


CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292
 FAX (415) 252-0461

March 11, 2016

TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst 

SUBJECT: March 16, 2016 Budget and Finance Committee Meeting

TABLE OF CONTENTS

| Item | File | | Page |
|------------------------|---------|---|------|
| 1 | 15-1178 | Appropriation – General Fund Reserve – Facilities Improvements in the Recreation and Park Department and the Department of Public Health - \$5,000,000 – FY 2015-2016 | 1 |
| 2 & 3 | 16-0116 | Administrative Code – Establishing a San Francisco Super Bowl 50 Impact Fund | |
| | 16-0117 | Appropriation – Funding for the Super Bowl 50 Impact Fund - \$100,000 - FY 2015-2016 | 9 |
| 7, 8, 9, 10 11 & 12 | 16-0195 | Appropriation – Proceeds from Road Repaving and Street Safety General Obligation Bonds of \$44,145,000 and Bond Interests of \$2,317,851 – FY 2015-2016 | |
| | 16-0196 | Appropriation – Proceeds from General Obligation Bonds and Bond Proceed Interest Earnings - \$29,673,553 – FY 2015-2016 | |
| | 16-0197 | Appropriation – Proceeds from Earthquake Safety and Emergency Response General Obligation Bonds - \$111,060,000 – FY 2015-2016 | |
| | 16-0200 | Sale of General Obligation Bonds – Earthquake Safety and Emergency Response Bonds – Not to Exceed \$25,215,000 | |

TABLE OF CONTENTS (continued)

| Item | File | Page |
|-------------|---|-------------|
| 16-0201 | Sale of General Obligation Bonds – Earthquake Safety and Emergency Response Bonds – Not to Exceed \$111,060,000 | |
| 16-0202 | Sale of General Obligation Bonds – Road Repaving and Street Safety Bonds – Not to Exceed \$44,145,000 | 12 |

| | |
|---|--|
| Item 1 File 15-1178 <i>(Continued from March 9, 2016)</i> | Departments: Recreation and Park Department (RPD) Department of Public Health (DPH) |
| EXECUTIVE SUMMARY | |
| Legislative Objectives | |
| <ul style="list-style-type: none"> • Ordinance appropriating \$5,000,000 from the General Fund Reserve, of which (a) \$2,500,000 will be used by the Recreation and Park Department (RPD) for facilities improvements to the Geneva Car Barn and (b) \$2,500,000 will be used by the Department of Public Health (DPH) for facilities improvements to 35-45 Onondaga Avenue. | |
| Key Points | |
| <ul style="list-style-type: none"> • RPD is managing the City-owned Car Barn Project, in two phases, at a total cost of \$29,000,000. Phase 1 would improve only the Powerhouse building for \$6,883,212. Phase 1 construction could commence in early 2017 and be completed by the end of 2017. • In 2012, the two City-owned properties at 35-45 Onondaga Avenue under DPH were declared surplus to the City's needs and appraised at \$640,000. A recent Northern California Community Loan Fund (NCCLF) site assessment report identified potential short-term and long-term improvements for these two buildings, including initial budgets. | |
| Fiscal Impact | |
| <ul style="list-style-type: none"> • The Phase I Car Barn projected funding sources total \$7,501,278, or \$618,066 more than the \$6,883,212 Phase 1 Powerhouse estimated cost. However, the identified other funding sources and amounts will not be fully known until the summer of 2016. • The estimated costs for the 35-45 Onondaga properties range from \$3,035,000 for short term improvements to \$4,903,000 for long term improvements. However, none of the anticipated non-General Fund financing sources have been received nor the timing known for application and/or receipt of such funds. | |
| Recommendations | |
| <ul style="list-style-type: none"> • Sever the proposed ordinance to separate the \$5,000,000 request into two \$2,500,000 requests, one for RPD for the Geneva Car Barn and one for DPH for the 35-45 Onondaga properties. • Approve the requested \$2,500,000 supplemental appropriation for RPD for the Geneva Car Barn, placing the entire \$2,500,000 on Budget and Finance Committee Reserve pending the determination of the remaining sources and amounts of funding for the project. • Continue the proposed \$2,500,000 supplemental appropriation for DPH pending the identification of additional funding sources, amounts of funding available and organizational structures determined to close the gap to renovate and use the 35-45 Onondaga properties. | |

MANDATE STATEMENT

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

BACKGROUND

This report pertains to two City-owned facilities, the (1) Geneva Car Barn and (2) 35-45 Onondaga Avenue.

Geneva Car Barn

The Geneva Car Barn and Powerhouse (Car Barn) are two buildings located at Geneva and San Jose Avenues across from the Balboa Park BART Station, adjacent to a vehicle storage facility owned by the San Francisco Municipal Transportation Agency (SFMTA). In 1998, the Car Barn was saved from demolition by the Friends of the Geneva Car Barn and Powerhouse (Friends), a nonprofit neighborhood organization. In 2004, the SFMTA transferred jurisdiction of the vacant Car Barn to the Recreation and Park Department (RPD) (File No. 04-0320) at no cost, with the intent that RPD form a partnership with the Friends to renovate the Car Barn. Between 2004 and 2015, RPD and the Friends spent \$3,983,000 on the Car Barn from various sources, for roof repairs, preliminary seismic stabilization, planning, design, program administration, historic preservation architect and environmental testing.

In October 2014, the Board of Supervisors approved a Lease Disposition and Development Agreement between RPD and the Friends (File 14-0920) specifying the Friend's obligations to fundraise, rehabilitate and operate the Car Barn as a community center. However, the Friends were unable to meet the funding requirements and in October 2015, the Board of Supervisors terminated the Lease Disposition and Development Agreement with the Friends (File 15-0890).

According to Ms. Nicole Avril, Project Director at RPD, RPD is now directly managing the Car Barn Project, which has now been divided into two separate phases, at a total estimated remaining cost of approximately \$29,000,000.

- Phase 1: Design, restoration, and improvement of the Powerhouse building only, including seismic stabilization, hazardous material remediation, streetscape improvements, a new roof, and limited mechanical and electrical system upgrades at a cost of \$6,883,212; and
- Phase 2: Design, restoration, and improvement of the Car Barn building and completion of more extensive improvements to the Powerhouse building at a cost of \$22,116,788.

In 2013, the Planning Department determined that this project is exempt from the California Environmental Quality Act (CEQA).

Ms. Avril advises that the design for the overall project is complete. Construction documentation for Phase 1 should be completed by the end of April 2016. Ms. Avril further advises that award of the construction contract, which will be competitively bid, should be

completed by late fall 2016. Construction is anticipated to commence by the beginning of 2017 and be completed by the end of calendar year 2017.

Phase 1 would renovate the 3,000 square foot Powerhouse, which is essentially a warehouse now, into a community arts center which could provide after school arts programs for elementary to high school students, daytime arts programs for seniors and toddlers, evening arts programs for adults and potentially be rented by local theater groups or for birthdays and weddings on weekends. According to Ms. Avril, it is anticipated that such programs would be provided through a partnership between RPD and nonprofit organizations, with the rental income from the various arts programming used to offset the operating costs. Ms. Avril advises that the programming would be similar to the model used at RPD's Boeddeker Park Clubhouse in the Tenderloin, in which the nonprofit Boys & Girls Clubs of San Francisco partners with RPD to offer programs to the community.

35-45 Onondaga Avenue

The City-owned properties at 35-45 Onondaga Avenue located near the intersection with Alemany Boulevard in the Outer Mission/Excelsior District, were originally constructed in 1933 with funding from a 1928 public bond measure as a public hospital and health center. These two adjoining City-owned buildings, which total approximately 8,200 square feet, remain under the jurisdiction of the Department of Public Health (DPH). According to Mr. John Updike, Director of Real Estate, the last known tenant in 35 Onondaga was the nonprofit organization, Self-Help for the Elderly, which vacated the building in 2012, because they could no longer secure insurance, given the poor seismic condition of the building. 45 Onondaga contains murals and frescos, which were commissioned in 1937 under the Federal Works Progress Administration (WPA), and has been vacant since 2009.

In 2012, the Real Estate Division listed the 35-45 Onondaga Avenue properties as surplus to the City's needs. In April 2012, these properties were appraised at \$640,000 by Carneghi-Blum & Partners, Inc. In March 2013, a Mayor's Office of Housing (MOH) staff report determined 12 units would be the maximum residential density for these properties, and concluded that MOH not pursue these properties for affordable housing, given the high costs per unit to construct on this site.

Mr. Updike advises that the 35-45 Onondaga Avenue properties are not seismically safe, and require extensive capital improvements estimated at approximately \$3,350,000 for seismic repairs, asbestos abatement and related repairs to make these two buildings functional. Mr. Updike notes that an additional approximately \$500,000 for mural restoration and \$500,000 for tenant improvements would also be required, for a total estimated cost of approximately \$4,350,000 for occupancy of the buildings.

On February 23, 2016, the Northern California Community Loan Fund (NCCLF)¹, a nonprofit organization, issued a draft site assessment report on the general condition of the 35-45

¹ NCCLF is a nonprofit lender and consulting organization in San Francisco provides financing, financial expertise, and socially responsible investment services for community-based organizations in northern and central California.

Onondaga property to determine the potential short-term and long-term occupancy of the two buildings, including preliminary budgets.

In the short-term, the two buildings need:

- roof and skylight repairs to stop leaks and prevent further water damage,
- new replacement glass windows and glazing,
- repair and replacement of doors, hardware, egress and exterior gates,
- plumbing repairs, cosmetic repairs and finishes and
- protection of the historic frescos.

This NCCLF draft report provided a conceptual budget for these improvements of \$3,035,000. However, the report also recommended the City

- complete a Capital Needs Assessment to identify defects and deferred maintenance required for immediate occupancy;
- work with Real Estate Division to remediate building deficiencies for immediate occupancy; and
- work with a general contractor to develop a construction cost budget for permanent occupancy.

For the long term occupancy of the two buildings, the report recommends significant fire and life safety improvements, removal of hazardous materials, building systems upgrades, tenant improvements and historic preservation of the murals. The NCCLF estimated total cost for these improvements is \$4,903,000.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would appropriate a total of \$5,000,000 from the General Fund Reserve in FY 2015-16 as follows:

- (a) \$2,500,000 for the Recreation and Park Department for Phase 1 facility improvements at the Geneva Car Barn; and
- (b) \$2,500,000 for the Department of Public Health for facility improvements at 35-45 Onondaga Avenue.

FISCAL IMPACT

Geneva Car Barn Project

Table 1 below summarizes the Phase 1 budget of \$6,883,212 to complete design, construction and improvements to the Powerhouse under the Car Barn Project.

Table 1: Phase 1 Powerhouse Car Barn Project Budget

| | |
|--|---------------|
| Design Fees (Aidlin Darling Design) | \$651,219 |
| Permits and Regulatory Agency Approvals | 117,655 |
| Art Enrichment Program | 104,702 |
| Art Commission Fee | 6,000 |
| Historic Preservation Tax Credit Bridge Loan Fees and Interest | 70,050 |
| Construction | 5,235,078 |
| Construction Contingency (10%) | 523,508 |
| Hazardous Materials Abatement | 50,000 |
| Fire Security System | 30,000 |
| Bathroom Trailer | 60,000 |
| PG&E Transformer Installation Fee | <u>35,000</u> |
| Phase 1 Powerhouse Cost Estimate | \$6,883,212 |

In addition to the costs shown in Table 1 above, depending on the type of arts programs (i.e., modular walls, dance floor, digital arts equipment, stage for theater), there would be an additional \$500,000 cost for furniture, fixtures and equipment, or a total cost of \$7,383,212. However, Ms. Avril notes that the nonprofit arts groups will partner to fund the improvements.

Table 2 below summarizes the sources of funding for the Phase 1 Powerhouse Project.

Table 2: Phase 1 Powerhouse Car Barn Project Funding Sources

| | |
|---|--------------------|
| 2000 Neighborhood Park General Obligation Bonds | \$126,278 |
| RPD FY 2015-16 Capital Budget | 175,000 |
| Office of Economic and Workforce Development Invest in Neighborhoods Initiative FY 2015-16 Budget | <u>300,000</u> |
| Subtotal—Previously Appropriated | \$601,278 |
| RPD Community Opportunity Fund | 3,000,000 |
| Historic Preservation Tax Credits | 1,400,000 |
| General Fund Reserve (subject of this request) | 2,500,000 |
| Total | \$7,501,278 |

As shown in Table 2 above, the projected funding sources total \$7,501,278 which is \$618,066 more than the \$6,883,212 Phase 1 Powerhouse estimated cost shown in Table 1 above. However, as also shown in Table 2 above, only \$601,278 has previously been appropriated by the Board of Supervisors for this project. This leaves a current \$6,281,934 funding gap (\$6,883,212 total cost less \$601,278 previously appropriated) for this Phase 1 Project.

The RPD Community Opportunity Fund was created with \$12,000,000 as part of the 2012 General Obligation Parks Bond, approved by San Francisco voters. The Friends are anticipated to apply for \$3,000,000 of RPD Community Opportunity Funds in March 2016; a decision regarding the amount of Community Opportunity Funds to be awarded will not be determined until May 2016. The Historic Preservation Tax Credits allow a bank to purchase and sell tax credits in exchange for providing funds to rehabilitate historic buildings. The \$1,400,000 of Historic Preservation Tax Credits for this project are likely to be available but competitive, and would not be known until the summer of 2016.

The requested \$2,500,000 of General Fund Reserve funding could then potentially be used to close the remaining funding gap, but the final amount of the funding gap would not be known until the Community Opportunity Funds and Historic Preservation Tax Credits are awarded. Therefore if the requested \$2,500,000 General Fund Reserve appropriation is approved by the Board of Supervisors, all of these funds should be placed on Budget and Finance Committee Reserve pending the outcome of the decisions regarding the \$3,000,000 request for the RPD Community Opportunity Funds and \$1,400,000 request for the Historic Preservation Tax Credits. Depending on the award and amounts of each of these other awards, the requested \$2,500,000 City's General Fund Reserve appropriation should then be adjusted to reflect the remaining amount needed.

Funding for Phase 2 of the Geneva Car Barn project has not been identified, which is currently estimated to cost \$22,116,788. Ms. Avril notes that funding for Phase 2 is likely to be a combination of public and private financing. Ms. Avril further notes that Phase 1 is intended to be a stand-alone project, if Phase 2 is not funded.

35-45 Onondaga Avenue

Table 3 below summarizes the City's Real Estate Division and NCCLF estimated costs for both short-term and long term improvements at the 35-45 Onondaga properties. As shown in Table 3 below, the estimated costs range from \$3,035,000 for short term improvements to \$4,903,000 for long term improvements.

Table 3: Estimated Costs for 35-45 Onondaga Properties

| | City Real Estate | NCCLF Short Term Improvements | NCCLF Long Term Improvements |
|---|-------------------------|--------------------------------------|-------------------------------------|
| Construction Cost | \$3,350,000 | \$1,850,000 | \$3,282,000 |
| Arch, Engineer, Inspect (25% construct) | - | 463,000 | 821,000 |
| Preservation of Murals | 500,000 | 500,000 | 500,000 |
| Tenant Improvements | 500,000 | - | - |
| Financing Expenses | - | 222,000 | 300,000 |
| Total Estimated Costs | \$4,350,000 | \$3,035,000 | \$4,903,000 |

The City's Real Estate Division's estimate of the construction cost extrapolated estimates from prior studies and then escalated these expenses to today's costs, which include both hard construction and soft costs, such as architect, engineering and inspection, but do not include any financing expenses. The construction costs estimated by NCCLF assume \$225 per square foot for the short term improvements and \$400 per square foot for the long term improvements, based on the 8,205 square feet in both buildings. As shown in Table 3 above, NCCLF did not include tenant improvement costs in their proposals as NCCLF anticipates that a future nonprofit tenant would pay the costs of their own improvements.

The City's Real Estate Division did not identify potential funding sources to pay for the estimated \$4,350,000 improvements for the 35-45 Onondaga properties. Rather, as noted above, the Real Estate Division listed this property as surplus to the City's needs in 2012. Based on an appraisal of \$640,000 in April 2012, the FY 2015-16 DPH budget included \$1,000,000 as a source of revenue from the anticipated sale of the 35-45 Onondaga properties. According to Ms. Jenny Louie, Budget Director at DPH, the \$1,000,000 of revenue in the FY 2015-16 budget were anticipated to be used to offset General Fund costs for DPH's supportive housing program for the Local Operating Subsidy Program (LOSP). Ms. Louie advises that if the 35-45 Onondaga properties are not sold, such that DPH does not realize the budgeted \$1,000,000 of revenues in FY 2015-16, DPH would still have sufficient expenditure authority to support the LOSP.

Table 4 below summarizes the sources of funding identified by NCCLF for the proposed 35-45 Onondaga properties.

Table 4: Anticipated Funding Sources for 35-45 Onondaga Properties

| | NCCLF Short Term Improvements | NCCLF Long Term Improvements |
|--|-------------------------------|------------------------------|
| General Fund Reserve (subject of this request) | \$2,500,000 | \$2,500,000 |
| Historic Preservation Tax Credits | 535,000 | 903,000 |
| Construction Loans | | 1,500,000 |
| Total Estimated Funding | \$3,035,000 | \$4,903,000 |

As shown in Table 4 above, the requested \$2,500,000 supplemental appropriation would be used to fund either short term or long term improvements to the 35-45 Onondaga properties. Historic Preservation Tax Credits would allow a bank to purchase and sell tax credits in exchange for providing funds to rehabilitate these historic buildings. The NCCLF report assumes that under the long term improvements, a \$1,500,000 construction loan could be repaid through rental income from future building tenants to sufficiently cover its costs². However, as of the writing of this report, none of the anticipated non-General Fund financing sources have been received to cover the remaining costs of the improvements to the 35-45 Onondaga properties. The projected timing for application and/or receipt of such funds has also not been determined.

Mr. Brian Cheu, Director of Community Development in the Mayor's Office of Housing and Community Development (MOHCD) advises that MOHCD provided a \$50,000 grant to the NCCLF to prepare a report on potential organizational structures for a real estate holding entity that could hold properties in trust for nonprofit tenants that might benefit from such an organization. This NCCLF report is anticipated to be completed in June 2016. Depending on the type of organizational structures recommended, a possible scenario could be for the 35-45 Onondaga property to be transferred or sold to such an organization. Mr. Cheu notes that a

² The \$1,500,000 construction loan assumes rents payable by future tenants at the rate of \$2.25 per square foot per month. An October 8, 2013 Budget and Legislative Analyst report based on survey respondents found that the average renewal rental rate for nonprofit tenants was \$1.79 per square foot per month.

similar model for arts organizations is called the Community Arts Stabilization Trust (CAST), a nonprofit organization, which purchased two properties on behalf of two different arts organizations, with initial seed funding for acquisition and tenant improvements from private philanthropy. Alternatively, Mr. Cheu notes that a nonprofit entity could lease property from the City and act as master leaseholder and take on tenant improvement responsibilities.

As noted above, the anticipated other funding sources for either short term or long term improvements have not yet been secured for the 35-45 Onondaga properties. In addition, a report on potential new real estate organizational structures for nonprofit tenants will not be completed until summer of 2016. Therefore, the requested \$2,500,000 supplemental appropriation related to the 35-45 Onondaga Avenue properties should be continued.

General Fund Reserve Balance

The City's General Fund Reserve balance is currently \$73,931,443. If the Board of Supervisors approves the proposed \$5,000,000 supplemental appropriation ordinance, the General Fund Reserve would be reduced to \$68,931,443.

RECOMMENDATIONS

1. Sever the proposed ordinance to separate the \$5,000,000 request into two \$2,500,000 requests, one for RPD for the Geneva Car Barn and one for DPH for the 35-45 Onondaga properties.
2. Approve the requested \$2,500,000 supplemental appropriation for RPD for the Geneva Car Barn, and place the entire \$2,500,000 on Budget and Finance Committee Reserve pending the determination of the remaining funding sources and actual amounts of funding received for the project.
3. Continue the proposed \$2,500,000 supplemental appropriation for DPH pending the identification of additional funding sources, actual amounts of funding received and the organizational structures determined to close the gap to renovate and use the 35-45 Onondaga properties.

| | |
|---|--|
| Items 2 and 3 Files 16-0116 and 16-0117 | Department: Controller's Office (Controller) |
| EXECUTIVE SUMMARY | |
| <p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • <u>File 16-0116</u> is an ordinance amending the Administrative Code to establish a San Francisco Super Bowl 50 Impact Fund (“Fund”) to be used to provide financial support to small businesses specifically impacted by Super Bowl-related events. • <u>File 16-0117</u> is an ordinance appropriating \$100,000 from the General Reserve to deposit into the Super Bowl 50 Impact Fund. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • Monies from the Super Bowl 50 Impact Fund would be used to reimburse businesses, merchants or individuals who paid the City a license, permit or other fee to operate a business and who were subsequently displaced due to Super Bowl 50 events. • Funds to be deposited into the Fund would come from (1) an initial appropriation of \$100,000 from the General Reserve (File 16-0117), (2) donations or reimbursements related to any City-incurred costs associated with Super Bowl-related events, and (3) surplus discretionary General Fund tax revenues attributable to Super Bowl-related events, as determined by the Controller. • The Controller would administer the Fund, and the Arts Commission, Department of Public Works or other City departments that issued the licenses and permits would be responsible to review applications for reimbursement funds from eligible businesses, merchants or individuals. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed ordinance (File 16-0117) would appropriate \$100,000 from the General Reserve. As of the writing of this report the General Reserve balance is \$73,931,443. If the Board of Supervisors approves the proposed \$100,000 supplemental appropriation, the General Fund Reserve would be reduced to \$73,831,443. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approval of the proposed ordinances is a policy matter. | |

MANDATE STATEMENT

Charter Section 9.105 provides that amendments to the appropriation ordinance, subject to the Controller certifying the availability of funds, are subject to Board of Supervisors approval.

City Administrative Code Section 10.100-1 establishes categories of funds to assist with the financial management of special funds or accounts.

DETAILS OF PROPOSED LEGISLATION

File 16-0116 is an ordinance amending the Administrative Code to establish a San Francisco Super Bowl 50 Impact Fund ("Fund") to be used to provide financial support to small businesses specifically impacted by Super Bowl-related events.

File 16-0117 is an ordinance appropriating \$100,000 from the General Reserve to deposit into the Super Bowl 50 Impact Fund.

The proposed Super Bowl 50 Impact Fund would be established as a category four fund, in accordance with Administrative Code Section 10.100-1 which (1) requires Board of Supervisors approval for appropriation of funds, (2) allows interest earnings on the fund balance to be retained in the Fund, and (3) allows unspent fund balance to be carried forward into the next fiscal year.

Funds to be deposited into the Fund would come from (1) an initial appropriation of \$100,000 from the General Reserve (File 16-0117), (2) donations or reimbursements related to any City-incurred costs associated with Super Bowl-related events, and (3) surplus discretionary General Fund tax revenues attributable to Super Bowl-related events, as determined by the Controller.

Businesses, merchants or individuals who paid the City a license, permit or other fee to operate a business and who were subsequently displaced due to Super Bowl 50 events would be eligible to apply for reimbursements from the Fund. Other businesses and merchants who were adversely impacted by Super Bowl-related events, such as Port tenants, would also be eligible to apply for reimbursements.

According to the Office of the Sponsor, the Controller would administer the Fund, and the Arts Commission, Department of Public Works or other City departments that issued the licenses and permits would be responsible to review applications for reimbursement funds from eligible businesses, merchants or individuals.

FISCAL IMPACT

The proposed ordinance (File 16-0117) would appropriate \$100,000 from the General Reserve. As of the writing of this report the General Reserve balance is \$73,931,443. If the Board of Supervisors approves the proposed \$100,000 supplemental appropriation, the General Fund Reserve would be reduced to \$73,831,443.

RECOMMENDATION

Approval of the proposed ordinances is a policy matter for the Board of Supervisors.

| | |
|--|--|
| <p>Items 7, 8, 9, 10, 11 and 12 Files 16-0195, 16-0196, 16-0197, 16-0200, 16-0201 and 16-0202</p> | <p>Departments: Office of Public Finance (OPF) Department of Public Works (DPW) Public Utilities Commission (PUC) San Francisco Municipal Transportation Agency (SFMTA)</p> |
|--|--|

EXECUTIVE SUMMARY

Legislative Objectives

- File 16-0195: Ordinance appropriating \$46,462,851, including \$44,145,000 of Series 2016E RRSS bond proceeds and \$2,317,851 of accumulated bond interest earnings to DPW and SFMTA and placing these funds on Controller’s Reserve pending the bond sale.
- File 16-0196: Ordinance appropriating \$29,673,553, including \$25,215,000 of Series 2016C ESER bonds and \$4,458,553 of accumulated bond interest to the Department of Public Works (DPW) for seismic improvements and placing these funds on Controller’s Reserve pending the bond sale.
- File 16-0197: Ordinance appropriating \$111,060,000 of Series 2016D ESER bonds to DPW for seismic repairs and placing these funds on Controller’s Reserve pending the bond sale.
- File 16-0200: Resolution authorizing and directing the sale of not-to exceed \$25,215,000 aggregate principal Earthquake Safety and Emergency Response (ESER) General Obligation Bonds, Series 2016C, approved by the voters on June 8, 2010.
- File 16-0201: Resolution authorizing and directing the sale of not-to-exceed \$111,060,000 aggregate principal Earthquake Safety and Emergency Response (ESER) General Obligation Bonds, Series 2016D, approved by the voters on June 3, 2014.
- File 16-0202: Resolution authorizing and directing the sale of not-to-exceed \$44,145,000 aggregate principal Road Repaving and Street Safety (RRSS) General Obligation Bonds, Series 2016E, approved by voters on November 8, 2011.

Key Points

- In June 2010, voters authorized \$412,300,000 of general obligation bonds for earthquake safety and emergency response projects. To date, five sales have occurred, totaling \$387,085,000. This sale of \$25,215,000 (Series 2016C) is the sixth and final 2010 ESER sale.
- In June 2014, voters authorized \$400,000,000 of general obligation bonds to fund additional ESER projects. One prior issuance of \$100,670,000 in 2014 occurred, leaving a remaining balance of \$299,330,000. This Series 2016D issuance is for \$111,060,000.
- Projects to be funded with these two ESER bond sales include: continued work on multiple Neighborhood Fire Station and Support Facilities, upgrades to District Police Stations, relocation of the Medical Examiner Facility and the Traffic Company & Forensic Services Division and continued work on the Emergency Firefighting Water System.
- In November 2011, voters authorized \$248,000,000 of general obligation bonds to repair and improve roads and street infrastructure. To date, two RRSS bond sales have occurred, totaling \$203,855,000. This \$44,145,000 sale is the third and final 2011 RRSS sale.
- Projects to be funded with the RRSS bonds include: road paving, streetscape improvements and repair and replacement of transit and traffic signals.

Fiscal Impact

- The supplemental appropriation for the Series 2016C 2010 ESER Bonds (File 16-0196) also includes \$4,458,553 of interest earnings from previous bond sales, to be expended on additional fire station improvements. The supplemental appropriation for the Series 2016E 2011 RRSS Bonds (File 16-0195) includes \$2,317,851 of interest earnings from previous bond sales, to be expended on additional streetscape projects.
- The requested not-to-exceed total of \$180,420,000 of general obligation bonds is projected to be sold for a par amount of \$179,420,000, with \$1,000,000 reserve. This includes \$176,851,268 in estimated project and Controller audit funds and \$2,568,732 in issuance and related oversight costs.
- These bonds are estimated to have an annual interest rate of 3.6 percent over approximately 20-years, with interest on the bonds totaling \$72,255,618. Average annual debt service on the bonds would be \$12,583,781. Total principal and interest payments over 20 years are estimated to be \$251,675,000.
- Repayment of the annual debt service is covered through increases in the annual Property Tax rate, such that homeowners with an assessed value of \$600,000 will pay average annual additional \$38.46 in Property Taxes to the City if the anticipated \$179,420,000 for the three Series 2016C ESER, 2016D ESER and 2016E RRSS bonds are sold.

Recommendations

- Approve File 16-0195, which includes \$2,317,851 of additional interest earnings, contingent on the approval by the Capital Planning Committee.
- Approve the remaining three proposed resolutions and two proposed ordinances.

MANDATE STATEMENT / BACKGROUND

Mandate Statement

Charter Section 9.105 provides that the issuance and sale of general obligation bonds are subject to approval by the Board of Supervisors. Charter Section 9.105 also provides that amendments to the appropriation ordinance, subject to the Controller certifying the availability of funds, are subject to Board of Supervisors approval.

Administrative Code Section 2.71 requires City departments to submit Bond Accountability Reports to the Clerk of the Board, Controller, Treasurer, Director of Public Finance and the Budget and Legislative Analyst 60 days prior to appropriation of bond funds.

Background

2010 ESER Bonds

In June 2010, San Francisco voters approved Proposition B, which authorized the issuance of not-to-exceed \$412,300,000 in general obligation bonds to finance the construction, acquisition, improvement, retrofitting, rehabilitation and completion of earthquake safety and emergency responsiveness facilities and infrastructure.

On November 2, 2010, the Board of Supervisors approved a resolution (File 10-1255) authorizing the issuance of up to \$412,300,000 Earthquake Safety and Emergency Response (ESER) General Obligation Bonds. To date, the Board of Supervisors has authorized the sale and appropriation of \$387,085,000 of these 2010 ESER Bonds, as summarized in Table 1 below.

Table 1: 2010 ESER Bonds Previously Issued and Appropriated

| Month and Year | Amount Authorized (Not-to Exceed) | Bonds Issued | Files Numbers of Bond Authorization and Appropriation |
|-----------------------|--|----------------------|--|
| November 2010 | \$85,000,000 | \$79,520,000 | Files 10-1256 and 10-1248 |
| January 2012 | 192,000,000 | 183,330,000 | Files 11-1344 and 11-1333 |
| June 2012 | 40,410,000 | 38,265,000 | Files 12-0533 and 12-0527 |
| May 2013 | 31,905,000 | 31,020,000 | Files 13-0382 and 13-3068 |
| July 2014 | 57,840,000 | 54,950,000 | Files 14-0812 and 14-0802 |
| Total | | \$387,085,000 | |

Based on the initial authorization of \$412,300,000, and previous appropriations totaling \$387,085,000, there is a remaining balance of \$25,215,000 to be issued and appropriated.

2014 ESER Bonds

In June 2014, San Francisco voters approved Proposition A, which authorized the issuance of not-to-exceed \$400,000,000 in general obligation bonds to fund the completion of certain projects funded by the 2010 ESER bonds as well as new ESER projects. On July 29, 2014, the

Board of Supervisors approved two resolutions (Files 14-0840 and 14-0811) authorizing the issuance of the entire not-to-exceed \$400,000,000 of the 2014 ESER Bonds and the sale of the first series of the 2014 ESER bonds for \$100,670,000. On September 12, 2014, the Board of Supervisors approved an ordinance appropriating the \$100,670,000 (File 14-0801) from the first bond sale, leaving a remaining authorized balance of \$299,330,000.

2011 RRSS Bonds

In November 2011, San Francisco voters authorized the issuance of a not-to-exceed \$248,000,000 of Road Repaving and Street Safety (RRSS) General Obligation Bonds to repair and improve roads and street infrastructure in the City. On January 24, 2012, the Board of Supervisors approved a resolution (File 11-1343) authorizing the issuance of the entire not-to-exceed \$248,000,000 of the 2011 RRSS bonds. As shown in Table 2 below, to date, two sales and appropriations of the RRSS bonds have occurred, totaling \$203,855,000.

Table 2: 2011 RRSS Bonds Previously Issued and Appropriated

| Month and Year | Amount Authorized (Not-to Exceed) | Bonds Issued | Files |
|-----------------------|--|---------------------|---------------------------|
| February 2012 | \$76,500,000 | \$74,295,000 | Files 11-1346 and 11-1335 |
| May 2013 | 133,275,000 | 129,560,000 | Files 13-0381 and 13-0363 |
| Total | | \$203,855,000 | |

Based on the initial 2011 RRSS bond authorization of \$248,000,000, and previous appropriations totaling \$203,855,000 as shown in Table 2 above, there is a remaining balance of \$44,145,000 to be issued and appropriated for the 2011 RRSS bonds.

DETAILS OF PROPOSED LEGISLATION

The three proposed resolutions authorize the issuance of the following bonds, totaling \$180,420,000:

- File 16-0200: Resolution authorizing and directing the sale of not-to exceed \$25,215,000 aggregate principal Earthquake Safety and Emergency Response (ESER) General Obligation Bonds, Series 2016C, approved by the voters on June 8, 2010.
- File 16-0201: Resolution authorizing and directing the sale of not-to-exceed \$111,060,000 aggregate principal Earthquake Safety and Emergency Response (ESER) General Obligation Bonds, Series 2016D, approved by the voters on June 3, 2014.
- File 16-0202: Resolution authorizing and directing the sale of not-to-exceed \$44,145,000 aggregate principal Road Repaving and Street Safety (RRSS) General Obligation Bonds, Series 2016E, approved by voters on November 8, 2011.

The three proposed ordinances appropriate the bond proceeds from the three above-noted bond sales as well as accumulated bond interest for a total of \$187,196,404 as follows:

- File 16-0196: Ordinance appropriating \$29,673,553, including \$25,215,000 of Series 2016C ESER bonds and \$4,458,553 of accumulated bond interest to the Department of Public Works (DPW) for seismic improvements and placing these funds on Controller's Reserve pending the bond sale.
- File 16-0197: Ordinance appropriating \$111,060,000 of Series 2016D ESER bonds to DPW for additional seismic repairs and placing these funds on Controller's Reserve pending the bond sale.
- File 16-0195: Ordinance appropriating \$46,462,851, including \$44,145,000 of Series 2016E RRSS bond proceeds and \$2,317,851 of accumulated bond interest earnings to DPW and the San Francisco Municipal Transportation Agency (SFMTA) for road, streetscape and signal improvements and placing these funds on Controller's Reserve pending the bond sale.

The proposed Series 2016C ESER Bonds of \$25,215,000 will be the sixth and final issuance of bonds under the 2010 ESER Bonds. The Series 2016D Bonds of \$111,060,000 will be the second issuance under the 2014 ESER Bonds. The Series 2016E RRSS Bonds of \$44,145,000 will be the third and final issuance under the 2011 RRSS Bonds.

Table 3 below shows the sources and uses for the Series 2016C, 2016D and 2016E bonds.

Table 3: Proposed Sources and Uses of Funds

| | ESER 2010 Series 2016C | ESER 2014 Series 2016D | RRSS 2011 Series 2016E | Total |
|--|---------------------------|---------------------------|---------------------------|----------------------|
| Sources | | | | |
| Bond Proceeds | \$25,215,000 | \$111,060,000 | \$44,145,000 | \$180,420,000 |
| Uses | | | | |
| Project Funds | 24,804,828 | 108,266,550 | 43,426,894 | 176,498,272 |
| Controller's Audit Fund | 49,610 | 216,533 | 86,854 | 352,997 |
| Projects Subtotal | 24,854,438 | 108,483,083 | 43,513,748 | 176,851,268 |
| Costs of Issuance | 83,197 | 366,257 | 145,657 | 595,112 |
| Underwriter's Discount | 252,150 | 1,100,600 | 441,450 | 1,794,200 |
| Citizens' GO Bond Oversight Com | 25,215 | 110,060 | 44,145 | 179,420 |
| Costs of Issuance Subtotal | 360,562 | 1,576,917 | 631,252 | 2,568,732 |
| Reserve Pending Bond Sale ¹ | 0 | 1,000,000 | 0 | 1,000,000 |
| Total Uses | \$25,215,000 | \$111,060,000 | \$44,145,000 | \$180,420,000 |

Source: Letter dated February 25, 2016, from the Office of Public Finance to the Board of Supervisors, re City and County of San Francisco General Obligation Bonds, Earthquake Safety and Emergency Response Bonds, Series 2016C (2010), 2016D (2014) and Road Repaving and Street Safety Series 2016E (2011).

Both the appropriations for the Series 2016C ESER Bonds and the Series 2016E RRSS Bonds (Files 16-0196 and 16-0195) include interest earnings from previous bond sales. As noted above, both the Series 2016C ESER Bonds and the Series 2016E RRSS Bonds are the final issuances for these programs, such that these appropriations will complete these programs.

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

The Series 2016D ESER Bond appropriation (File 16-0197) does not include additional interest earnings because these projects are still in progress and there will be additional future bond sales and appropriations, which will include such interest earnings in the future. Table 4 below shows the interest earnings included in the supplemental appropriations.

Table 4: Interest Earnings for ESER 2010 and RRSS 2011 Previous Bond Sales

| Interest Earnings | ESER 2010 Series 2016C | RRSS 2011 Series 2016E |
|--------------------------|-----------------------------------|-----------------------------------|
| First Bond Sale | \$1,215,399 | \$903,301 |
| Second Bond Sale | 3,009,203 | 1,414,550 |
| Third Bond Sale | 18,407 | |
| Fourth Bond Sale | 57,670 | |
| Fifth Bond Sale | 157,874 | |
| Total | \$4,458,553 | \$2,317,851 |

Proceeds from the 2016C ESER 2010 Bonds will fund projects totaling \$24,804,828 plus \$4,458,553 from accrued bond interest earnings, or a total of \$29,263,381 for continued work on the Neighborhood Fire Stations and Support Facilities project, which includes improvements to Fire Stations 5 and 16, and repairs, such as roof and window replacements, mechanical improvements, and emergency generators at multiple other fire stations.

Proceeds from the 2016D ESER 2014 Bonds will fund the following project costs of \$108,266,550, as shown in Table 3 above:

- \$10,194,715 for District Police Stations to continue funding the costs to rehabilitate, seismically upgrade and address accessibility issues at 12 police district stations.
- \$31,980,403 for the Medical Examiner Facility, which continues to fund the costs of relocating the Medical Examiner Facility from the seismically vulnerable Hall of Justice at 850 Bryant Street to a new seismically safe facility at One Newhall Street in India Basin. Design is complete and construction began in late November 2015. This project is anticipated to be completed by the summer of 2017.
- \$16,383,527 for the Police Department's Traffic Company & Forensic Services Division to relocate the motorcycle police and crime lab from the seismically vulnerable Hall of Justice and the Hunters Point Shipyard to a new facility at 1995 Evans Avenue. Construction is anticipated to begin in early 2018 and completed by the summer of 2020.
- \$34,065,000 for continued work on the Emergency Firefighting Water System, which combines the previous Auxiliary Water Supply System (AWSS) with a Flexible Water Supply System (FWSS). AWSS projects include the design and construction of pipelines, tunnels, and cistern projects. FWSS is for above-ground water distribution projects to provide fire suppression in areas not directly served by AWSS.
- \$15,642,905 to continue funding the Neighborhood Fire Stations and Support Facilities projects, which are also funded with the 2010 ESER bonds, as discussed above.

Proceeds from the 2016E RRSS 2011 Bonds will fund the following project costs of \$43,426,894, as shown in Table 3 above, as well as \$2,313,215 from additional interest earnings for a total of \$46,462,851.

- \$24,701,488 for continued road paving, resurfacing and reconstruction. Roads are selected based on criteria regarding condition, type of street, usage, coordination with utility companies and City agencies, geographic location and pavement inquiries. As of September 2015, 974 of 1,275 blocks or 76% of the total 2011 bond goal were paved. Program completion date is being extended from June 30, 2015 to December 31, 2018 to coordinate with other projects.
- \$14,473,828 of bond proceeds plus \$2,313,215 of interest earnings for a total of \$16,787,043 for continued funding of streetscape, pedestrian and bicycle safety improvements, based on criteria in the bond report, which include both larger scale community projects and smaller scale pedestrian and bicycle safety projects.
- \$4,251,578 for continued funding for transit and traffic signal improvements, to replace and upgrade signal hardware throughout the City.

Table 5 below shows the original budgets for the 2010 ESER bonds, 2014 ESER bonds, and the 2011 RRSS bonds, the prior appropriations to date, and the proposed bond proceeds and interest earnings to be appropriated from the sale of Series 2016C and 2016D for the ESER bonds and the Series 2016E for the RRSS bonds. As shown in Table 5, if the Board of Supervisors approves the three proposed resolutions and three proposed ordinances, there would be no remaining balance for the 2010 ESER or 2011 RRSS bonds. The 2014 ESER Bonds would have a remaining balance of \$188,270,000. Therefore, one or more future bonds sales and appropriations will be needed for the 2014 ESER Bonds.

Table 5: ESER and RRSS Bond Appropriations

| | Original Budget | Prior Appropriations | Proposed | Balance |
|--|----------------------|-------------------------|----------------------|----------------------|
| 2010 Earthquake Safety and Emergency Response | | | 2016C Bonds | |
| Public Safety Building | \$239,000,000 | \$239,000,000 | \$0 | \$0 |
| Neighborhood Fire Stations | 64,000,000 | 42,101,483 | 24,804,828 | (2,906,311) |
| Auxiliary Water Supply System | 102,400,000 | 102,400,000 | 0 | 0 |
| Oversight, Accountability and Issuance | 6,900,000 | 3,583,517 | 410,172 | 2,906,311 |
| Subtotal 2010 ESER | \$412,300,000 | \$387,085,000 | \$25,215,000 | \$0 |
| | | | ESER Interest | |
| Interest – Neighborhood Fire Stations | | | 4,458,553 | |
| Total 2010 ESER Bond and Interest | | | \$29,673,553 | |
| 2014 Earthquake Safety and Emergency Response | | | 2016D Bonds | |
| District Police Stations | \$29,490,000 | 6,882,940 | \$10,194,715 | \$12,412,345 |
| Medical Examiner Facilities | 63,895,000 | 34,252,621 | 31,980,403 | (2,338,024) |
| Traffic Company & Forensic Services | 162,195,000 | 30,319,675 | 16,383,527 | 115,491,798 |
| Auxiliary Water Supply System | 54,065,000 | 20,000,000 | 34,065,000 | 0 |
| Neighborhood Fire Stations | 83,555,000 | 8,150,601 | 15,642,905 | 59,761,494 |
| Oversight, Accountability and Issuance | 6,800,000 | 1,064,163 | 2,793,450 | 2,942,387 |
| Total 2014 ESER | \$400,000,000 | \$100,670,000 | \$111,060,000 | \$188,270,000 |
| 2011 Road Repaving and Street Safety | | | 2016E Bonds | |
| Road Paving | \$146,541,500 | 122,715,227 | 24,701,488 | (\$875,215) |
| Ramps | 13,769,000 | 13,768,872 | 0 | 128 |
| Sidewalks | 7,868,000 | 7,868,000 | 0 | 0 |
| Structures | 6,884,500 | 6,884,500 | 0 | 0 |
| Streetscape | 49,175,000 | 35,238,361 | 14,473,828 | (537,189) |
| Signals | 19,670,000 | 15,535,900 | 4,251,578 | (117,478) |
| Oversight, Accountability and Issuance | 4,092,000 | 1,844,140 | 718,106 | 1,529,754 |
| Subtotal 2011 RRSS | \$248,000,000 | 203,855,000 | \$44,145,000 | \$0 |
| | | | RRSS Interest | |
| Interest – Streetscape Projects | | | 2,313,215 | |
| Interest – Oversight and Accountability | | | 4,636 | |
| Subtotal Interest | | | \$2,317,851 | |
| Total 2011 RRSS Bond and Interest | | | \$46,462,851 | |

FISCAL IMPACT

As shown in Table 3 above, the requested not-to-exceed total of \$180,420,000 in Series 2016C, 2016D and 2016E bonds are projected to be sold for a par amount of \$179,420,000, which would result in total project funds of \$176,851,268 and issuance-related costs totaling \$2,568,732. The difference between the requested not-to-exceed total of \$180,420,000 and the projected par amount of \$179,420,000 reflects the \$1,000,000 reserve, which is included to allow for potential variations in the interest rates when the bonds are sold. The Office of Public

Finance anticipates selling these bonds on April 27, 2016. As noted above, all of the proposed supplemental appropriations of funds would be placed on Controller's Reserve pending the sale of these bonds.

Annual interest rates for these bonds are projected by the Office of Public Finance at 3.6 percent over approximately 20-years. The Office of Public Finance advises that although a 20-year term is anticipated, the proposed bonds could be structured as a 25-year bond, if market conditions require a longer period of time. The Office of Public Finance estimates that average annual debt service on the bonds is \$12,583,781. Total interest payments over the 20-year Conlife of the bonds are \$72,255,618 and total principal and interest payments are estimated to be \$251,675,000, as shown in Table 6 below.

Table 6: Total Debt Service Payments on the Proposed Three 2016 Bonds Sales

| | Series 2016C ESER | Series 2016D ESER | Series 2016E RRSS | Total |
|--------------------|----------------------|----------------------|----------------------|---------------|
| Principal | \$25,215,000 | \$110,060,000 | \$44,145,000 | \$179,420,000 |
| Interest | 10,163,834 | 44,373,034 | 17,718,750 | 72,255,618 |
| Total Debt Service | \$35,378,834 | \$154,433,034 | \$61,863,750 | \$251,675,618 |

Annual debt service will be recovered for all of these issuances through increases in the annual Property Tax rate. Repayment of the proposed bonds is described for each Series below.

- For Series 2016C, the Office of Public Finance estimates average Property Tax increases of \$0.00091 per \$100 or \$0.91 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 \$600,000, assuming a homeowner's exemption of \$7,000, would pay average annual additional Property Taxes to the City of \$5.46 per year for the anticipated \$25,215,000 ESER Bond sale.
- For Series 2014D, the Office of Public Finance estimates average Property Tax increases of \$0.00397 per \$100 or \$3.97 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 \$600,000, assuming a homeowner's exemption of \$7,000, would pay average annual additional Property Taxes of \$23.56 per year for the anticipated \$110,060,000 ESER Bonds sale.²
- For Series 2014D, the Office of Public Finance estimates average Property Tax increases of \$0.00159 per \$100 or \$1.59 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 \$600,000, assuming a homeowner's exemption of \$7,000, would pay average annual additional Property Taxes to the City of \$9.44 per year for the anticipated \$44,145,000 RRSS Bond sale.

As summarized in Table 7 below, the total estimated issuance of \$179,420,000 of general obligation bonds will result in total additional average annual Property Taxes of \$38.46.

² The difference between the authorized amount of \$111,060,000 and the expected par amount of \$110,060,000 is the \$1,000,000 Reserve Pending Sale shown in Table 3.

Table 7: Anticipated Annual Property Tax Increases on \$600,000 Home For Bond Repayments

| General Obligation Bonds | Anticipated Par Amount | Anticipated Average Annual Property Tax Impact on \$600,000 Home |
|---------------------------------|---------------------------|--|
| 2016C ESER Bond | \$25,215,000 | \$5.46 |
| 2016D ESER Bond | 110,060,000 | 23.56 |
| 2016E RRSS Bond | 44,145,000 | 9.44 |
| Total | 179,420,000 | \$38.46 |

Source: Controller's Office of Public Finance

However, in accordance with the City's capital plan and debt policy, new issuances of bond debt will be offset by the retirement of existing bond debt, such that the Property Tax rate paid by property owners in the City cannot exceed the 2006 Property Tax rates.

POLICY CONSIDERATION

Bond Accountability Reporting

Administrative Code Section 2.71 requires City departments to submit Bond Accountability Reports to the Clerk of the Board, Controller, Treasurer, Director of Public Finance and the Budget and Legislative Analyst 60 days prior to appropriation of bond funds. On November 16, 2015, Mr. Charles Higuera, the Program Manager for the ESER Program submitted both the 2010 and 2014 Earthquake Safety and Emergency Response Bond Program Accountability Reports. On December 21, 2015, Mr. John Thomas, Program Manager for the RRSS Program submitted the Road Repaying and Street Safety 2011 Bond Program Accountability Report.

As noted in the 2014 ESER Bond Accountability Report, the City's General Fund will be used to procure furniture, fixtures and equipment (FF&E) estimated to cost \$4,869,000, because FF&E is not a bond eligible expense. Ms. Marisa Fernandez, Senior Administrative Analyst in DPW advises that these General Fund monies will be requested in the FY 2017-18 Police Department's budget. The department representatives advise that the project amounts in each of these recent Accountability Reports are different than the amounts now being requested for the various projects due to changes in the estimated costs for oversight, accountability and issuance, which allow for additional expenditures for project funds.

Capital Planning Committee

On February 22, 2016, the Capital Planning Committee approved the following:

- issuance of \$25,215,000 of 2010 ESER bonds and appropriation of \$30,000,000³ from these bonds proceeds, plus interest earned;
- issuance and appropriation of \$111,060,000 of 2014 ESER bonds; and
- issuance and appropriation of \$44,145,000 of 2011 RRSS bonds.

³ Although the Capital Planning Committee approved \$30,000,000, the actual amount of the requested supplemental appropriation for the 2010 ESER bonds is \$29,673,553 as shown in Table 5 above.

Approval by the Capital Planning Committee did not include the proposed additional \$2,317,851 of interest earned on the previous RRSS bonds, for a total requested appropriation of \$46,462,851. Ms. Rachel Alonso, Transportation Finance Analyst at DPW advises that on Monday, March 14, 2016, DPW anticipates requesting approval from the Capital Planning Committee to appropriate the additional \$2,317,851 of interest earnings for additional streetscape, bike and pedestrian safety projects. The Board of Supervisors should approve this supplemental appropriation ordinance (File 16-0195) contingent on the approval by the Capital Planning Committee to use interest earnings for this purpose.

RECOMMENDATIONS

1. Approve File 16-0195, which includes \$2,317,851 of additional interest earnings, contingent on the approval by the Capital Planning Committee.
2. Approve the remaining three proposed resolutions and two proposed ordinances.
- 3.