

1 [General Obligation Bond Election - Muni Reliability and Street Safety - \$400,000,000]

2
3 **Ordinance calling and providing for a special election to be held in the City and County**
4 **of San Francisco on Tuesday, June 7, 2022, for the purpose of submitting to**
5 **San Francisco voters a proposition to incur the following bonded indebtedness of the**
6 **City and County: \$400,000,000 to finance the costs of construction, acquisition, and**
7 **improvement of certain transportation, street safety and transit related capital**
8 **improvements, and related costs necessary or convenient for the foregoing purposes;**
9 **authorizing landlords to pass-through 50% of the resulting property tax increase to**
10 **residential tenants under Administrative Code, Chapter 37; providing for the levy and**
11 **collection of taxes to pay both principal and interest on such bonds; incorporating the**
12 **provisions of Administrative Code, Sections 5.30-5.36; setting certain procedures and**
13 **requirements for the election; finding that the proposed bond is not a project under the**
14 **California Environmental Quality Act; and finding that the proposed bond is in**
15 **conformity with the eight priority policies of Planning Code, Section 101.1(b), and with**
16 **the General Plan consistency requirement of Charter, Section 4.105, and Administrative**
17 **Code, Section 2A.53.**

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

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

22 Section 1. Findings.

23 A. This Board of Supervisors ("Board") recognizes the City's current street, transit
24 and transportation infrastructure ("Street, Transit and Transportation System") is unable to
25 meet current and future demands, and that the reliability, efficiency and safety of City streets,

1 transit and transportation infrastructure requires modernization and new investment to
2 maintain a state of good repair and to meet future demands.

3 B. The cost of making the necessary and required improvements to the Street,
4 Transit and Transportation System was estimated by the Mayor's 2030 Transportation Task
5 Force (dated February 2013) at \$10.1 billion over the next 15 years (referred to herein as the
6 "2030 Task Force").

7 C. The work of the 2030 Task Force was supplemented by the Mayor's 2045 Task
8 Force (dated January 2018) which identified additional transportation investment funding
9 needs of \$22 billion.

10 D. Both the 2030 and 2045 Task Force Reports were augmented by the efforts of
11 Transportation 2050 ("Transportation 2050") to update the vision for transportation developed
12 though the City's ConnectSF process, including additional community input received through
13 the SFMTA's 2021 Citywide Community Survey.

14 E. Transportation 2050 outlines the resources needed to achieve a community-
15 driven vision and identify revenue and reliable funding solutions to fund the cost of
16 transportation needs in San Francisco, which includes, among other resources, the issuance
17 of general obligation bonds.

18 F. A significant number of Muni bus yards and facilities were constructed decades
19 ago, with some being over one hundred years old, and are obsolete and need to be repaired,
20 upgraded and rebuilt to allow for Muni buses to be repaired faster, prevent breakdowns to
21 support reliable Muni service.

22 G. On-street infrastructure improvements for public transit helps reduce travel times
23 and delays for Muni and enables more reliable and more frequent service.

24 ///

25 ///

1 H. Muni’s train control system is over 20 years old and is obsolete and needs to be
2 replaced to increase subway capacity, reduce delays and deliver reliable, high-frequency
3 Muni Metro light rail service.

4 I. Redesigning and constructing streets to improve safety, accessibility and
5 visibility for pedestrians and cyclists, and implementing traffic calming and speed reduction
6 tools supports the City’s Vision Zero policy goal to eliminate all traffic deaths in San Francisco.

7 J. Strong public transit systems is one of the most important tools the City has to
8 mitigate the adverse effects of climate change, and by improving the reliability and speed of
9 Muni service and creating safer spaces for pedestrians and cyclists, San Francisco will
10 become a more livable and sustainable place to live.

11 K. The Board recognizes the need to make substantial investments in the City's
12 Street, Transit and Transportation System to create a system that is more reliable, safe and
13 efficient and that such investment will meet future demands on the transportation system,
14 while sustaining the economic dynamism and resilience of the City.

15 L. The Muni Reliability and Street Safety General Obligation Bond ("Bond") will
16 provide a portion of the funding necessary to construct, improve and rehabilitate the Street
17 and Transportation System (as further defined in Section 3 below).

18 M. This Board now wishes to describe the terms of a ballot measure seeking
19 approval for the issuance of general obligation bonds to finance all or a portion of the City's
20 improvements to its Street and Transportation System as described below.

21 N. The City’s current debt management policy is to keep the property tax rate for
22 City general obligation bonds at or below the 2006 rate by issuing new bonds as older ones
23 are retired and/or the tax base grows, though this property tax rate may vary based on other
24 factors; provided however, the City’s debt management policy shall not be construed as

25 ///

1 impairing or limiting the obligation of the City to levy taxes to pay principal and interest on the
2 bonds authorized under this Ordinance.

3

4 Section 2. A special election is called and ordered to be held in the City on Tuesday,
5 the 7th day of June, 2022, for the purpose of submitting to the electors of the City a
6 proposition to incur bonded indebtedness of the City for the projects described in the amount
7 and for the purposes stated:

8

9 "MUNI RELIABILITY AND STREET SAFETY GENERAL OBLIGATION BOND.
10 \$400,000,000 of bonded indebtedness to increase Muni's reliability, safety and frequency to,
11 among other things, reduce delays, improve disabled access and equity, increase subway
12 capacity and improve pedestrian, bicycle and traffic safety by repairing, constructing and
13 improving deteriorating Muni bus yards, facilities, transportation infrastructure and equipment,
14 and constructing and redesigning streets and sidewalks, subject to citizen oversight and
15 independent, regular audits; and to pay related costs; with a duration up to 30 years from the
16 time of issuance, an estimated average tax rate of \$0.010/\$100 of assessed property value,
17 and projected average annual revenues of approximately \$30,000,000, subject to
18 independent citizen oversight and regular audits; and authorizing landlords to pass-through to
19 residential tenants in units subject to Chapter 37 of the San Francisco Administrative Code
20 ("Residential Stabilization and Arbitration Ordinance") 50% of the increase in the real property
21 taxes attributable to the cost of the repayment of the bonds. The City's current debt
22 management policy is to keep the property tax rate for City general obligation bonds at or
23 below the 2006 rate by issuing new bonds as older ones are retired and/or the tax base
24 grows, though this property tax rate may vary based on other factors."

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

1 Section 3. PROPOSED PROGRAM. All contracts that are funded with the proceeds of
2 bonds authorized hereby shall be subject to the provisions of Chapter 83 of the City's
3 Administrative Code ("First Source Hiring Program"), which fosters construction and
4 permanent employment opportunities for qualified economically disadvantaged individuals. In
5 addition, all contracts that are funded with the proceeds of bonds authorized hereby also shall
6 be subject to the provisions of Chapter 14B of the City's Administrative Code ("Local Business
7 Enterprise and Non-Discrimination in Contracting Ordinance"), which assists small and micro
8 local businesses to increase their ability to compete effectively for the award of City contracts,
9 to the extent the Local Business Enterprise and Non-Discrimination Contracting Ordinance
10 does not conflict with applicable state or federal law.

11 A. CITIZENS' OVERSIGHT COMMITTEE. A portion of the Bond shall be used to
12 perform audits of the Bond, as further described in Section 15.

13 Projects to be funded under the proposed Bond may include but are not limited to the
14 following (as further described in the Bond Accountability Report, on file with the Clerk in File
15 No. 211290, which is incorporated by reference as set forth in full herein): :

16 B. MAKING TRANSPORTATION SYSTEM WORK BETTER. A portion of the
17 Bond may be allocated to the repair, renovation and modernization of SFMTA bus yards,
18 facilities and equipment through the agency's Building Progress Program to speed up Muni
19 repairs and maintenance.

20 C. MUNI NETWORK IMPROVEMENTS. To enable faster, more frequent, and
21 more reliable Muni service, a portion of the Bond may be allocated to improve certain network
22 improvements, including but not limited to smart signals, wider sidewalks at bus stops, and
23 dedicated traffic lanes.

24 ///

25 ///

1 D. MUNI RAIL MODERNIZATION. To improve train operation’s speed, reliability
2 and capacity, a portion of the Bond may be allocated to strengthen and expand critical
3 components.

4 E. STREET SAFETY AND TRAFFIC SIGNAL IMPROVEMENTS FOR SAFETY
5 AND FLOW. To improve street safety and traffic signals, a portion of the Bond may be
6 allocated to more effectively manage congestion in the City, improve the overall reliability of
7 the transit system, and improve pedestrian safety by replacing obsolete and deteriorating
8 traffic signal infrastructure, and installing pedestrian countdown signals and audible
9 pedestrian signals to improve visibility and the overall safety and efficiency of the City’s
10 transportation network.

11 F. ON-STREET IMPROVEMENTS. To enhance and modernize City streets, a
12 portion of the Bond may be allocated to enhance streets and sidewalks, including but not
13 limited to curb bulb-outs, raised crosswalks, and improved sidewalks at intersection corners;
14 median islands; various bikeways including separated bikeways; bicycle parking; and
15 installing basic infrastructure to decrease the cost of future projects, such as underground
16 signal conduit.

17 G. SPEED MANAGEMENT INVESTMENT. A portion of the Bond may be allocated
18 to fund traffic calming and other speed reduction improvements to make streets safer.

19
20 Section 4. BOND ACCOUNTABILITY MEASURES

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

22 A. OVERSIGHT. The proposed bond funds shall be subjected to approval
23 processes and rules described in the San Francisco Charter and Administrative Code.
24 Pursuant to S.F. Administrative Code 5.31, the Citizen’s General Obligation Bond Oversight
25 ///

1 Committee shall conduct an annual review of bond spending, and shall provide an annual
2 report of the bond program to the Mayor and the Board.

3 B. TRANSPARENCY. The City shall create and maintain a web page outlining and
4 describing the bond program, progress, and activity updates. The City shall also hold an
5 annual public hearing and reviews on the bond program and its implementation before the
6 Capital Planning Committee and the Citizen's General Obligation Bond Oversight Committee.
7

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

11 Resolution No. _____, \$400,000,000.

12 Such resolution was passed by two-thirds or more of the Board and approved by the
13 Mayor of the City ("Mayor"). In such resolution it was recited and found by the Board that the
14 sum of money specified is too great to be paid out of the ordinary annual income and revenue
15 of the City in addition to the other annual expenses or other funds derived from taxes levied
16 for those purposes and will require expenditures greater than the amount allowed by the
17 annual tax levy.

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

20 Such estimate of costs as set forth in such resolution is adopted and determined to be
21 the estimated cost of such bond financed improvements and financing, as designed to date.
22

23 Section 6. The Bond Special Election shall be held and conducted and the votes
24 received and canvassed, and the returns made and the results ascertained, determined and
25 declared as provided in this ordinance and in all particulars not recited in this ordinance such

1 election shall be held according to the laws of the State of California ("State") and the Charter
2 of the City ("Charter") and any regulations adopted under State law or the Charter, providing
3 for and governing elections in the City, and the polls for such election shall be and remain
4 open during the time required by such laws and regulations.

5
6 Section 7. The Bond Special Election is consolidated with the General Election
7 scheduled to be held in the City on Tuesday, June 7, 2022. The voting precincts, polling
8 places and officers of election for the June 7, 2022 General Election are hereby adopted,
9 established, designated and named, respectively, as the voting precincts, polling places and
10 officers of election for the Bond Special Election called, and reference is made to the notice of
11 election setting forth the voting precincts, polling places and officers of election for the June 7,
12 2022 General Election by the Director of Elections to be published in the official newspaper of
13 the City on the date required under the laws of the State of California.

14
15 Section 8. The ballots to be used at the Bond Special Election shall be the ballots to
16 be used at the June 7, 2022 General Election. The word limit for ballot propositions imposed
17 by San Francisco Municipal Elections Code Section 510 is waived. On the ballots to be used
18 at the Bond Special Election, in addition to any other matter required by law to be printed
19 thereon, shall appear the following as a separate proposition:

20 "MUNI RELIABILITY AND STREET SAFETY BOND. To increase Muni's reliability,
21 safety and frequency, reduce delays, improve disabled access and equity, increase subway
22 capacity and improve pedestrian, bicycle, and traffic safety by repairing, constructing and
23 improving deteriorating Muni bus yards, facilities, transportation infrastructure and equipment,
24 and constructing and redesigning streets and sidewalks; and to pay related costs; shall the
25 City and County of San Francisco issue \$400,000,000 in general obligation bonds, with a

1 duration of up to 30 years from the time of issuance, an estimated average tax rate of
2 \$0.010/\$100 of assessed property value, and projected average annual revenues of
3 approximately \$30,000,000, subject to citizen oversight and independent audits? The City's
4 current debt management policy is to keep the property tax rate for City general obligation
5 bonds at or below the 2006 rate by issuing new bonds as older ones are retired and/or the tax
6 base grows, though this property tax rate may vary based on other factors."

7 Each voter to vote in favor of the issuance of the foregoing bond proposition shall mark
8 the ballot in the location corresponding to a "YES" vote for the proposition, and to vote against
9 the proposition shall mark the ballot in the location corresponding to a "NO" vote for the
10 proposition.

11
12 Section 9. If at the Bond Special Election it shall appear that two-thirds of all the voters
13 voting on the proposition voted in favor of and authorized the incurring of bonded
14 indebtedness for the purposes set forth in such proposition, then such proposition shall have
15 been accepted by the electors, and bonds authorized shall be issued upon the order of the
16 Board. Such bonds shall bear interest at a rate not exceeding applicable legal limits.

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

20
21 Section 10. For the purpose of paying the principal and interest on the bonds, the
22 Board shall, at the time of fixing the general tax levy and in the manner for such general tax
23 levy provided, levy and collect annually each year until such bonds are paid, or until there is a
24 sum in the Treasury of said City, or other account held on behalf of the Treasurer of said City,
25 set apart for that purpose to meet all sums coming due for the principal and interest on the

1 bonds, a tax sufficient to pay the annual interest on such bonds as the same becomes due
2 and also such part of the principal thereof as shall become due before the proceeds of a tax
3 levied at the time for making the next general tax levy can be made available for the payment
4 of such principal.

5
6 Section 11. This ordinance shall be published in accordance with any State law
7 requirements, and such publication shall constitute notice of the Bond Special Election and no
8 other notice of the Bond Special Election hereby called need be given.

9
10 Section 12. The Board, having reviewed the proposed legislation, makes the following
11 findings in compliance with the California Environmental Quality Act ("CEQA"), California
12 Public Resources Code Sections 21000 et seq., the CEQA Guidelines, 15 Cal. Code Regs.,
13 Title 14, Sections 15000 et seq., ("CEQA Guidelines"), and San Francisco Administrative
14 Code Chapter 31 ("Chapter 31"):

15 As set forth by the Planning Department, in a determination dated October 21, 2021, a
16 copy of which is on file with the Clerk of the Board in File No. 211290 and incorporated in this
17 ordinance by reference, the Board finds that the bond proposal is not subject to CEQA. As
18 the establishment of a government financing mechanism that does not involve any
19 commitment to specific projects to be constructed with bond funds, it is not a project as
20 defined by CEQA and the CEQA Guidelines. The use of bond proceeds to finance any
21 specific project or portion of any specific project will be subject to approval of the applicable
22 decision-making body at that time,-upon completion of planning and any further required
23 environmental review under CEQA.

24 ///

25 ///

1 Section 13. The Board finds and declares that the proposed Bond is (i) in conformity
2 with the priority policies of Section 101.1(b) of the San Francisco Planning Code, (ii) in
3 accordance with Section 4.105 of the San Francisco Charter and Section 2A.53(f) of the
4 San Francisco Administrative Code, and (iii) consistent with the City's General Plan, and
5 adopts the findings of the Planning Department, as set forth in the General Plan Referral
6 Report dated November 18, 2021, a copy of which is on file with the Clerk of the Board in File
7 No. 211290 and incorporates such findings by reference.

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

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

21
22 Section 16. The time requirements specified in Section 2.34 of the San Francisco
23 Administrative Code are waived.

24 ///

25 ///

1 Section 17. The City hereby declares its official intent to reimburse prior expenditures
2 of the City incurred or expected to be incurred prior to the issuance and sale of any series of
3 bonds in connection with the Project (collectively, the "Future Bonds"). The Board hereby
4 declares the City's intent to reimburse the City with the proceeds of the Future Bonds for the
5 expenditures with respect to the Project ("Expenditures" and each, an "Expenditure") made on
6 and after that date that is no more than 60 days prior to adoption of this Resolution. The City
7 reasonably expects on the date hereof that it will reimburse the Expenditures with the
8 proceeds of the Future Bonds.

9 Each Expenditure was and will be either (a) of a type properly chargeable to a capital
10 account under general federal income tax principles (determined in each case as of the date
11 of the Expenditure), (b) a cost of issuance with respect to the Future Bonds, (c) a nonrecurring
12 item that is not customarily payable from current revenues, or (d) a grant to a party that is not
13 related to or an agent of the City so long as such grant does not impose any obligation or
14 condition (directly or indirectly) to repay any amount to or for the benefit of the City. The
15 maximum aggregate principal amount of the Future Bonds expected to be issued for the
16 Project is \$400,000,000. The City shall make a reimbursement allocation, which is a written
17 allocation by the City that evidences the City's use of proceeds of the applicable series of
18 Future Bonds to reimburse an Expenditure, no later than 18 months after the later of the date
19 on which the Expenditure is paid or the Project is placed in service or abandoned, but in no
20 event more than three years after the date on which the Expenditure is paid. The City
21 recognizes that exceptions are available for certain "preliminary expenditures," costs of
22 issuance, certain de minimis amounts, expenditures by "small issuers" (based on the year of
23 issuance and not the year of expenditure) and expenditures for construction projects of at
24 least 5 years.

25 ///

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

5 APPROVED AS TO FORM:
6 DAVID CHIU, City Attorney

7 By: /s/ MARK D. BLAKE
8 MARK D. BLAKE
9 Deputy City Attorney

10 n:\financlas2021\2200269\01570523.docx