework Objective A, Actions A.1, A.2 and A.4, Objective B, Actions B.1 through B.4, Objective C, Actions C.1 and C.2, and Objective D, Actions D.1 through D.4 would not result in significant traffic impacts.
- Impact TR-6: Implementation of the Policy Framework Objective A, Actions A.1, A.2 and A.4, Objective B, Actions B.1 through B.4, Objective C, Actions C.1 and C.2, and Objective D, Actions D.1 through D.4 would not result in significant loading impacts.
- Impact TR-7: Implementation of all of the TPS Toolkit categories: Transit Stop Changes, Lane Modifications, Parking and Turn Restrictions, Traffic Signal and Stop Sign Changes, and Pedestrian Improvements, would not result in significant impacts to local or regional transit, pedestrians and bicycles, emergency vehicle access, or parking.
- Impact TR-9: Implementation of the following TPS Toolkit categories: Transit Stop Changes, Parking and Turn Restrictions, and Traffic Signal and Stop Sign Changes, would not result in significant traffic impacts.
- Impact TR-11: Implementation of TPS Toolkit element category Traffic Signal and Stop Sign Changes would not result in significant loading impacts.
- Impact TR-12: Implementation of program-level Service-related Capital Improvements projects (TTPI.2, TTPI.3, TTPI.4, OWE.6, and SCI.1) would not result in significant impacts to local or regional transit, traffic operations, pedestrians and bicyclists, loading, emergency vehicle access, or parking.
- Impact TR-13: Implementation of any of the TPS Toolkit categories: Transit Stop Changes, Lane Modifications, Parking and Turn Restrictions, Traffic Signal and Stop Sign Changes, and Pedestrian Improvements along the nine program-level TTRP corridors would not result in significant impacts to local or regional transit, pedestrians and bicyclists, emergency vehicle access, or parking.
- Impact TR-15: Implementation of any TPS Toolkit elements within the following categories: Transit Stop Changes, Parking and Turn Restrictions, and Traffic Signal and Stop Sign Changes, along the program-level TTRP corridors would not result in significant impacts on traffic operations.

- Impact TR-17: Implementation of any of the TPS Toolkit elements within the category Traffic Signal and Stop Sign Changes along the program level TTRP corridors would not result in significant loading impacts.
- Impact TR-18: Implementation of the Service Improvements or Service Variants would not result in significant impacts to local or regional transit, traffic operations, pedestrians and bicyclists, loading, emergency vehicle access, or parking.
- Impact TR-19: Implementation of the project-level Service-related Capital Improvement projects (TTPI.2, OWE.1, OWE.1 Variant, OWE.2, OWE.3, OWE.4, OWE.5, and SCI.2) would not result in significant impacts to local or regional transit, traffic operations, pedestrians and bicyclists, loading, emergency vehicle access, or parking.
- Impact TR-20: Implementation of the project-level TTRP Moderate Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14 Variant 1, TTRP.14 Variant 2, TTRP.22_1, TTRP.28_1, TTRP.30_1, or TTRP.71_1 would not result in significant impacts to local or regional transit.
- Impact TR-21: Implementation of the project-level TTRP Expanded Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14, TTRP.22_1, TTRP.22_1 Variant 1, TTRP.22_1 Variant 2, TTRP.28_1, TTRP.30_1, TTRP.30_1 Variant 1, TTRP.30_1 Variant 2, or TTRP.71_1 would not result in significant impacts to local or regional transit.
- Impact TR-22: Implementation of the project-level TTRP Moderate Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14 Variant 1, TTRP.14 Variant 2, TTRP.22_1, TTRP.28_1, TTRP.30_1, or TTRP.71_1 would have less-than-significant traffic impacts at 78 study intersections.
- Impact TR-23: Implementation of the project-level TTRP Expanded Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.28_1, or TTRP.71_1 would have less-than-significant traffic impacts at 40 study intersections.
- Impact TR-25: Implementation of the project-level TTRP.14 Expanded Alternative would have less-than-significant traffic impacts at 19 study intersections under Existing plus Service Improvements and the TTRP.14 Expanded Alternative conditions.
- Impact TR-29: Implementation of the project-level TTRP.22_1 Expanded Alternative would have less-than-significant traffic impacts at six study intersections that would operate at level of service ("LOS") D or better under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative conditions.
- Impact TR-33: Implementation of the project-level TTRP.22_1 Expanded Alternative Variant 1 would have less-than-significant traffic impacts at six study intersections that would operate at LOS D or better under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 1 conditions.
- Impact TR-37: Implementation of the project-level TTRP.22_1 Expanded Alternative Variant 2 would have less-than-significant traffic impacts at six study intersections that would operate at LOS D or better under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 2 conditions.
- Impact TR-39: Implementation of the project-level TTRP.30_1 Expanded Alternative would have less-than-significant traffic impacts at nine study intersections that would

operate at LOS D or better under Existing plus Service Improvements and the TTRP.30_1 Expanded Alternative conditions.

- Impact TR-41: Implementation of the project-level TTRP.30_1 Expanded Alternative Variant 1 would have less-than-significant traffic impacts at nine study intersections that would operate at LOS D or better under Existing plus Service Improvements and the TTRP.30_1 Expanded Alternative Variant 1 conditions.
- Impact TR-43: Implementation of the project-level TTRP.30_1 Expanded Alternative Variant 2 would have less-than-significant traffic impacts at nine study intersections that would operate at LOS D or better under Existing plus Service Improvements and the TTRP.30_1 Expanded Alternative Variant 2 conditions.
- Impact TR-44: Implementation of the project-level TTRP Moderate Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14 Variant 1, TTRP.14 Variant 2, TTRP.22_1, TTRP.28_1, TTRP.30_1, or TTRP.71_1 would not result in significant impacts to pedestrians and bicyclists.
- Impact TR-45: Implementation of the project-level TTRP Expanded Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14, TTRP.22_1, TTRP.22_1 Variant 1, TTRP.22_1 Variant 2, TTRP.28_1 Expanded Alternative, TTRP.30_1, TTRP.30_1 Variant 1, TTRP.30_1 Variant 2, or TTRP.71_1 would not result in significant impacts to pedestrians and bicyclists.
- Impact TR-46: Implementation of the project-level TTRP Moderate Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.22_1, TTRP.28_1, or TTRP.71_1 would not result in significant loading impacts.
- Impact TR-47: Implementation of the project-level TTRP Expanded Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.22_1, TTRP.22_1 Variant 1, TTRP.22_1 Variant 2, TTRP.28_1, or TTRP.71_1 would not result in significant loading impacts.
- Impact TR-55: Implementation of the project-level TTRP Moderate Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14 Variant 1, TTRP.14 Variant 2, TTRP.22_1, TTRP.28_1, TTRP.30_1, or TTRP.71_1 would not result in significant impacts on emergency vehicle access.
- Impact TR-56: Implementation of the project-level TTRP Expanded Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14, TTRP.22_1, TTRP.22_1 Variant 1, TTRP.22_1 Variant 2, TTRP.28_1, TTRP.30_1, TTRP.30_1 Variant 1, TTRP.30_1 Variant 2, or TTRP.71_1 would not result in significant impacts on emergency vehicle access.
- Impact TR-57: Implementation of the project-level TTRP Moderate Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14 Variant 1, TTRP.14 Variant 2, TTRP.22_1, TTRP.28_1, TTRP.30_1, or TTRP.71_1 would not result in a significant parking impact.
- Impact TR-58: Implementation of the project-level TTRP Expanded Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14, TTRP.22_1, TTRP.22_1 Variant 1, TTRP.22_1 Variant 2, TTRP.28_1, TTRP.30_1, TTRP.30_1 Variant 1, TTRP.30_1 Variant 2, or TTRP.71_1 would not result in a significant parking impact.

- Impact C-TR-4: Implementation of the Service Improvements or Service Variants, in combination with past, present and reasonably foreseeable development in San Francisco, would not contribute considerably to ridership at the regional transit screenlines on AC Transit, Caltrain, Golden Gate Transit, SamTrans, and other regional ferry service under 2035 Cumulative plus Service Improvements only conditions.
- Impact C-TR-5: The TPS Toolkit elements as applied in the program-level TTRP corridors, and Service Improvements with the TTRP Moderate Alternative would not contribute considerably to ridership at the regional transit screenlines on AC Transit, Caltrain, Golden Gate Transit, SamTrans, and other regional ferry service under 2035 Cumulative plus Service Improvements and the TTRP Moderate Alternative conditions.
- Impact C-TR-6: The TPS Toolkit elements as applied in program-level TTRP corridors, and Service Improvements with the TTRP Expanded Alternative, in combination with past, present and reasonably foreseeable development in San Francisco, would not contribute considerably to ridership at the regional transit screenlines on AC Transit, Caltrain, Golden Gate Transit, SamTrans, and other regional ferry service under 2035 Cumulative plus Service Improvements and the TTRP Expanded Alternative conditions.
- Impact C-TR-8: Implementation of the Service Policy Framework Objective A, Actions A.1, A.2 and A.4, Objective B, Actions B.1 through B.4, Objective C, Actions C.1 and C.2, and Objective D, Actions D.1 through D.4 and any of the TPS Toolkit elements within categories: Transit Stop Changes, Parking and Turn Restrictions, and Traffic Signal and Stop Sign Changes, in combination with past, present and reasonably foreseeable development in San Francisco, would have less-than-significant traffic impacts under 2035 Cumulative plus Service Improvements and the TTRP Moderate Alternative conditions, and therefore would not contribute to any significant cumulative traffic impacts.
- Impact C-TR-10: Implementation of the Service Policy Framework Objective A, Actions A.1, A.2 and A.4, Objective B, Actions B.1 through B.4, Objective C, Actions C.1 and C.2, and Objective D, Actions D.1 through D.4 and any of the TPS Toolkit elements within categories: Transit Stop Changes, Parking and Turn Restrictions, and Traffic Signal and Stop Sign Changes, in combination with past, present and reasonably foreseeable development in San Francisco, would have less-than-significant traffic impacts under 2035 Cumulative plus Service Improvements and the TTRP Expanded Alternative conditions, and therefore would not contribute to any significant cumulative traffic impacts.
- Impact C-TR-11: Implementation of the Service Improvements or Service Variants, in combination with past, present and reasonably foreseeable development in San Francisco, would have less-than-significant traffic impacts under 2035 Cumulative plus Service Improvements only conditions, and therefore would not contribute to any significant cumulative traffic impacts.
- Impact C-TR-12: Implementation of the TTRP Moderate Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14 Variant 1, TTRP.14 Variant 2, TTRP.22_1, TTRP.28_1, TTRP.30_1, or TTRP.71_1 would have less-than-significant traffic impacts under 2035 Cumulative plus Service Improvements and the TTRP Moderate Alternative conditions, and therefore would not contribute to any significant cumulative traffic impacts.

- Impact C-TR-38: Implementation of the TTRP Expanded Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14, TTRP.22_1, TTRP.22_1 Variant 1, TTRP.22_1 Variant 2, TTRP.28_1, TTRP.30_1, TTRP.30_1 Variant 1, TTRP.30_1 Variant 2, or TTRP.71_1, in combination with past, present and reasonably foreseeable development in San Francisco, would not contribute considerably to significant cumulative traffic impacts at 16 study intersections that would operate at LOS E or LOS F under 2035 Cumulative plus Service Improvements and the TTRP Expanded Alternative conditions.
- Impact C-TR-39: Implementation of the TTRP Expanded Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14, TTRP.22_1, TTRP.22_1 Variant 1, TTRP.22_1 Variant 2, TTRP.28_1, TTRP.30_1, TTRP.30_1 Variant 1, TTRP.30_1 Variant 2, or TTRP.71_1 would not result in significant cumulative traffic impacts at 48 study intersections that would operate at LOS D or better under 2035 Cumulative plus Service Improvements and the TTRP Expanded Alternative conditions.
- Impact C-TR-40: Implementation of the Service Policy Framework and any of the TPS Toolkit elements within categories: Transit Stop Changes, Lane Modifications, Parking and Turn Restrictions, and Traffic Signal and Stop Sign Changes, and Pedestrian Improvements as applied in program-level TTRP corridors, Service Improvements or Service Variants, and Service-related Capital Improvements, in combination with past, present and reasonably foreseeable development in San Francisco, would have less-than-significant cumulative pedestrian and bicycle impacts.
- Impact C-TR-41: Implementation of the Service Improvements or Service Variants and the project-level TTRP Moderate Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14 Variant 1 and TTRP Variant 2, TTRP.22_1, TTRP.28_1, TTRP.30_1, or TTRP.71_1, in combination with past, present and reasonably foreseeable development in San Francisco, would have less-than-significant cumulative pedestrian and bicycle impacts.
- Impact C-TR-42: Implementation of the Service Improvements or Service Variants and the project-level TTRP Expanded Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14, TTRP.22_1, TTRP.22_1 Variant 1, TTRP.22_1 Variant 2, TTRP.28_1, TTRP.30_1, TTRP.30_1 Variant 1, TTRP.30_1 Variant 2, or TTRP.71_1, in combination with past, present and reasonably foreseeable development in San Francisco, would have less-than-significant cumulative pedestrian and bicycle impacts.
- Impact C-TR-46: Implementation of the Policy Framework Objective A, Actions A.1, A.2 and A.4, Objective B, Actions B.1 through B.4, Objective C, Actions C.1 and C.2, and Objective D, Actions D.1 through D.4, TPS Toolkit Category Traffic Signal and Stop Sign Changes as applied in program-level TTRP corridors, Service Improvements or Service Variants, and Service-related Capital Improvements, in combination with past, present and reasonably foreseeable development in San Francisco, would have less-than-significant cumulative loading impacts.
- Impact C-TR-47: Implementation of the project-level TTRP Moderate Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.22_1, TTRP.28_1, or TTRP.71_1, in combination with past, present and reasonably foreseeable development in San Francisco, would have less-than-significant cumulative loading impacts.

- Impact C-TR-48: Implementation of the project-level TTRP Expanded Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.22_1, TTRP.22_1 Variant 1, TTRP.22_1 Variant 2, TTRP.28_1, or TTRP.71_1, in combination with past, present and reasonably foreseeable development in San Francisco, would have less-than-significant cumulative loading impacts.
- Impact C-TR-50: Implementation of the Service Policy Framework Objective A, Actions A.1, A.2, and A.4, Objective B all actions, Objective C, Actions C.1 and C.2, and Objective D all actions, and any of the TPS Toolkit elements within categories: Transit Stop Changes and Traffic Signal and Stop Sign Changes, and Pedestrian Improvements as applied in program-level TTRP corridors, Service Improvements, and Service-related Capital Improvements, in combination with past, present and reasonably foreseeable development in San Francisco, would have less-than-significant cumulative parking impacts.
- Impact C-TR-51: Implementation of the project-level TTRP Moderate Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.22_1, TTRP.28_1, TTRP.30_1, or TTRP.71_1, in combination with past, present and reasonably foreseeable development in San Francisco, would have less-than-significant cumulative parking impacts.
- Impact C-TR-53: Implementation of the project-level TTRP Expanded Alternative for the TTRP.J, TTRP.L, TTRP.N, TTRP.5, TTRP.8X, TTRP.9, TTRP.14, TTRP.28_1, TTRP.30_1, TTRP.30_1 Variant 1, TTRP.30_1 Variant 2, or TTRP.71_1, in combination with past, present and reasonably foreseeable development in San Francisco, would have less-than-significant cumulative parking impacts.

Noise and Vibration

- The proposed Project is not located within an airport land use plan area, within two miles of a public or public use airport, or in the vicinity of a private airstrip, and therefore would not expose people residing or working in the project area to excessive noise levels.
- Impact NO-1: Construction activities, occurring indirectly as a result of the proposed Service Policy Framework, and as proposed under the TEP for the Service Improvements and Service Variants, Service-related Capital Improvements, and TTRPs and TTRP Variants would not result in a substantial temporary or periodic increase in noise levels above existing ambient conditions.
- Impact NO-2: Construction activities, occurring indirectly as a result of the proposed Service Policy Framework, and as proposed under the TEP for the Service Improvements and Service Variants, Service-related Capital Improvements, and TTRPs and TTRP Variants would not expose persons and structures to excessive temporary ground-borne vibration or ground-borne noise levels.
- Impact NO-3: The proposed Service Policy Framework and operation of the Service Improvements and Service Variants would not result in a substantial increase in permanent noise levels along affected transit routes above existing ambient conditions.
- Impact NO-4: The proposed Service Policy Framework and the Service Improvements and Service Variants proposed by the TEP would not expose people to or generate excessive ground-borne vibration or noise levels along affected transit routes.

- Impact C-NO-1: The Service Policy Framework and the construction and operation of the proposed TEP, including Service Improvements and Service Variants, Service-related Capital Improvements, and TTRPs and TTRP Variants, in combination with other past, present, or reasonably foreseeable future projects, would not increase construction noise and vibration or operational noise and vibration levels along affected transit routes substantially above existing ambient conditions.

Air Quality

- The proposed Project would not result in significant odor impacts.
- Impact AQ-1: The Service Policy Framework and construction activities proposed under the Service Improvements and Service Variants, Service-related Capital Improvements, and TTRPs and TTRP Variants would not result in a violation of air quality standards or contribute substantially to an existing or projected air quality violation; nor would it result in a cumulatively considerable net increase of criteria air pollutants, for which the project region is in nonattainment under an applicable ambient air quality standard.
- Impact AQ-2: The Service Policy Framework and construction activities proposed under the Service Improvements and Service Variants, Service-related Capital Improvements, and TTRPs and TTRP Variants would not generate emissions of $PM_{2.5}$ and toxic air contaminants, including diesel particulate matter, at levels that would expose sensitive receptors to substantial pollutant concentrations.
- Impact AQ-3: The Service Policy Framework and the proposed project-level Service Improvements and Service Variants in combination with the TTRPs and TTRP Variants would not result in a violation of air quality standards or contribute substantially to an existing or projected air quality violation nor result in a cumulatively considerable net increase of any criteria air pollutant for which the project region is in nonattainment under an applicable ambient air quality standard.
- Impact AQ-4: The Service Policy Framework and proposed project-level Service Improvements and Service Variants would not generate emissions of $PM_{2.5}$ and toxic air contaminants, including diesel particulate matter, at levels that would expose sensitive receptors to substantial pollutant concentrations.
- Impact AQ-5: The Service Policy Framework, and construction and operation of the proposed TEP, including the Service Improvements and Service Variants, Service-related Capital Improvements, and TTRPs and TTRP Variants, would not conflict with or obstruct implementation of the 2010 Clean Air Plan, the Bay Area's applicable air quality plan.
- Impact C-AQ-1: The Service Policy Framework, and construction and operation of the proposed TEP, including the Service Improvements and Service Variants, Service-related Capital Improvements, and TTRPs and TTRP Variants, in combination with past, present and reasonably foreseeable future projects, would not result in a cumulatively considerable net increase of any criteria air pollutant for which the project region is in nonattainment under applicable ambient air quality standards.
- Impact C-AQ-2: The Service Policy Framework, and construction and operation of the proposed TEP, including the Service Improvements and Service Variants, Service-related Capital Improvements, and TTRPs and TTRP Variants, in combination with past,

present and reasonably foreseeable future projects, would not generate emissions of $PM_{2.5}$ and toxic air contaminants, including diesel particulate matter, at levels that would expose sensitive receptors to substantial pollutant concentrations.

Greenhouse Gas Emissions

- Impact C-GG-1: The proposed Project would generate greenhouse gas emissions, but not in levels that would result in a significant impact on the environment or conflict with any policy, plan, or regulation adopted for the purpose of reducing greenhouse gas emissions.

Wind and Shadow

- Impact WS-1: The proposed Project would not alter winds in a manner that would substantially affect public areas.
- Impact WS-2: The proposed Project would not create new shadow that substantially affects outdoor recreation facilities or other public areas.

Recreation

- Impact RE-1, RE-3: The proposed Project would not result in the increased use of existing neighborhood or regional parks or other recreation facilities such that substantial physical deterioration would occur or be accelerated, nor result in the degradation of recreational resources.
- Impact RE-2: The proposed project would not include recreational facilities or require the construction or expansion of recreational facilities that might have an adverse physical effect on the environment.
- Impact C-RE-1: The proposed project in combination with other past, present, or reasonably foreseeable future projects would not result in a cumulatively considerable contribution to significant cumulative impacts on recreation.

Utilities and Services Systems

- Impact UT-1, UT-2: The proposed Project would not exceed the wastewater treatment requirements of the Regional Water Quality Control Board; result in a determination that the wastewater treatment provider has inadequate capacity to serve the project; or require or result in the construction of new or the expansion of existing water, wastewater treatment or stormwater drainage facilities
- Impact UT-3: The proposed Project would have sufficient water supply available from existing entitlements and would not require new or expanded water supply resources or entitlements.
- Impact UT-4: The proposed Project would increase the amount of solid waste generated on the project sites, but would be adequately served by the City's landfill and would comply with federal, state and local statutes and regulations related to solid waste.

- Impact C-UT-1: The proposed Project in combination with other past, present, or reasonably foreseeable future projects would not result in a cumulatively considerable contribution to significant cumulative impacts on utilities and service systems.

Public Services

- Impact PS-1: The proposed Project would not result in substantial adverse physical impacts associated with the provision of police protection, fire protection, schools, and library services in order to maintain acceptable service ratios, response times, or other performance objectives.
- Impact C-PS-1: The proposed Project would not result in a cumulatively considerable contribution to significant impacts on police services, fire protection, emergency services, schools, or libraries such that new or altered facilities are required.

Biological Resources

- Impact BI-1, B-2, BI-3: The proposed Project would not affect any special status species, riparian habitat or other sensitive natural community, or federally protected wetlands; would not interfere with the movement of native resident or wildlife species or with established native resident or migratory wildlife corridors; and would not conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance.
- Impact C-BI-4: The proposed Project would not result in a cumulatively considerable contribution to significant cumulative impacts on biological resources.

Geology and Soils

- Impact GE-1: Implementation of the proposed Project would not result in exposure of people and structures to potential substantial adverse effects, including the risk of loss, injury, or death involving rupture of a known earthquake fault, seismic ground-shaking, liquefaction, lateral spreading, or landslides.
- Impact GE-2: The implementation of the proposed Project would not result in substantial erosion, loss of topsoil, or adverse impacts to topographical features.
- Impact GE-3: The implementation of the proposed Project would not locate sensitive land uses on geologic units or soils that are expansive, unstable, or that would become unstable as a result of future uses, and potentially result in on-or off-site landslide, lateral spreading, subsidence, liquefaction, or collapse.
- Impact C-GE-1: The proposed Project would not result in a cumulatively considerable contribution to significant cumulative impacts on geology and soils.

Hydrology and Water Quality

- Impact HY-1: The implementation of the proposed Project would not violate water quality or waste discharge standards, exceed the capacity of existing drainage systems, provide additional sources of polluted runoff, or otherwise substantially degrade water quality.

- Impact HY-2, HY-3: The proposed Project would not substantially deplete groundwater supplies or interfere substantially with groundwater recharge, and would not substantially alter existing drainage patterns in a manner that would result in substantial erosion or siltation.
- Impact HY-4, HY-5: The implementation of the proposed Project would not expose people or structures to substantial risk of loss due to flooding, or to a significant risk of loss, injury or death involving inundation by seiche, tsunami, or mudflow, or as a result of the failure of a reservoir.
- Impact C-HY-1: The proposed Project would not result in a cumulatively considerable contribution to significant cumulative impacts on water quality and hydrology.

Hazards and Hazardous Materials

- Impact HZ-3: Implementation of the proposed Project would not create a significant hazard to the public or the environment by location on a hazardous materials site.
- Impact HZ-4: Implementation of the proposed Project would not expose people or structures to a significant risk of loss, injury, or death involving fires, and would not interfere with the implementation of an emergency response plan.
- Impact C-HZ-1: The proposed Project would not result in a cumulatively considerable contribution to significant cumulative impacts with respect to hazards and hazardous materials.

Mineral and Energy Resources

- Impact ME-1: The proposed Project would not result in the loss of availability of a known mineral resource or a locally-important mineral resource recovery site,
- Impact ME-2: The proposed Project would not result in the use of large amounts of fuel, water, or energy, or use these in a wasteful manner.
- Impact C-ME-1: The proposed Project would not result in a cumulatively considerable contribution to significant cumulative impacts on mineral and energy resources.

Agriculture and Forest Resources

- Impact AF-1: The proposed Project would not have a substantial adverse effect on agriculture or forest resources.

Growth-Inducing Impacts

- Impact GR-1: Implementation of the Service Policy Framework and the TEP project components would not result in growth inducing impacts.

III. FINDINGS OF POTENTIALLY SIGNIFICANT IMPACTS THAT CAN BE AVOIDED OR REDUCED TO A LESS-THAN-SIGNIFICANT LEVEL THROUGH MITIGATION AND THE DISPOSITION OF THE MITIGATION MEASURES

CEQA requires agencies to adopt mitigation measures that would avoid or substantially lessen a project's identified significant impacts or potential significant impacts if such measures are feasible (unless mitigation to such levels is achieved through adoption of a project alternative). The findings in this Section III and in Section IV concern mitigation measures set forth in the EIR. These findings discuss mitigation measures as identified in the FEIR and recommended for adoption by the SFMTA Board of Directors. The full text of the mitigation measures is contained in the FEIR and in **Attachment B**, the Mitigation Monitoring and Reporting Program.

The SFMTA Board adopts all of the mitigation measures identified in the FEIR. The SFMTA Board finds that all of the mitigation measures are appropriate and feasible. Based on the analysis contained in the FEIR, other considerations in the record, and the significance thresholds in the EIR, the SFMTA Board finds that the impacts identified in this Section III will be reduced to a less-than-significant level through implementation of the mitigation measures contained in the FEIR, imposed as conditions of approval, and set forth in **Attachment B**.

Cultural and Paleontological Resources

- Impact CP-2: The proposed Project could cause a substantial adverse change in the significance of an archaeological resource pursuant to *CEQA Guidelines* Section 15064.5.

There is a reasonable presumption that construction of the proposed program-level and project-level TEP components will not require an excavation depth and/ or be located in an area where the potential for effect on archaeological resources is likely. However, to avoid potential adverse impacts on archaeological resources where the presence of the resource cannot be known, foreseen, or predicted, the Accidental Discovery Archaeological Mitigation Measure will be implemented for all TEP components. This mitigation measure requires that upon accidental discovery of an archaeological resource during construction (including human remains), the appropriate treatment of the resource will be carried out by a qualified archaeological consultant.

Mitigation Measure M-CR-2a: Accidental Discovery of Archeological Resources.

The construction of the following four TEP components has the potential to adversely affect archaeological resources: TTRP.22_2; TTRP.9; and two Service-related Capital Improvements, OWE.1 New Overhead Wiring – Reroute 33 Stanyan onto Valencia Street, and SC1.2 Sansome Street Contraflow Lane. TTRP.9 includes a segment of Bayshore Boulevard, and TTRP. 22_2 includes a segment of Richardson Avenue. These segments occur along the historic shoreline, estuary, tidal marsh or lagoon, or watercourse and such sites may include prehistoric archaeological resources. The installation of overhead wire support poles and duct banks along a two-block portion of Valencia Street (OWE.1) will be constructed in the Mission Dolores area in which there is a potential for significant archaeological resources from the Hispanic Period. The installation of traffic mast arms along a three-block portion of Sansome Street (SCI.2) will occur in an area with the potential for impacts to archaeological resources from the Yerba Buena period. Construction in these areas could result in significant impacts on archaeological resources if the Archaeological Monitoring mitigation measure is not implemented. Implementation of the Archaeological Monitoring mitigation measure requires review by the Planning Department archeologist once engineering design details are known. If determined necessary by the Planning Department, the SFMTA would be required to hire an archaeological consultant to be present and monitor construction activities associated with these four TEP components (as necessary), redirect construction activities if an intact archaeological deposit is encountered, evaluate the deposit, and either re-design the project or implement a data recovery program.

Mitigation Measure M-CR-2b: Archaeological Monitoring

- Impact CP-3: The proposed Project could directly or indirectly destroy a unique paleontological resource or site or unique geologic feature.

Given the shallow excavation depths of TEP construction activities and previous ground disturbance that is common within the public right-of-way, there is a low probability of encountering significant paleontological resources in the course of project construction. However, the presence of shallow paleontological resources within areas of excavation under the proposed Project cannot be conclusively ruled out. Disturbance of paleontological resources could impair the ability of paleontological resources to yield important scientific information. The Paleontological Resources Accidental Discovery mitigation measure will apply in the event that any indication of a paleontological resource is encountered in the course of TEP project construction activities, and if the resource may be important, a qualified paleontological consultant will be retained to design and implement a sampling and data recovery program.

Mitigation Measure M-CP-3: Paleontological Resources Accidental Discovery

Hazards and Hazardous Materials

- Impact HZ-1: Implementation of the proposed Project would not create a significant hazard through routine transport, use, disposal, handling, or emission of hazardous materials or through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment.

The use, storage, and disposal of hazardous materials is regulated by numerous local, state, and federal laws and regulations. Excavation in the public-right-of-way is regulated under the Public Works Code, which states that excavation contractors are subject to all applicable hazardous material guidelines for disposal, handling, release, and treatment of hazardous material; site remediation; and worker safety and training. Additionally, Article 20 of the Public Works Code and Article 22A of the San Francisco Health Code require environmental investigation at construction sites where contaminated fill materials may be encountered. The SFMTA and construction contractors will adhere to these regulations. However, to ensure that potential significant impacts from release of hazardous materials during construction are reduced to less-than-significant levels, the SFMTA and construction contractors are required to implement the Hazardous Materials Soil Testing mitigation measure, which requires that soil to be removed from an excavation area and not encapsulated within the same area be tested and, if found to contain hazardous materials, be transported and disposed of in compliance with local, state and federal requirements.

Mitigation Measure M-HZ-1: Hazardous Materials Soil Testing

- Impact HZ-2: Implementation of the proposed project would not substantially emit hazardous emissions or acutely hazardous materials near schools.

To ensure that construction and operation of the program- and project-level TEP components will not result in significant hazardous materials emissions or the handling of acutely hazardous materials near schools, the SFMTA and construction contractors are required to implement the Hazardous Materials Soil Testing mitigation measure listed above.

Mitigation Measure M-HZ-1: Hazardous Materials Soil Testing

IV. SIGNIFICANT IMPACTS THAT CANNOT BE AVOIDED OR REDUCED TO A LESS-THAN-SIGNIFICANT LEVEL

Based on substantial evidence in the whole record of these proceedings, the SFMTA Board of Directors finds that, where feasible, changes or alterations have been required, or incorporated into, the Project to reduce the significant environmental impacts as identified in the FEIR. The SFMTA Board finds that the mitigation measures in the FEIR and described below are appropriate, and that changes have been required in, or incorporated into, the Project that, pursuant to Public Resources Code Section 21002 and CEQA Guidelines Section 15091, may substantially lessen, but do not avoid (i.e., reduce to less-than-significant levels), the potentially significant environmental effects associated with implementation of the Project that are described below. The SFMTA Board adopts all of the mitigation measures and improvement measures set forth in the Mitigation Monitoring and Reporting Plan (MMRP), attached as **Attachment B**. But, the SFMTA Board further finds that for the impacts listed below, despite the implementation of all feasible mitigation measures, the effects remain significant and unavoidable.

Based on substantial evidence in the whole record, including the expert opinion of SFMTA and Planning Department staff and consultants to those staff, the SFMTA Board also finds that for some impacts identified in the FEIR, as noted below in this Section IV, no feasible mitigation measures were identified in the FEIR and those impacts remain significant and unavoidable. For a detailed explanation of the lack of feasible mitigation measures for some of the following impacts, and of the reasons why certain mitigation measures, although technologically feasible, may be subject to uncertainty, including funding-related uncertainty, please see the relevant discussions in the FEIR.

The SFMTA Board determines that the following significant impacts on the environment, as reflected in the FEIR, are unavoidable, but under Public Resources Code §§ 21081(a)(3) and (b), and CEQA Guidelines §§ 15091(a)(3), 15092(b)(2)(B), and 15093, the SFMTA Board determines that the impacts are acceptable due to the overriding considerations described in Section VI below. This finding is supported by substantial evidence in the record of this proceeding.

Transportation and Circulation

- **Impact TR-3:** Implementation of the Policy Framework Objective A, Action A.3, and Objective C, Actions C.3 through C.5 may result in significant traffic impacts.
  - *Mitigation Measure M-TR-8: Optimization of Intersection Operations.*

Because this measure may not be adequate to mitigate impacts to intersection traffic operations to less-than-significant levels, and because the feasibility of providing additional vehicle capacity is unknown and it is not always possible to optimize an intersection such that level of service will improve to level of service ("LOS") D or better, the impact on traffic operations remains significant and unavoidable.

- **Impact TR-5:** Implementation of the Policy Framework Objective A, Action A.3 and Objective C, Actions C.3 through C.5 may result in significant loading impacts.
  - *Mitigation Measure M-TR-10: Provision of Replacement Commercial Loading Spaces*
  - *Mitigation Measure M-TR-48: Enforcement of Parking Violations,*

These measures could reduce significant loading impacts to a less-than-significant level. However, in some locations on-street parking may not be available to convert to commercial loading spaces on the same block and side of the street or within 250 feet on an adjacent side street, the feasibility of providing replacement commercial loading spaces pursuant to Mitigation Measure M-TR-10 cannot be assured in every situation. And because the effectiveness of the use of camera video enforcement of parking regulations along new transit-only lanes is not known, the feasibility of Mitigation Measure M-TR-48 is uncertain. Therefore, the impact of loss of on-street commercial loading spaces remains significant and unavoidable.

- **Impact TR-8:** Implementation of the following TPS Toolkit categories: Lane Modifications and Pedestrian Improvements may result in significant traffic impacts.
  - *Mitigation Measure M-TR-8: Optimization of Intersection Operations*

Because this measure may not be adequate to mitigate intersection traffic operations to less-than-significant levels, and because the feasibility of providing additional vehicle capacity is unknown and it is not always possible to optimize an intersection such that level of service will improve to LOS D or better, the impact on traffic operations remains significant and unavoidable.

- **Impact TR-10:** Implementation of the following TPS Toolkit categories: Transit Stop Changes, Lane Modifications, Parking and Turn Restrictions, and Pedestrian Improvements, may result in significant loading impacts.
  - *Mitigation Measure M-TR-10: Provision of Replacement Commercial Loading Spaces*

While this measure could reduce significant loading impacts, in some locations on-street parking may not be available to convert to commercial loading spaces on the same block and side of the street or within 250 feet on an adjacent side street, the feasibility of providing replacement commercial loading spaces pursuant to Mitigation Measure M-TR-10 cannot be assured. Therefore, the impact of loss of on-street commercial loading spaces remains significant and unavoidable.

- **Impact TR-14:** Implementation of TPS Toolkit elements within the following categories: Lane Modifications and Pedestrian Improvements, along the program-level TTRP corridors may result in significant traffic impacts.
  - *Mitigation Measure M-TR-8: Optimization of Intersection Operations*

Because this measure may not be adequate to mitigate intersection traffic operations to less-than-significant levels, and because the feasibility of providing additional vehicle capacity is unknown and it is not always possible to optimize an intersection such that level of service will improve to LOS D or better, the impact on traffic operations remains significant and unavoidable.

- **Impact TR-16:** Implementation of the following TPS Toolkit categories: Transit Stop Changes, Lane Modifications, Parking and Turn Restrictions, and Pedestrian Improvements, along the program-level TTRP corridors may result in significant loading impacts.
  - *Mitigation Measure M-TR-10: Provision of Replacement Commercial Loading Spaces*

While this measure could reduce significant loading impacts, in some locations on-street parking may not be available to convert to commercial loading spaces on the same block and side of the street or within 250 feet on an adjacent side street, the feasibility of providing replacement commercial loading spaces pursuant to Mitigation Measure M-TR-10 cannot be assured. Therefore, the impact of loss of on-street commercial loading spaces remains significant and unavoidable.

- **Impact TR-24:** Implementation of the project-level TTRP.14 Expanded Alternative would result in a significant traffic impact at the intersection of Randall Street/San Jose Avenue that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.14 Expanded Alternative conditions.

No feasible mitigation measures are available and the impact remains significant and unavoidable.

- **Impact TR-26:** Implementation of the project-level TTRP.22_1 Expanded Alternative would result in a significant traffic impact at the intersection of 16th/Bryant streets that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative conditions.
  - *Mitigation Measure M-TR-26: Intersection Restriping at 16th/Bryant streets.*

Implementation of Mitigation Measure M-TR-26 would reconfigure the intersection of 16th and Bryant Streets such that the westbound approach would be a through lane and dedicated right turn-pocket and the eastbound approach would be to a shared through/right lane. Implementation of Mitigation Measure M-TR-26 would not improve intersection operations to LOS D or better during the p.m. peak hour; therefore, traffic impacts at the intersection of 16th and Bryant streets remain significant and unavoidable.

- **Impact TR-27:** Implementation of the project-level TTRP.22_1 Expanded Alternative would result in a significant traffic impact at the intersection of 16th Street/Potrero Avenue that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative conditions.

No feasible mitigation measures are available and the impact remains significant and unavoidable.

- **Impact TR-28:** Implementation of the project-level TTRP.22_1 Expanded Alternative would result in a significant traffic impact at the intersection of 16th/Seventh streets that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative conditions.

No feasible mitigation measures are available and the impact remains significant and unavoidable.

- **Impact TR-30:** Implementation of the project-level TTRP.22_1 Expanded Alternative Variant 1 would result in a significant traffic impact at the intersection of 16th/Bryant streets that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 1 conditions.
  - *Mitigation Measure M-TR-26: Intersection Restriping at 16th/Bryant streets*

Implementation of Mitigation Measure M-TR-26 would not improve intersection operations to LOS D or better during the p.m. peak hour; therefore, traffic impacts at the intersection of 16th and Bryant streets remain significant and unavoidable.

- **Impact TR-31:** Implementation of the project-level TTRP.22_1 Expanded Alternative Variant 1 would result in a significant traffic impact at the intersection of 16th Street/Potrero Avenue that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 1 conditions.

No feasible mitigation measures are available and the impact remains significant and unavoidable.

- **Impact TR-32:** Implementation of the project-level TTRP.22_1 Expanded Alternative Variant 1 would result in a significant traffic impact at the intersection of 16th/Seventh streets that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative conditions.

No feasible mitigation measures are available and the impact remains significant and unavoidable.

- **Impact TR-34:** Implementation of the project-level TTRP.22_1 Expanded Alternative Variant 2 would result in a significant traffic impact at the intersection of 16th/Bryant streets that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 2 conditions.
  - *Mitigation Measure M-TR-26: Intersection Restriping at 16th/Bryant streets*

Implementation of Mitigation Measure M-TR-26 would not improve intersection operations to LOS D or better during the p.m. peak hour; therefore, traffic impacts at the intersection of 16th and Bryant streets would remain significant and unavoidable.

- **Impact TR-35:** Implementation of the project-level TTRP.22_1 Expanded Alternative Variant 2 would result in a significant traffic impact at the intersection of 16th Street/Potrero Avenue that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 2 conditions.

No feasible mitigation measures are available and the impact remains significant and unavoidable.

- **Impact TR-36:** Implementation of the project-level TTRP.22_1 Expanded Alternative Variant 2 would result in a significant traffic impact at the intersection of 16th/Seventh streets that would operate at LOS E or LOS F conditions under Existing plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 2 conditions.

No feasible mitigation measures are available and the impact remains significant and unavoidable.

- **Impact TR-38:** Implementation of the project-level TTRP.30_1 Expanded Alternative would result in a significant traffic impact at the intersection of Columbus Avenue/Green Street/Stockton Street that would operate at LOS E conditions under Existing plus Service Improvements and the TTRP.30_1 Expanded Alternative conditions.

No feasible mitigation measures are available and the impact remains significant and unavoidable.

- **Impact TR-40:** Implementation of the project-level TTRP.30_1 Expanded Alternative Variant 1 would result in a significant traffic impact at the intersection of Columbus Avenue/Green Street/Stockton Street that would operate at LOS E conditions under Existing plus Service Improvements and the TTRP.30_1 Expanded Alternative Variant 1 conditions.

No feasible mitigation measures are available and the impact remains significant and unavoidable.

- **Impact TR-42:** Implementation of the project-level TTRP.30_1 Expanded Alternative Variant 2 would result in a significant traffic impact at the intersection of Columbus Avenue/Green Street/Stockton Street that would operate at LOS E conditions under Existing plus Service Improvements and the TTRP.30_1 Expanded Alternative Variant 2 conditions.

No feasible mitigation measures are available and the impact remains significant and unavoidable.

- **Impact TR-48:** Implementation of project-level TTRP.14 Moderate Alternative Variant 1 would result in a reduction in on-street commercial loading supply on Mission Street such that the existing loading demand during the peak hour of loading activities could not be accommodated within on-street loading supply and may create a potentially hazardous condition or significant delay that may affect traffic, transit, bicycles, or pedestrians.

- *Mitigation Measure M-TR-48: Enforcement of Parking Violations*

With implementation of this Mitigation Measure, the impacts related to loss of commercial loading spaces on transit and traffic operations would be reduced. However, because the effectiveness of the use of camera video enforcement of parking regulations along new transit-only lanes is not known, the feasibility of this measure is uncertain and impacts on this corridor remain significant and unavoidable.

- **Impact TR-49:** Implementation of project-level TTRP.14 Moderate Alternative Variant 2 would result in a reduction in on-street commercial loading supply on Mission Street such that the existing loading demand during the peak hour of loading activities could not be accommodated within on-street loading supply and may create a potentially hazardous condition or significant delay that may affect traffic, transit, bicycles, or pedestrians.

  - *Mitigation Measure M-TR-48: Enforcement of Parking Violations*

Because the effectiveness of the use of camera video enforcement of parking regulations along new transit-only lanes is not known, the feasibility of this measure is uncertain and impacts on this corridor remain significant and unavoidable.

- **Impact TR-50:** Implementation of project-level TTRP.14 Expanded Alternative would result in a reduction in on-street commercial loading supply on Mission Street such that the existing loading demand during the peak hour of loading activities could not be accommodated within on-street loading supply and may create a potentially hazardous condition or significant delay that may affect traffic, transit, bicycles, or pedestrians.

  - *Mitigation Measure M-TR-48: Enforcement of Parking Violations*

Because the effectiveness of the use of camera video enforcement of parking regulations along new transit-only lanes is not known, the feasibility of this measure is uncertain and impacts on this corridor remain significant and unavoidable.

- **Impact TR-51:** Implementation of project-level TTRP.30_1 Moderate Alternative would result in a reduction in on-street commercial loading supply on Stockton Street such that the existing loading demand during the peak hour of loading activities could not be accommodated within on-street loading supply and may create a potentially hazardous condition or significant delay that may affect traffic, transit, bicycles, or pedestrians.

  - *Mitigation Measure M-TR-48: Enforcement of Parking Violations*

Because the effectiveness of the use of camera video enforcement of parking regulations along new transit-only lanes is not known, the feasibility of this measure is uncertain and impacts on this corridor remain significant and unavoidable.

- **Impact TR-52:** Implementation of project-level TTRP.30_1 Expanded Alternative would result in a reduction in on-street commercial loading supply on Stockton Street such that the existing loading demand during the peak hour of loading activities could not be accommodated within on-street loading supply and may create a potentially hazardous condition or significant delay that may affect traffic, transit, bicycles, or pedestrians.
  - *Mitigation Measure M-TR-48: Enforcement of Parking Violations*

Because the effectiveness of the use of camera video enforcement of parking regulations along new transit-only lanes is not known, the feasibility of this measure is uncertain and impacts on this corridor remain significant and unavoidable.

- **Impact TR-53:** Implementation of project-level TTRP.30_1 Expanded Alternative Variant 1 would result in a reduction in on-street commercial loading supply on Stockton Street such that the existing loading demand during the peak hour of loading activities could not be accommodated within on-street loading supply and may create a potentially hazardous condition or significant delay that may affect traffic, transit, bicycles, or pedestrians.
  - *Mitigation Measure M-TR-48: Enforcement of Parking Violations*

Because the effectiveness of the use of camera video enforcement of parking regulations along new transit-only lanes is not known, the feasibility of this measure is uncertain and impacts on this corridor remain significant and unavoidable.

- **Impact TR-54:** Implementation of project-level TTRP.30_1 Expanded Alternative Variant 2 would result in a reduction in on-street commercial loading supply on Stockton Street such that the existing loading demand during the peak hour of loading activities could not be accommodated within on-street loading supply and may create a potentially hazardous condition or significant delay that may affect traffic, transit, bicycles, or pedestrians.
  - *Mitigation Measure M-TR-48: Enforcement of Parking Violations*

Because the effectiveness of the use of camera video enforcement of parking regulations along new transit-only lanes is not known, the feasibility of this measure is uncertain and impacts on this corridor remain significant and unavoidable.

- **Impact C-TR-1:** The Service Policy Framework and Service Improvements or Service Variants, in combination with past, present and reasonably foreseeable development in San Francisco, would contribute considerably to a significant cumulative impact on transit, resulting in an exceedance of Muni's capacity utilization standard on the Mission corridor within the Southeast screenline of the Downtown screenlines under 2035 Cumulative plus Service Improvements only conditions.

- *Mitigation Measure M-C-TR-1: SFMTA Monitoring of Muni Service*

Implementation of this Mitigation Measure would reduce the cumulative impact on the affected corridor to a less-than-significant level. However, because the SFMTA cannot commit to future funding appropriations nor be certain of its ability to provide additional service citywide to maintain the capacity utilization standard, among other service goals, the feasibility of this mitigation measure is uncertain, and the cumulative impact on transit remains significant and unavoidable.

- **Impact C-TR-2:** The Service Policy Framework, TPS Toolkit elements as applied in the program-level TTRP corridors, and the Service Improvements with the TTRP Moderate Alternative, in combination with past, present and reasonably foreseeable development in San Francisco, would contribute considerably to significant cumulative impacts on transit, resulting in exceedances of Muni's capacity utilization standard on the Fulton/Hayes corridor within the Northwest screenline and on the Mission corridor within the Southeast screenline of the Downtown screenlines under 2035 Cumulative plus Service Improvements and the TTRP Moderate Alternative conditions.

  - *Mitigation Measure M-C-TR-1: SFMTA Monitoring of Muni Service*

Implementation of this Mitigation Measure would reduce the cumulative impact on the affected corridor to a less-than-significant level. However, because the SFMTA cannot commit to future funding appropriations nor be certain of its ability to provide additional service citywide to maintain the capacity utilization standard, among other service goals, the feasibility of this mitigation measure is uncertain, and the cumulative impact on transit remains significant and unavoidable.

- **Impact C-TR-3:** The Service Policy Framework, the TPS Toolkit elements as applied in the program-level TTRP corridors, and the Service Improvements with the TTRP Expanded Alternative, in combination with past, present and reasonably foreseeable development in San Francisco, would contribute considerably to significant cumulative impacts on transit, resulting in exceedances of Muni's capacity utilization standard on the Fulton/Hayes corridor within the Northwest screenline and on the Mission corridor within the Southeast screenline of the Downtown screenlines under 2035 Cumulative conditions plus Service Improvements and the TTRP Expanded Alternative conditions.

  - *Mitigation Measure M-C-TR-1: SFMTA Monitoring of Muni Service*

Implementation of this Mitigation Measure would reduce the cumulative impact on the affected corridor to a less-than-significant level. However, because the SFMTA cannot commit to future funding appropriations nor be certain of its ability to provide additional service citywide to maintain the capacity utilization standard, among other service goals, the feasibility of this mitigation measure is uncertain, and the cumulative impact on transit remains significant and unavoidable.

- **Impact C-TR-7:** Implementation of the Service Policy Framework Objective A, Action A.3 and Objective C, Actions C.3 through C.5 and TPS Toolkit categories: Lane Modifications and Pedestrian Improvements as applied in program-level TTRP corridors, in combination with past, present and reasonably foreseeable development in San Francisco, would result in cumulative traffic impacts at intersections along the corridors under 2035 Cumulative plus Service Improvements and the TTRP Moderate Alternative conditions.
  - *Mitigation Measure M-TR-8: Optimization of Intersection Operations*

Because this measure may not be adequate to mitigate intersection traffic operations to less-than-significant levels, and because the feasibility of providing additional vehicle capacity is unknown and it is not always possible to optimize an intersection such that level of service will improve to LOS D or better, the feasibility of mitigation is not assured. Therefore, the cumulative impact on traffic operations remains significant and unavoidable

- **Impact C-TR-9:** Implementation of the Service Policy Framework Objective A, Action A.3 and Objective C, Actions C.3 through C.5 and TPS Toolkit categories: Lane Modifications and Pedestrian Improvements as applied in program-level TTRP corridors would result in cumulative traffic impacts at intersections along the corridors under 2035 Cumulative plus Service Improvements and the TTRP Expanded Alternative conditions.
  - *Mitigation Measure M-TR-8: Optimization of Intersection Operations*

Because this measure may not be adequate to mitigate intersection traffic operations to less-than-significant levels, and because the feasibility of providing additional vehicle capacity is unknown and it is not always possible to optimize an intersection such that level of service will improve to LOS D or better, the effectiveness of this mitigation measure is not assured, and mitigation is infeasible. Therefore, the cumulative impact on traffic operations remains significant and unavoidable.

- **Impact C-TR-13:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.J Expanded Alternative would contribute considerably to cumulative traffic impacts at the intersection of Market/Church/14th streets during the p.m. peak hour.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-14:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.5 Expanded Alternative would result in cumulative traffic impacts at the intersection of Fulton Street/Masonic Avenue during the p.m. peak hour.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-15:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.8X Expanded Alternative would result in cumulative traffic impacts at the intersection of Geneva Avenue/Carter Street during the p.m. peak hour.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-16:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.8X Expanded Alternative would result in cumulative traffic impacts at the intersection of Geneva Avenue/Moscow Street during the p.m. peak hour.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-17:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.14 Expanded Alternative would result in project and cumulative traffic impacts at the intersection of Randall Street/San Jose Avenue during the a.m. peak hour.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-18:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.14 Expanded Alternative would result in cumulative traffic impacts at the intersection of Mission/Fifth streets during the a.m. peak hour.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-19:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.14 Expanded Alternative would result in cumulative impacts at the intersection of Mission/16th streets during the p.m. peak hour.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-20:** Implementation of the 2035 Cumulative plus Service Improvements and TTRP.22_1 Expanded Alternative would result in project and cumulative traffic impacts at the intersection of 16th/Bryant streets during the p.m. peak hour.
  - *Mitigation Measure M-TR-26: Intersection Restriping at 16th/Bryant streets*

Implementation of Mitigation Measure M-TR-26 would not improve intersection operations to LOS D or better during the p.m. peak hour; therefore, cumulative traffic impacts at the intersection of 16th and Bryant streets remain significant and unavoidable.

- **Impact C-TR-21:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 1 would result in project and traffic cumulative impacts at the intersection of 16th/Bryant streets during the p.m. peak hour.
    - *Mitigation Measure M-TR-26: Intersection Restriping at 16th/Bryant streets*

Implementation of Mitigation Measure M-TR-26 would not improve intersection operations to LOS D or better during the p.m. peak hour; therefore, cumulative traffic impacts at the intersection of 16th and Bryant streets remain significant and unavoidable.

- **Impact C-TR-22:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 2 would result in project and cumulative traffic impacts at the intersection of 16th/Bryant streets during the p.m. peak hour.
    - *Mitigation Measure M-TR-26: Intersection Restriping at 16th/Bryant streets*

Implementation of Mitigation Measure M-TR-26 would not improve intersection operations to LOS D or better during the p.m. peak hour; therefore, cumulative traffic impacts at the intersection of 16th and Bryant streets remain significant and unavoidable.

- **Impact C-TR-23:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative would result in project and cumulative traffic impacts at the intersection of 16th/Potrero streets during the p.m. peak hour.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-24:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 1 would result in project and cumulative traffic impacts at the intersection of 16th/Potrero streets during the p.m. peak hour.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-25:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 2 would result in project and cumulative traffic impacts at the intersection of 16th/Potrero streets during the p.m. peak hour.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-26:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative would result in cumulative traffic impacts at the intersection of 16th/Owens streets during the p.m. peak hour.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-27:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 1 would result in cumulative traffic impacts at the intersection of 16th/Owens streets during the p.m. peak hour.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-28:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 2 would result in cumulative traffic impacts at the intersection of 16th/Owens streets during the p.m. peak hour.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-29:** Implementation of the 2035 Cumulative plus Service Improvements plus the TTRP.22_1 Expanded Alternative would result in cumulative traffic impacts at the intersection of 16th/Fourth streets during the a.m. and p.m. peak hours.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-30:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 1 would result in cumulative traffic impacts at the intersection of 16th/Fourth streets during the a.m. and p.m. peak hours.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-31:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 2 would result in cumulative traffic impacts at the intersection of 16th/Fourth streets during the a.m. and p.m. peak hours.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-32**: Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative would result in project and cumulative traffic impacts at the intersection of 16th/Seventh streets during the a.m. and p.m. peak hours.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-33:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 1 would result in project and cumulative traffic impacts at the intersection of 16th/Seventh streets during the a.m. and p.m. peak hours.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-34:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.22_1 Expanded Alternative Variant 2 would result in project and cumulative traffic impacts at the intersection of 16th/Seventh streets during the a.m. and p.m. peak hours.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-35:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.30_1 Expanded Alternative would result in project and cumulative traffic impacts at the intersection of Columbus Avenue/Green Street/Stockton Street.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-36:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.30_1 Expanded Alternative Variant 1 would result in project and cumulative traffic impacts at the intersection of Columbus Avenue/Green Street/Stockton Street.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-37:** Implementation of the 2035 Cumulative plus Service Improvements and the TTRP.30_1 Expanded Alternative Variant 2 would result in project and cumulative traffic impacts at the intersection of Columbus Avenue/Green Street/Stockton Street.

No feasible mitigation measures are available and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-43:** Implementation of the Policy Framework Objective A, Action A.3 and Objective C, Actions C.3 through C.5, and TPS Toolkit Categories: Transit Stop Changes, Lane Modifications, Parking and Turn Restrictions, and Pedestrian Improvements as applied to the program-level TTRP corridors in combination with past, present and reasonably foreseeable development in San Francisco, would result in cumulative loading impacts.

  - *Mitigation Measure M-TR-10: Provision of Replacement Commercial Loading Spaces.*

While this measure could reduce significant loading impacts, in some locations on-street parking may not be available to convert to commercial loading spaces on the same block and side of the street or within 250 feet on an adjacent side street, the feasibility of providing replacement commercial loading spaces pursuant to Mitigation Measure M-TR-10 cannot be assured. Therefore, the cumulative impact of loss of on-street commercial loading spaces remains significant and unavoidable.

- **Impact C-TR-44:** Implementation of the project-level TTRP Moderate Alternative including the TTRP.14 Variant 1, TTRP.14 Variant 2, and TTRP.30_1 in combination with past, present and other reasonably foreseeable development in San Francisco, would result in cumulative loading impacts.

  - *Mitigation Measure M-TR-48: Enforcement of Parking Violations*

Because the effectiveness of the use of camera video enforcement of parking regulations along new transit-only lanes is not known, the feasibility of this mitigation measure is uncertain and cumulative impacts on this corridor remain significant and unavoidable.

- **Impact C-TR-45:** Implementation of the project-level TTRP Expanded Alternative including the TTRP.14, TTRP.30_1, TTRP.30_1 Variant 1, and TTRP.30_1 Variant 2, in combination with past, present and reasonably foreseeable development in San Francisco, would result in project and cumulative loading impacts.

  - *Mitigation Measure M-TR-48: Enforcement of Parking Violations*

Because the effectiveness of the use of camera video enforcement of parking regulations along new transit-only lanes is not known, the feasibility of this mitigation measure is uncertain and cumulative impacts on these corridors remain significant and unavoidable.

- **Impact C-TR-49:** Implementation of the Service Policy Framework Objective A, Action A.3 and Objective C, Actions C.3, C.4 and C.5, and the TPS Toolkit categories: Lane Modifications, Parking and Turn Restrictions, and Pedestrian Improvements as applied in program-level TTRP corridors, in combination with past, present and reasonably foreseeable development in San Francisco, may result in significant cumulative parking impacts.

- *Mitigation Measure M-C-TR-49: Explore the Implementation of Parking Management Strategies.*

It is uncertain whether parking management strategies would mitigate this significant cumulative parking impact to a less-than-significant level. Therefore, feasibility of this mitigation measure cannot be assured, and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-52:** Implementation of the project-level TTRP Moderate Alternative for the TTRP.14 Variant 1 or the TTRP.14 Variant 2, in combination with past, present and reasonably foreseeable development in San Francisco, would result in significant cumulative parking impacts.
  - *Mitigation Measure M-C-TR-49: Explore the Implementation of Parking Management Strategies*

It is uncertain whether parking management strategies would mitigate this significant cumulative parking impact to a less-than-significant level. Therefore, feasibility of this mitigation measure cannot be assured, and the cumulative impact remains significant and unavoidable.

- **Impact C-TR-54:** Implementation of the project-level TTRP Expanded Alternative for the TTRP.22_1, TTRP.22_1 Variant 1, or TTRP.22_1 Variant 2, in combination with past, present and reasonably foreseeable development in San Francisco, would result in significant cumulative parking impacts.
  - *Mitigation Measure M-C-TR-49: Explore the Implementation of Parking Management Strategies*

It is uncertain whether parking management strategies would mitigate this significant cumulative parking impact to a less-than-significant level. Therefore, feasibility of this mitigation measure cannot be assured, and the cumulative impact remains significant and unavoidable.

V. EVALUATION OF PROJECT ALTERNATIVES

This Section describes the alternatives to the project analyzed in the FEIR and the reasons for finding the alternatives infeasible and rejecting them as required by Public Resources Code section 21081(a)(3) and CEQA Guidelines Section 15091(a)(3). This section also outlines the reasons for approving the TEP as proposed.

CEQA mandates that an EIR evaluate a reasonable range of alternatives to the project that would "feasibly attain most of the basic objectives of the project, but would avoid or substantially lessen effects of the project, and evaluate the comparative merits of the project." (CEQA Guidelines Section 14126.6(a).) CEQA requires that every EIR also evaluate a "No Project" alternative. Alternatives provide the decisionmakers with a basis of comparison to the Project in terms of their significant impacts and their ability to meet project objectives. This comparative analysis is used to consider reasonably, potentially feasible options for minimizing environmental consequences of the Proposed Project.

The Alternatives listed below and rejected are rejected as infeasible based upon substantial evidence in the record, including evidence of economic, legal, social, technological, and other considerations described in this Section, and for the reasons described in Section VI below, which is incorporated herein by reference.

A. Reasons for Approving Proposed Project

As discussed above in Section I and in Chapter 2 of the FEIR, the TEP consists of a Service Policy Framework, Service Improvements, 12 Service-Related Capital Improvements, and Travel Time Reduction Proposals (TTRPs) (which apply various items from the Transit Preferential Streets "Toolkit") along 17 transit corridors. For the purposes of environmental review, the FEIR described and analyzed two possible TEP projects—referred to as the TTRP Moderate Alternative and the TTRP Expanded Alternative—at an equal level of detail and analysis. This was done because, although the "TEP" was examined in one environmental document in order to understand the full scope of its potential environmental impacts, the TEP is actually a collection of projects and proposals, which, while related, may be implemented at various times and, in many cases, independently of each other.

Thus, the FEIR defined and analyzed the proposed project as two alternatives in order to capture the reasonable range of TEP proposals the SFMTA may chose to implement over time and to evaluate the potential environmental impacts resulting from that range. Both alternatives would implement the Service Policy Framework, the Service Improvements, Service Variants, the Service-related Capital Improvements, and the TPS Toolkit as applied to the program-level TTRP corridors. The difference between the two alternative projects is that under the TTRP Moderate Alternative, these elements would be implemented in combination with a "moderate" number of TPS Toolkit elements along certain Rapid Network corridors and, under the TTRP Expanded Alternative, these elements would be implemented in combination with an "expanded" number of TPS Toolkit elements along the same Rapid Network corridors. The rationale behind this is that the TTRP Moderate Alternative would capture a project with fewer and less substantial physical environmental effects and the TTRP Expanded Alternative would capture a project with more substantial physical environmental effects.

It is not known at this time when or if the full scope of all the TTRP proposals included in the TEP will be implemented. Implementation of various TTRP proposals will depend on community and stakeholder input, as well as a myriad of policy and budgetary considerations. It is likely that, over time, the SFMTA will implement at a project-level a collection of TTRP proposals that fall somewhere in between the TTRP Moderate and Expanded Alternatives analyzed in the FEIR. However, at this time, it is not known whether a given project along a TTRP corridor will include components of the Moderate Alternative or the Expanded Alternative, or a mixture of the two. Because of this, the SFMTA Board is not now rejecting either the TTRP Moderate Alternative or the TTRP Expanded Alternative. Rather, the SFMTA Board is taking action to approve both alternatives at a conceptual and programmatic level and to direct staff to continue to develop specific project proposals for each TTRP corridor. Once any such projects are proposed for approval, the SFMTA Board would adopt as necessary findings to reject alternatives to those proposed TTRP projects.

The SFMTA Board finds that the Project will provide the following benefits:

- Support and implement the City's Transit First Policy by providing clear direction for managing modal allocation of space on the transportation system for the City of San Francisco.
- Improve the cost-effectiveness and productivity of transit operations.
- Improve the customer experience on the transit system.
- Improve transit system reliability.
- Improve transit travel times.
- Improve safety for pedestrians, bicyclists, and transit riders.
- Realign transit routes to eliminate underused routes and increase headways on heavily-used routes.
- Reduce crowding on heavily-used routes.
- Improve accessibility to the transit system.
- Attract more passengers to the transit system and increase the use of transit by existing riders.
- Reduce the use of automobiles on City streets.

B. Alternatives Rejected and Reasons for Rejection

The SFMTA Board of Directors rejects the No Project Alternative described and analyzed in the FEIR because the SFMTA Board finds that there is substantial evidence, including evidence of economic, legal, social, technological, and other considerations described in this Section in addition to those described in Section VI below under CEQA Guidelines Section 15091(a)(3), that make this alternative infeasible. In making these determinations, the SFMTA Board is aware that CEQA defines "feasibility" to mean "capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, legal, and technological factors." The SFMTA Board is also aware that under CEQA case law the concept of "feasibility" encompasses (i) the question of whether a particular alternative promotes the underlying goals and objectives of a project; and (ii) the question of whether an alternative is "desirable" from a policy standpoint to the extent that desirability is based on a reasonable balancing of the relevant economic, environmental, social, legal, and technological factors.

Because both of the other alternatives analyzed in the FEIR—the TTRP Moderate Alternative and the TTRP Expanded Alternative—included implementation of the Service Policy Framework, the Service Improvements, Service Variants, the Service-related Capital Improvements, and the TPS Toolkit as applied to the program-level TTRP corridors, rejecting the No Project Alternative rejects every alternative that would fail to implement these TEP proposals as infeasible.

1. Alternative A: No Project

Under the No Project Alternative, the Service Policy Framework would not be adopted. The SFMTA would not implement the transit service changes included in the Service Improvements and Service Variants, and would not construct the Service-related Capital Improvements or the Travel Time Reduction Proposals. The SFMTA regularly monitors performance of the transit system and routinely makes adjustments to improve service when funding and resources are available. Therefore, under the No Project Alternative, some of the features of the TEP, such as elements in the TPS Toolkit, would be implemented; for example, transit bulbs and pedestrian bulbs would continue to be installed and accessible boarding platforms would continue to be added on a location-by-location basis when feasible. However, no scheduled program of improvements would be implemented without adoption of the TEP. With the No Project Alternative, the significant physical impacts related to traffic, loading, and cumulative parking conditions identified in the FEIR for the Project and set forth above would not occur, and the mitigation measures identified in the EIR and the Initial Study would not be necessary.

The No Project Alternative would not provide for an organized, comprehensive, coordinated program of transit system improvements. Transit system reliability and efficiency would not improve, and crowding on some routes would not be expected to change substantially from existing conditions. Under cumulative conditions with the No Project Alternative, the transit system would become more crowded as growth and development continue to occur in the City. Transit travel times would not improve on a coordinated basis. A mode shift from automobiles to transit use would not occur, resulting in additional automobile congestion. The No Project Alternative would not help the City support the Transit First Policy. Additionally, traffic congestion will continue to degrade the performance of the surface transit system leading to increasing operating costs born by the City of San Francisco tax payers. As costs continue to increase, and on time performance continues to degrade, resources that had originally been identified to provide additional service will be used to supplement existing operations. This spiral of increased operational subsidies with no increase in service may result in lower ridership, which leads to decreasing revenue and a downward spiral in the sustainability of the transit system and mobility for residents and visitors to the City of San Francisco.

For these reasons, the SFMTA Board finds that, on balance, the Project is preferable to the No Project Alternative and the No Project Alternative is rejected as infeasible.

2. Alternatives Considered and Rejected in the EIR

Alternative locations for the TEP would not be feasible because the Project is a systemwide program to improve the existing transit infrastructure and service in San Francisco; therefore, alternative locations outside of San Francisco are rejected. Alternative locations for transit improvements on streets other than those proposed are rejected as infeasible because of the need to maintain connectivity and geographic coverage within the existing transit and overall transportation network.

The SFMTA considered several potential alternatives to aspects of the TEP's TTRP Moderate and Expanded Alternatives. These alternatives include the following:

- Transit-only streets along high transit ridership corridors.
- Transit-only lanes along the entirety of all existing four-lane (or more) transit corridors.
- Stop sign removal and replacement with traffic signals at all stop sign locations on transit corridors.
- Stop consolidation and optimization standards as recommended in best practices literature.
- Route terminal relocation and optimization for some routes with terminal locations at unproductive route segments or in low transit demand locations.
- Fleet mode change by route, such as servicing some routes that currently operate with existing trolley vehicles with the diesel fleet or vice versa.
- Additional extensions to existing routes.
- Modification of route tails (swapping one route segment with a different route segment to serve the same transit corridor).
- Route discontinuations and other route segment eliminations.
- Use of higher capacity vehicles on certain routes (note that the TEP includes service on some routes, such as the 5 Fulton, with higher capacity vehicles, but not on others).
- Streamlining all routes for improved directness by, for example, reducing the number of turns (streamlining is included in the TEP for some routes).
- Modifying frequency for all routes (frequency modifications, both increased and decreased frequency, is included in the TEP for some routes).
- Reducing the span of service for some routes.

- Farside boarding at all signalized intersections (farside boarding at signalized intersections is included in the TEP for many routes, but not all).

These alternatives were removed from consideration during development of the TEP for a variety of reasons as set forth in Section 6.5 of the FEIR. The SFMTA Board concurs with the findings in the EIR, and rejects these alternatives as infeasible for the reasons set forth therein.

VII. STATEMENT OF OVERRIDING CONSIDERATIONS

Pursuant to CEQA § 21081 and CEQA Guidelines § 15093, the SFMTA Board of Directors hereby finds, after consideration of the FEIR and the evidence in the record, that each of the specific overriding economic, legal, social, technological and other benefits of the Project as set forth below independently and collectively outweighs the significant and unavoidable impacts and is an overriding consideration warranting approval of the Project. Any one of the reasons for approval cited below is sufficient to justify approval of the Project. Thus, even if a court were to conclude that not every reason is supported by substantial evidence, the SFMTA Board will stand by its determination that each individual reason is sufficient. The substantial evidence supporting the various benefits can be found in the preceding findings, which are incorporated by reference into this Section, and in the documents found in the Record of Proceedings, as defined in Section I.

On the basis of the above findings and the substantial evidence in the whole record of this proceeding, the SFMTA Board specially finds that there are significant benefits of the Project in spite of the unavoidable significant impacts, and therefore makes this Statement of Overriding Considerations. The SFMTA Board further finds that, as part of the process of obtaining Project approval, all significant effects on the environment from implementation of the Project have been eliminated or substantially lessened where feasible. All mitigation measures identified in the EIR for the Project are adopted as part of this approval action. The SFMTA Board has determined that any remaining significant effects on the environment found to be unavoidable are acceptable due to the following specific overriding economic, technical, legal, social and other considerations.

The Project will have the following benefits:

- The Service Policy Framework and the TEP will support and implement the City's Transit First Policy.
- Improved transit service with the TEP, including improved (reduced) transit travel times, increased efficiency and improved reliability, will make Muni a more attractive transportation mode, resulting in more use of transit and less automobile travel throughout the City.

- Implementing the TEP will improve safety for pedestrians, bicyclists, and transit riders.
- Improved network efficiency and reduced system redundancy with implementation of the TEP will improve the cost-effectiveness of transit operations.
- Implementation of the TEP capital projects will support increased access for seniors and people with disabilities by expanding accessible rail stops and making platform upgrades.
- Enhanced transit service on the busiest lines will drastically improve the customer experience by reducing crowding.
- Service level expansion will improve system-wide neighborhood connectivity and access to regional transit by providing more frequent service between neighborhoods.
- Finite public resources will be redirected to better match travel demand and trip patterns based on existing community needs.

Having considered these benefits, the SFMTA Board of Directors finds that the benefits of the TEP outweigh the unavoidable adverse environmental effects, and that the adverse environmental effects are therefore acceptable.

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM FOR THE TRANSIT EFFECTIVENESS PROJECT

Adopted Mitigation Measures	MONITORING AND REPORTING PROGRAM: Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/ Reporting Responsibility	Monitoring Schedule
MITIGATION MEASURES AGREED TO BY SFMTA					
Cultural and Paleontological Resources					
Mitigation Measure M-CP-2a: Accidental Discovery of Archeological Resources The following mitigation measure is required to avoid any potential adverse effect from the proposed project on accidentally discovered buried or submerged historical resources as defined in CEQA Guidelines Section 15064.5(a)(c). The project sponsor shall distribute the Planning Department archaeological and paleontological resource "ALERT" sheet to the project prime contractor; to any project subcontractor (including demolition, excavation, grading, foundation, pile driving, etc. firms); and to any utilities firm involved in soils disturbing activities within the project site. Prior to any soils disturbing activities being undertaken, each contractor is responsible for ensuring that the "ALERT" sheet is circulated to all field personnel, including machine operators, field crew, pile drivers, supervisory personnel, etc. The project sponsor shall provide the Environmental Review Officer (ERO) with a signed affidavit from the responsible parties (prime contractor, subcontractor(s), and utilities firm) to the ERO confirming that all field personnel have received copies of the Alert Sheet.	SFMTA and project contractors	Prior to soils disturbance activities	SFMTA to distribute Planning Department "ALERT" sheet and provide signed affidavit from project contractor, subcontractor(s) and utilities firm(s) stating that all field personnel have received copies of the "ALERT" sheet.	ERO to receive signed affidavit.	Prior to any soil disturbing activities. Following distribution of "ALERT" sheet but prior to any soils disturbing activities.

ADMINISTRATIVE DRAFT 2 – SUBJECT TO CHANGE

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

Adopted Mitigation Measures	MONITORING AND REPORTING PROGRAM: Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/ Reporting Responsibility	Monitoring Schedule
Should any indication of an archaeological resource be encountered during any soils disturbing activity of the project, the project Head Foreman and/or project sponsor shall immediately notify the ERO and shall immediately suspend any soils disturbing activities in the vicinity of the discovery until the ERO has determined what additional measures should be undertaken.	SFMTA and project contractor's Head Foreman	During soils disturbance activities	SFMTA and project contractor's Head Foreman to inform ERO and suspend soils disturbing activities.	ERO to determine if additional measures are necessary	During soils disturbance activities
If the ERO determines that an archaeological resource may be present within the project site, the project sponsor shall retain the services of an archaeological consultant from the pool of qualified archaeological consultants maintained by the Planning Department archaeologist. The archaeological consultant shall advise the ERO as to whether the discovery is an archaeological resource, retains sufficient integrity, and is of potential scientific/historical/cultural significance. If an archaeological resource is present, the archaeological consultant shall identify and evaluate the archaeological resource. The archaeological consultant shall make a recommendation as to what action, if any, is warranted. Based on this information, the ERO may require, if warranted, specific additional measures to be implemented by the project sponsor. Measures might include: preservation in situ of the archaeological resource, an archaeological monitoring program, or an archaeological testing program. If an archaeological monitoring program or archaeological testing program is required, it shall be consistent with the Environmental Planning division guidelines for such programs. The ERO may also require that the project sponsor immediately implement a site security program if the archaeological resource is at risk from vandalism, looting, or other damaging actions.	SFMTA and project archaeological consultant	When determined necessary by the ERO	If required, SFMTA to retain an archaeological consultant from the pool of qualified archaeological consultants. Project archaeological consultant to advise ERO regarding the status of the archeological resource. ERO to determine whether the need for an archaeological monitoring program, an archaeological testing program, or site security program is needed.	ERO to determine if additional measures are necessary to implement	

Adopted Mitigation Measures	MONITORING AND REPORTING PROGRAM Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/ Reporting Responsibility	Monitoring Schedule
The project archaeological consultant shall submit a Final Archeological Resources Report (FARR) to the ERO that evaluates the historical significance of any discovered archaeological resource and describing the archaeological and historical research methods employed in the archaeological monitoring/data recovery program(s) undertaken. Information that may put at risk any archaeological resource shall be provided in a separate removable insert within the final report. Copies of the Draft FARR shall be sent to the ERO for review and approval. Once approved by the ERO, copies of the FARR shall be distributed as follows: California Archaeological Site Survey Northwest Information Center (NWIC) shall receive one (1) copy and the ERO shall receive a copy of the transmittal of the FARR to the NWIC. The Environmental Planning division of the Planning Department shall receive one bound copy, one unbound copy, and one unlocked searchable Portable Document Format (PDF) copy on CD of the FARR along with copies of any formal site recordation forms (CA DPR 523 series) and/or documentation for nomination to the NRHP/CRHR. In instances of high public interest or interpretive value, the ERO may require a different final report content, format, and distribution than that presented above.	SFMTA and project archaeological consultant	When determined necessary by the ERO	SFMTA and project archaeological consultant to prepare draft and final FARR	ERO to review and approve final FARR	

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/ Reporting Responsibility	Monitoring Schedule
	MONITORING AND REPORTING PROGRAM				
Mitigation Measure M-CP-2b: Archaeological Monitoring Based on the reasonable potential that archaeological resources may be present within the project site, the following measures shall be undertaken to avoid any potentially significant adverse effect from the proposed project on buried or submerged historical resources. Once engineering design details for the identified projects (OWE.1, OWE.1 Variant,SCI.2, TTRP.9 and TTRP.22_2) and other projects in archaeologically sensitive areas, as identified by the Environmental Review Officer, are known, the project sponsor shall consult with the Planning Department archeologist regarding the specific aspects of these proposals that would require monitoring. If required by the Planning Department archeologist, the project sponsor shall retain the services of an archaeological consultant from the pool of qualified archaeological consultants maintained by the Planning Department archaeologist. The archaeological consultant shall undertake an archaeological monitoring program. All plans and reports prepared by the consultant as specified herein shall be submitted first and directly to the Environmental Review Officer (ERO) for review and comment, and shall be considered draft reports subject to revision until final approval by the ERO. Archaeological monitoring and/or data recovery programs required by this measure could suspend construction of the project for up to a maximum of four weeks. At the direction of the ERO, the suspension of *construction* can be extended beyond four weeks only if such a suspension is the only feasible means to reduce to a less than significant level potential effects on a significant archaeological resource as defined in *CEQA Guidelines* Sect. 15064.5 (a)(c).	SFMTA and Planning Department	Prior to soils disturbance	SFMTA to consult with Planning Department archaeologist. If required, SFMTA to choose archaeological consultant from the pool of qualified archaeological consultants	Project archeological consultant, Planning Department	Consultation with Planning Department Archeologist to occur once engineering design details for the identified projects are known; timeline for subsequent actions determined following meeting.

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/ Reporting Responsibility	Monitoring Schedule
	MONITORING AND REPORTING PROGRAM				
Archaeological monitoring program (AMP). The archaeological monitoring program shall minimally include the following provisions: ▪ The archaeological consultant, project sponsor, and ERO shall meet and consult on the scope of the AMP reasonably prior to any project-related soils disturbing activities commencing. The ERO, in consultation with the project archaeologist, shall determine what project activities shall be archaeologically monitored. In most cases, any soils disturbing activities, such as demolition, foundation removal, excavation, grading, utilities installation, foundation work, driving of piles (foundation, shoring, etc.), site remediation, etc., shall require archaeological monitoring because of the potential risk these activities pose to archaeological resources and to their depositional context. ▪ The archaeological consultant shall advise all project contractors to be on the alert for evidence of the presence of the expected resource(s), of how to identify the evidence of the expected resource(s), and of the appropriate protocol in the event of apparent discovery of an archaeological resource. ▪ The archaeological monitor(s) shall be present on the project site according to a schedule agreed upon by the archaeological consultant and the ERO until the ERO has, in consultation with the archaeological consultant, determined that project construction activities could have no effects on significant archaeological deposits. ▪ The archaeological monitor shall record and be authorized to collect soil samples and artifactual/ecofactual material as warranted for analysis.	SFMTA and project archaeological consultant, in consultation with ERO Archaeological monitor and SFMTA and SFMTA's construction contractors	If archaeological monitoring is implemented, prior to any soils-disturbing activities, and during soils disturbing construction at any location. If monitoring is implemented, as construction contractors are retained, prior to any soils-disturbing activities If monitoring is implemented, schedules for monitoring to be established in the AMP, in consultation with ERO	Project archaeological consultant to prepare Archaeological Monitoring Program (AMP) in consultation with the ERO Archaeological consultant to advise all construction contractors Archaeological monitor shall temporarily redirect construction activities as necessary and consult with ERO	SFMTA and project archaeological consultant, in consultation with ERO Archaeological monitor to observe construction according to the schedules established in the AMP for each site.	Considered complete on finding by ERO that AMP is implemented.

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/ Reporting Responsibility	Monitoring Schedule
	MONITORING AND REPORTING PROGRAM				
▪ If an intact archaeological deposit is encountered, all soils disturbing activities in the vicinity of the deposit shall cease. The archaeological monitor shall be empowered to temporarily redirect demolition/excavation/ pile driving/construction crews and heavy equipment until the deposit is evaluated. If in the case of pile driving activity (foundation, shoring, etc.), the archaeological monitor has cause to believe that the pile driving activity may affect an archaeological resource, the pile driving activity shall be terminated until an appropriate evaluation of the resource has been made in consultation with the ERO. The archaeological consultant shall immediately notify the ERO of the encountered archaeological deposit. The archaeological consultant shall, after making a reasonable effort to assess the identity, integrity, and significance of the encountered archaeological deposit, present the findings of this assessment to the ERO.					

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/ Reporting Responsibility	Monitoring Schedule
	MONITORING AND REPORTING PROGRAM				
Consultation with Descendant Communities: On discovery of an archaeological site[1] associated with descendant Native Americans or the Overseas Chinese, an appropriate representative[2] of the descendant group and the ERO shall be contacted. The representative of the descendant group shall be given the opportunity to monitor archaeological field investigations of the site and to consult with ERO regarding appropriate archaeological treatment of the site, of recovered data from the site, and, if applicable, any interpretative treatment of the associated archaeological site. A copy of the Final Archaeological Resources Report shall be provided to the representative of the descendant group. If the ERO, in consultation with the archaeological consultant, determines that a significant archaeological resource is present and that the resource could be adversely affected by the proposed project, at the discretion of the project sponsor, either: A) The proposed project shall be re-designed so as to avoid any adverse effect on the significant archaeological resource; or B) An archaeological data recovery program shall be implemented, unless the ERO determines that the archaeological resource is of greater interpretive than research significance and that interpretive use of the resource is feasible.	Archaeological monitor and SFMTA and SFMTA's construction contractors	For the duration of soil-disturbing activities, the representative of the descendant group shall be given the opportunity to monitor archaeological field investigations on the site and consult with the ERO regarding appropriate archaeological treatment of the site, of recovered data from the site, and, if applicable, any interpretative treatment of the associated archaeological site.	SFMTA shall contact ERO and descendant group representative upon discovery of an archaeological site.	Project archaeological consultant shall prepare a FARR in consultation with the ERO. A copy of the FARR shall be provided to the representative of the descendant group	Considered complete on notification of the appropriate descendant group, provision of an opportunity to monitor construction site work, and completion and approval of the FARR by ERO, if necessary.

[1] The term "archaeological site" is intended here to minimally include any archaeological deposit, feature, burial, or evidence of burial.

[2] An "appropriate representative" of the descendant group is here defined to mean, in the case of Native Americans, any individual listed in the current Native American Contact List for the City and County of San Francisco maintained by the California Native American Heritage Commission, and in the case of the Overseas Chinese, the Chinese Historical Society of America.

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/ Reporting Responsibility	Monitoring Schedule
	MONITORING AND REPORTING PROGRAM				
If an archaeological data recovery program is required by the ERO, the archaeological data recovery program shall be conducted in accord with an archaeological data recovery plan (ADRP). The project archaeological consultant, project sponsor, and ERO shall meet and consult on the scope of the ADRP. The archaeological consultant shall prepare a draft ADRP that shall be submitted to the ERO for review and approval. The ADRP shall identify how the proposed data recovery program will preserve the significant information the archaeological resource is expected to contain. That is, the ADRP will identify what scientific/historical research questions are applicable to the expected resource, what data classes the resource is expected to possess, and how the expected data classes would address the applicable research questions. Data recovery, in general, should be limited to the portions of the historical property that could be adversely affected by the proposed project. Destructive data recovery methods shall not be applied to portions of the archaeological resources if nondestructive methods are practical. The scope of the ADRP shall include the following elements: ▪ *Field Methods and Procedures*. Descriptions of proposed field strategies, procedures, and operations. ▪ *Cataloguing and Laboratory Analysis*. Description of selected cataloguing system and artifact analysis procedures. ▪ *Discard and Deaccession Policy*. Description of and rationale for field and post-field discard and deaccession policies.	SFMTA and project archaeological consultant, in consultation with ERO	Considered complete once verification of curation occurs.	Consultant to prepare Archaeological Data Recovery Program in consultation with ERO.	Final ADRP to be submitted to ERO	Considered complete on finding by ERO that ADRP is implemented.

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

	MONITORING AND REPORTING PROGRAM				
Adopted Mitigation Measures	**Responsibility for Implementation**	**Mitigation Schedule**	**Mitigation Action**	**Monitoring/ Reporting Responsibility**	**Monitoring Schedule**
▪ *Interpretive Program.* Consideration of an on-site/off-site public interpretive program during the course of the archaeological data recovery program. ▪ *Security Measures.* Recommended security measures to protect the archaeological resource from vandalism, looting, and non-intentionally damaging activities. ▪ *Final Report.* Description of proposed report format and distribution of results. ▪ *Curation.* Description of the procedures and recommendations for the curation of any recovered data having potential research value, identification of appropriate curation facilities, and a summary of the accession policies of the curation facilities.					

	MONITORING AND REPORTING PROGRAM				
Adopted Mitigation Measures	**Responsibility for Implementation**	**Mitigation Schedule**	**Mitigation Action**	**Monitoring/ Reporting Responsibility**	**Monitoring Schedule**
Human Remains, Associated or Unassociated Funerary Objects. The treatment of human remains and of associated or unassociated funerary objects discovered during any soils disturbing activity shall comply with applicable State and federal Laws, including immediate notification of the Coroner of the City and County of San Francisco and, in the event of the Coroner's determination that the human remains are Native American remains, notification of the California State Native American Heritage Commission who shall appoint a Most Likely Descendant (MLD) (Pub. Res. Code Sec. 5097.98). The archaeological consultant, project sponsor, and MLD shall make all reasonable efforts to develop an agreement for the treatment of, with appropriate dignity, human remains and associated or unassociated funerary objects (*CEQA Guidelines* Sec. 15064.5(d)). The agreement should take into consideration the appropriate excavation, removal, recordation, analysis, curation, possession, and final disposition of the human remains and associated or unassociated funerary objects.	SFMTA and project archaeological consultant, in consultation with ERO	Ongoing throughout soils-disturbing activities	If applicable, upon discovery of human remains and/or associated or unassociated funerary objects, the consultant shall notify the Coroner of the City and County of San Francisco, and in the event of the Coroner's determination that the human remains are Native American remains, notification of the California State Native American Heritage Commission who shall appoint a Most Likely Descendant (MLD) who, along with the archaeological consultant and the SFMTA, shall make reasonable efforts to develop an agreement for the treatment of human remains and/or associated or unassociated funerary objects	Project archaeological consultant and/or archaeological monitor	Considered complete on notification of the San Francisco County Coroner and NAHC, if necessary.

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/ Reporting Responsibility	Monitoring Schedule
	MONITORING AND REPORTING PROGRAM				
Final Archaeological Resources Report. The archaeological consultant shall submit a Draft Final Archaeological Resources Report (FARR) to the ERO that evaluates the historical significance of any discovered archaeological resource and describes the archaeological and historical research methods employed in the archaeological testing/monitoring/data recovery program(s) undertaken. Information that may put at risk any archaeological resource shall be provided in a separate removable insert within the draft final report. Copies of the Draft FARR shall be sent to the ERO for review and approval. Once approved by the ERO copies of the FARR shall be distributed as follows: California Archaeological Site Survey Northwest Information Center (NWIC) shall receive one (1) copy and the ERO shall receive a copy of the transmittal of the FARR to the NWIC. The Environmental Planning division of the Planning Department shall receive one bound, one unbound, and one unlocked searchable PDF copy on CD of the FARR along with copies of any formal site recordation forms (CA DPR 523 series) and/or documentation for nomination to the NRHP/CRHR. In instances of high public interest or interpretive value, the ERO may require a different final report content, format, and distribution than that presented above.	SFMTA and project archaeological consultant, in consultation with ERO	If applicable, upon completion of cataloguing and analysis of recovered data and findings If applicable, upon approval of Final Archaeological Resources Report by ERO	If applicable, consultant to prepare draft and final Archeological Resources Report reports.	If applicable, the ERO to review and approve the Final Archeological Resources Report If applicable, consultant to transmit final, approved documentation to NWIC and San Francisco Planning Department If applicable, consultant shall prepare all plans and recommendations for interpretation by the consultant shall be submitted first and directly to the ERO for review and comment, and shall be considered draft reports subject to revision until final approval by the ERO.	Considered complete on approval of final FARR.

	MONITORING AND REPORTING PROGRAM				
Adopted Mitigation Measures	**Responsibility for Implementation**	**Mitigation Schedule**	**Mitigation Action**	**Monitoring/ Reporting Responsibility**	**Monitoring Schedule**
Mitigation Measure M-CP-3: Paleontological Resources Accidental Discovery In order to avoid any potential adverse effect in the event of accidental discovery of a paleontological resource during construction of the project, the project sponsor shall be responsible for ensuring that all project contractors and subcontractors involved in soil-disturbing activities associated with the project comply with the following procedures in the event of discovery of a paleontological resource. Paleontological remains, or resource, can take the form of whole or portions of marine shell, bones, tusk, horn and teeth from fish, reptiles, mammals, and lower order animals. In the case of Megafauna, the remains, although partial, may be large in scale. Also paleontological resources include petrified wood and rock impressions of plant or animal parts. Should any indication of a paleontological resource be encountered during any soil- disturbing activity of the project, the project foreman and/or project sponsor shall immediately notify the City Planning Department's Environmental Review Officer (ERO) and one of its designated paleontologists (currently, Dr. Jean De Mouthe/Dr. Peter Roopnarine in the Geology Department of the California Academy of Sciences) and immediately suspend any soil-disturbing activities in the vicinity of the discovery until the ERO has determined what additional measures are needed.	SFMTA and project contractor's Head Foreman	During construction	Project contractor/SFMTA to notify the ERO and one of its designated paleontologists and suspend soils-disturbing activities.	SFMTA and ERO	During construction, upon indication that a paleontological resource has been encountered

Adopted Mitigation Measures	MONITORING AND REPORTING PROGRAM				
	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/ Reporting Responsibility	Monitoring Schedule
If the ERO determines that a potentially-significant paleontological resource may be present within the project site, the project sponsor shall retain the services of a qualified paleontological consultant with expertise in California paleontology to design and implement a Paleontological Resources Mitigation Plan (PRMMP). The PRMMP shall include a description of discovery procedures; sampling and data recovery procedures; procedures for the preparation, identification, analysis, and curation of fossil specimens and data recovered; and procedures for the preparation and distribution of a final paleontological discovery report (PDR) documenting the paleontological find. The PRMMP shall be consistent with the Society for Vertebrate Paleontology Standard Guidelines for the mitigation of construction-related adverse impacts to paleontological resources and the requirements of the designated repository for any fossils collected. In the event of a verified paleontological discovery, the remaining construction and soil-disturbing activities within those geological units specified as paleontologically sensitive in the PRMMP shall be monitored by the project paleontological consultant. The consultant's work shall be conducted in accordance with this mitigation measure and at the direction of the City's ERO. Plans and reports prepared by the consultant shall be submitted for review and approval by the ERO.	SFMTA and project paleontological consultant in consultation with the ERO.	The project paleontological consultant to consult with the ERO as indicated; completed when ERO accepts final report	SFMTA to retain appropriately qualified consultant to prepare PRMMP, carry out monitoring, and reporting	ERO to approve final PRMMP Project paleontological consultant shall provide brief monthly reports to ERO during monitoring or as identified in the PRMMP, and notify the ERO immediately if work should stop for data recovery during monitoring. The ERO to review and approve the final documentation as established in the PRMMP	Considered complete on approval of final PRMMP. Considered complete on approval of final documentation by ERO.

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/ Reporting Responsibility	Monitoring Schedule
		MONITORING AND REPORTING PROGRAM			
Hazards and Hazardous Materials					
Mitigation Measure M-HZ-1: Hazardous Materials Soil Testing In order to protect both construction workers and the public from exposure to hazardous materials in soils encountered during construction of the proposed project, the project sponsor agrees to adhere to the following requirements. 1) Any soil excavated and then encapsulated under concrete and/or asphalt covering within the same area as its excavation shall not require testing for the presence of hazardous materials in levels exceeding those acceptable to government agencies unless the TEP project or construction manager determines any extenuating circumstances exist, such as odors, unusual color or presence of foreign material. The reuse, remediation, or disposal of any soil tested and found to contain hazardous materials under these circumstances shall be in compliance with the requirements of the San Francisco Department of Public Health (DPH) and other agencies. The project sponsor shall be responsible for reporting the test results of any soil with hazardous material content to DPH within 21 days of the completion of testing, accompanied with a map showing the excavation location. 2) Any excavated soil not reused and encapsulated under concrete and/or asphalt covering within the same area as its excavation, shall be tested for the presence of hazardous materials in levels exceeding those acceptable to government agencies, before it is moved from the area of excavation. The transportation and disposal of the soil shall be in	SFMTA	Soil and groundwater test results containing any hazardous materials shall be submitted to the Department of Public Health (DPH) within 21 days of the completion of testing.	SFMTA project construction contractor shall be responsible for the implementation of Steps 1 – 3.	Department of Public Health	Considered complete on review and approval by DPH of the soil and groundwater testing results, along with maps showing the location of the excavated soil and/ or groundwater containing the hazardous materials.

Adopted Mitigation Measures	MONITORING AND REPORTING PROGRAM				
	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/ Reporting Responsibility	Monitoring Schedule
compliance with DPH, state, and federal requirements. The project sponsor shall be responsible for reporting the test results of any soil with hazardous material content to DPH within 21 days of the completion of testing, accompanied with a map showing the excavation location.					
3) If the proposed excavation activities encounter groundwater, the groundwater shall be tested for hazardous materials. Copies of the test results shall be submitted to DPH within 21 days of the completion of testing. Any dewatering shall adhere to DPH, SFPUC, and state requirements.					
In the event that a subsequent ordinance or regulations are adopted by DPH governing the handling and testing of hazardous materials encountered during construction within the public right-of-way, DPH shall be given the option to require the project sponsor to adhere to the implementation of the new ordinance or regulations in lieu of the above requirements if they provide similar safety protection for both construction workers and the public.					

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/ Reporting Responsibility	Monitoring Schedule
	MONITORING AND REPORTING PROGRAM				
MITIGATION MEASURES IN DEIR					
Transportation and Circulation					
Mitigation Measure M-TR-8: Optimization of Intersection Operations The final design of program-level TTRPs that include TPS Toolkit elements from the Lane Modifications and Pedestrian Improvements categories shall integrate design elements from the following intersection geometries and traffic control measures to the greatest extent feasible without compromising the purpose of the project. Potential intersection geometry optimization measures include left or right turn pockets, turn prohibitions, restriping to add additional mixed-flow capacity, lane widening to provide for transit-only or mixed-flow lanes, and parking prohibitions. Potential traffic control measures include signalization, exclusive signal phases, and changes to the signal cycle. The final design shall ensure that transit, pedestrian, and bicycle travel are accommodated, is within the confines of feasible traffic engineering solutions, and does not conflict with overall City policies related to transportation.	SFMTA	During development of detailed designs, for the program-level TTRP proposals.	Optimize intersection geometries and traffic control measures	SFMTA, Planning Department	Prior to completion of detailed designs for the program-level TTRP proposals.
Mitigation Measure M-TR-10: Provision of Replacement Commercial Loading Spaces Where feasible, the SFMTA shall install new commercial loading spaces of similar length on the same block and side of the street, or within 250 feet on adjacent side streets, of where commercial loading spaces would be permanently removed, in order to provide equally convenient loading space(s). These loading spaces shall only be replaced on streets with commercial uses.	SFMTA	During development of detailed designs for the program-level TTRP proposals.	Where feasible, install new commercial loading spaces.	SFMTA with review by Planning Department,	Prior to or concurrent with the removal of on-street commercial loading spaces.

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/ Reporting Responsibility	Monitoring Schedule
	MONITORING AND REPORTING PROGRAM				
Mitigation Measure M-TR-26: Intersection Restriping at 16th/Bryant streets The SFMTA shall reconfigure the proposed changes at the intersection of 16th/Bryant streets converting the westbound approach of 16th Street at Bryant Street from what is proposed to be a shared through-right turn lane to a through lane and a dedicated right-turn pocket adjacent to the through lane, and reconfigure the eastbound approach from what is proposed to be a separate through lane and a dedicated right-turn pocket adjacent to the through lane to a shared through/right lane	SFMTA	During project implementation	Reconfigure westbound and eastbound approaches of 16th Street at Bryant Street	Planning Department, SFMTA	Prior to completion of detailed design for project-level improvements at 16th/Bryant streets.
Mitigation Measure M-TR-48: Enforcement of Parking Violations On streets where implementation of project-level TTRPs would result in a net reduction of on-street commercial loading spaces, the SFMTA shall enforce parking regulations in transit-only lanes through the use of video cameras on transit vehicles and/ or other parking enforcement activities.	SFMTA	Ongoing after implementation of TTRP improvements.	Enforce parking regulations and/or install video cameras on transit vehicles.	SFMTA	Ongoing
Mitigation Measure M-C-TR-1: SFMTA Monitoring of Muni Service The SFMTA, shall, to the extent feasible and consistent with annual budget appropriations, continue to monitor Muni service citywide, reporting as required on service goals, including the capacity utilization standard, and where needed, and as approved by decision makers and under budgetary appropriations, strive to improve upon Muni operations, including peak hour transit capacity on screenlines and corridors.	SFMTA	Ongoing, after implementation of TEP improvements.	SFMTA to monitor transit service goals and proposed improvements to Muni operations.	SFMTA	Ongoing.

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM (continued)

	MONITORING AND REPORTING PROGRAM				
Adopted Mitigation Measures	**Responsibility for Implementation**	**Mitigation Schedule**	**Mitigation Action**	**Monitoring/ Reporting Responsibility**	**Monitoring Schedule**
Mitigation Measure M-C-TR-49: Explore the Implementation of Parking Management Strategies. SFMTA shall explore whether implementation of parking management strategies would be appropriate and effective in this and other parts of the City to more efficiently manage the supply of on-street parking over time.	SFMTA	Ongoing during implementation of TEP.	Identify and explore new parking management strategies, particularly along the TTRP corridors	SFMTA report to SF Planning	Ongoing during project implementation.

	MONITORING AND REPORTING PROGRAM				
IMPROVEMENT MEASURES FOR THE TRANSIT EFFECTIVENESS PROJECT					
Improvement Measure I-TR-1: Construction Measures During the construction of all TEP projects, the SFMTA shall require the following: 1) Construction contractors shall be prohibited from scheduling any truck trips, such as concrete mixers, heavy construction equipment and materials delivery, etc., to the construction sites during the a.m. (7 to 9 a.m.) and p.m. (4 to 6 p.m.) peak commute periods. 2) All construction activities shall adhere to the provisions in the City of San Francisco's Regulations for Working in San Francisco Streets (Blue Book), including those addressing sidewalk and lane closures. To minimize construction impacts on nearby businesses and residents, the SFMTA shall alert motorists, bicyclists, and nearby property owners of upcoming construction through its existing website and other available means, such as distribution of flyers, emails, and portable message or informational signs. Information provided shall include contact name(s) for the SFMTA project manager, public information officer, and/or the SFMTA General Enforcement Division contact number (311). 3) Construction contractors shall encourage construction workers to use carpooling and transit to the construction site in order to minimize parking demand.	SFMTA and project construction contractor(s)	Throughout the construction duration for any TEP component requiring construction.	SFMTA and project construction contractor(s) to coordinate construction related activities with DPW, the Fire Department, the Planning Department, and any other City agencies.	SFMTA	Considered complete after completion of construction activities.

OFFICE OF THE MAYOR
SAN FRANCISCO

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2015 MAY -5 PM 4:39

EDWIN M. LEE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors BJ

FROM: Mayor Edwin M. Lee

RE: Sale of-General Obligation Bonds (Transportation and Road Improvement Bonds, 2014) Not to Exceed $67,540,000

DATE: May 5, 2015

Attached for introduction to the Board of Supervisors is a resolution authorizing and directing the sale of not to exceed $67,540,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (Transportation and Road Improvement Bonds, 2014), Series 2015B; prescribing the form and terms of said bonds; authorizing the execution, authentication, and registration of said bonds; providing for the appointment of depositories and other agents for said bonds; providing for the establishment of accounts related to said bonds; providing for the manner of sale of said bonds by competitive sale; approving the forms of Official Notice of Sale and Notice of Intention to Sell Bonds; directing the publication of the Notice of Intention to Sell Bonds; approving the form of the Preliminary Official Statement and the form and execution of the Official Statement relating to the sale of said bonds; approving the form of the Continuing Disclosure Certificate; authorizing and approving modifications to documents; waiving the deadline for submission of Bond Accountability Reports; adopting findings under the California Environmental Quality Act ("CEQA"), CEQA Guidelines and Chapter 31 of the Administrative Code; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale, and delivery of said bonds.

I respectfully request that this item be calendared in Budget & Finance Committee on May 13th, 2015.

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

1 DR. CARLTON B. GOODLETT PLACE, ROOM 200
SAN FRANCISCO, CALIFORNIA 94102-4681
TELEPHONE: (415) 554-6141

150466

Wong, Linda (BOS)

From: Wong, Linda (BOS)
Sent: Friday, May 15, 2015 11:19 AM
To: Martinsen, Janet (MTA)
Cc: Sesay, Nadia (CON); Bose, Sonali (MTA); Auyoung, Dillon
Subject: RE: DOCUMENTS TO SEND TO CLERK - File No. 150466 - Transportation Bonds - info needed for Clerk

Hi Janet,

Please provide us with a copy of the Resolution once it is approved.

Thank you,
Linda

From: Martinsen, Janet [mailto:Janet.Martinsen@sfmta.com]
Sent: Friday, May 15, 2015 10:31 AM
To: Wong, Linda (BOS)
Cc: Sesay, Nadia (CON); Bose, Sonali (MTA); Auyoung, Dillon
Subject: FW: DOCUMENTS TO SEND TO CLERK - File No. 150466 - Transportation Bonds - info needed for Clerk

Hi Linda

I have been informed that the language you are referring to has not been approved yet. It is one of two resolutions on this transaction as follows (in that order);

Resolution authorizing the issuance of $500 million
Resolution authorizing the sale of $67.54 million

The resolution will be adopted at the same time and we recommend in the order listed below. Please let us know if you need any additional information.

Janet

Janet L. Martinsen
Local Government Affairs Liaison
janet.martinsen@sfmta.com
Office: 415-701-4693

SFMTA | Municipal Transportation Agency
1 South Van Ness Ave, 7th Floor SF, CA 94103
www.sfmta.com

From: Sesay, Nadia (CON) [mailto:nadia.sesay@sfgov.org]
Sent: Friday, May 15, 2015 10:24 AM
To: Martinsen, Janet; Bose, Sonali
Subject: RE: DOCUMENTS TO SEND TO CLERK - File No. 150466 - Transportation Bonds - info needed for Clerk

It has not be approved yet. It is one of two resolutions on this transaction as follows (in that order);

Resolution authorizing the issuance of $500 million
Resolution authorizing the sale of $67.54 million

The resolution will be adopted at the same time and we recommend in the order listed below.

Let me know if you need additional information.

From: Martinsen, Janet [mailto:Janet.Martinsen@sfmta.com]
Sent: Friday, May 15, 2015 10:20 AM
To: Bose, Sonali (MTA); Sesay, Nadia (CON)
Subject: RE: DOCUMENTS TO SEND TO CLERK - File No. 150466 - Transportation Bonds - info needed for Clerk

Thanks, Sonali

Nadia

The Clerk has asked that we provide the following information for the attached resolution. Do you know if the language is referred to a resolution already adopted and what the number is?

Page 2 , Line 10 states:

> *"WHEREAS, By Resolution No. __________ (the "Authorizing Resolution"), adopted by the Board on the date hereof, the City authorized the issuance of not to exceed $500 million of its General Obligation Bonds (Transportation and Road Improvement Bonds, 2014) (the "Bonds")"*

Please provide the Resolution number to the "Authorizing Resolution" to us.

Janet L. Martinsen
Local Government Affairs Liaison
janet.martinsen@sfmta.com
Office: 415-701-4693

SFMTA | Municipal Transportation Agency
1 South Van Ness Ave, 7th Floor SF, CA 94103
www.sfmta.com

From: Wong, Linda (BOS) [mailto:linda.wong@sfgov.org]
Sent: Friday, May 15, 2015 9:46 AM
To: Martinsen, Janet
Subject: RE: DOCUMENTS TO SEND TO CLERK - File No. 150466 - Transportation Bonds
Importance: High

Hi Janet,

Thank you for sending me the requested documents.

Page 2 , Line 10 states:

> *"WHEREAS, By Resolution No. __________ (the "Authorizing Resolution"), adopted by the Board on the date hereof, the City authorized the issuance of not to exceed $500 million of its General Obligation Bonds (Transportation and Road Improvement Bonds, 2014) (the "Bonds")"*

Please provide the Resolution number to the "Authorizing Resolution" to us.

Thank you,
Linda

From: Martinsen, Janet [mailto:Janet.Martinsen@sfmta.com]
Sent: Wednesday, May 13, 2015 1:54 PM
To: Wong, Linda (BOS)
Cc: Bose, Sonali (MTA); Auyoung, Dillon; Wheaton, Nicole (MYR)
Subject: FW: DOCUMENTS TO SEND TO CLERK - File No. 150466 - Transportation Bonds

Hi Linda

This email should contain all of the attachments requested although I believe we may still need to provide you with the Section 21 language. Please let us know if there is anything else that you need.

Sonali

On a different piece of legislation that contained this same language recently heard by the BOS, the City Attorney advised it was simply boiler plate and could be removed. Not sure if that is also true int his case.

Thanks

Janet

Please excuse any spelling or grammatical errors. Sent from my phone.

Begin forwarded message:

> **From:** "Wong, Linda (BOS)" <linda.wong@sfgov.org>
> **Date:** May 12, 2015 at 3:06:55 PM PDT
> **To:** "Wheaton, Nicole (MYR)" <nicole.wheaton@sfgov.org>
> **Cc:** "Martinsen, Janet (MTA)" <janet.martinsen@sfmta.com>
> **Subject: REQUEST FOR DOCUMENTS - File No. 150466 - Transportation Bonds**
>
> Hi Nicole,
>
> The attached legislation has been reviewed to be heard in Budget & Finance Sub-Committee. However, we cannot consider the file complete until the following items are received for inclusion of the file:
>
> - Planning Commission Motion No. 19105
> - Final Environmental Impact Report on Transit Effectiveness Project ("TEP")
> - MTA Board of Directors Resolution No. 14-041
> - MMRP
> - MTA Board of Directors Resolution No. 14-066

- MTA Board of Directors Resolution No. 14-148
- MTA Board of Directors Resolution No. 14-137
- Notice of Exemption ("NOE")

Additionally, Page 26, Line 21 states:

> *"Section 21. Ratification. All actions heretofore taken by officials, employees and agents of the City with respect to the sale and issuance of the Series 2015B Bonds are hereby approved, confirmed and ratified."*

Please provide to us in writing the specific actions that were taken with respect to the Bonds. If this is not feasible, we kindly request that an amendment be made at the committee meeting to remove above mentioned clause.

If you have any questions or concerns, please feel free to contact me.

Thank you.

Linda Wong
Board of Supervisors
1 Dr. Carlton B. Goodlett Place, City Hall, Room 244
San Francisco, CA 94102-4689
Phone: 415.554.7719 | Fax: (415) 554-5163
Linda.Wong@sfgov.org | www.sfbos.org

Please complete a Board of Supervisors Customer Service Satisfaction form by clicking here.

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<150466.docx>