

File No. 220503

Committee Item No. 14

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Appropriations Committee Date May 25, 2022

Board of Supervisors Meeting Date _____

Cmte Board

- Motion
- Resolution
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- Budget and Legislative Analyst Report
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- Introduction Form
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OTHER (Use back side if additional space is needed)

- SFPUC Request for Supplemental Appropriation 4/4/2022
- _____
- _____
- _____
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- _____

Completed by: Brent Jalipa Date May 20, 2022

Completed by: Brent Jalipa Date _____

1 [Appropriation - Proceeds from Revenue Bonds, State Loan or Grant Funds, Water
 2 Revenues, and Water Capacity Fees - \$122,471,597; De-appropriation and Re-Appropriation
 - Water Capital Improvement Projects - \$38,331,661 - FY2022-2023]

3
 4 **Ordinance appropriating a total of \$122,471,597 of proceeds from Revenue Bonds,**
 5 **State of California Water Resources Control Board's revolving loan funds (State Loan**
 6 **Funds) or grant funds (State Grant Funds), water revenues, and water capacity fees for**
 7 **the San Francisco Public Utilities Commission (SFPUC) Water Enterprise's Capital**
 8 **Improvement Program for Fiscal Year (FY) 2022-2023; and de-appropriating and re-**
 9 **appropriating Water Capital Project appropriations of \$38,331,661 in FY2022-2023 and**
 10 **placing \$96,899,821 of Revenue Bond and State Loan Funds or State Grant Funds**
 11 **proceeds by project on Controller's Reserve subject to the Controller's certification of**
 12 **funds availability, including proceeds of indebtedness, and for construction related**
 13 **expenditures (excluding program management, planning and design) for these**
 14 **projects, as applicable, is also subject to the prior occurrence of the SFPUC's and the**
 15 **Board of Supervisors' discretionary adoption of California Environmental Quality Act**
 16 **findings for projects, following review and consideration of completed project related**
 17 **environmental analysis, where required.**

18
 19 Note: **Unchanged Code text and uncodified text** are in plain Arial font.
 20 **Additions to Codes** are in *single-underline italics Times New Roman font*.
 21 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
 22 **Board amendment additions** are in double-underlined Arial font.
 23 **Board amendment deletions** are in ~~strikethrough Arial font~~.
 24 **Asterisks (* * * *)** indicate the omission of unchanged Code
 25 subsections or parts of tables.

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

1 Section 1. The sources of funding outlined below are herein appropriated to reflect the
 2 funding available for Fiscal Year 2022-2023.

3
 4 **SOURCES Appropriation**

5	Fund /	Project & Activity /	Account	Description	Amount
6	Department ID	Authority			
7	26418 Water	10026501-0001	480111	Proceeds from Sale	\$26,562,907
8	Regional 2021 Bond	Water	Proceeds from Sale	of Bonds	
9	Fund /	Bond/Commercial	of Bonds- Face		
10	232396 WTR01	Paper Ex /	Amount		
11	Administration	17731 UB Non-WSIP			
12		Water Bond-CP Exp			
13					
14	26419 Water Local	10026501-0001	480111	Proceeds from Sale	\$47,785,764
15	2021 Bond Fund /	Water	Proceeds from Sale	of Bonds	
16	232396 WTR01	Bond/Commercial	of Bonds- Face		
17	Administration	Paper Ex /	Amount		
18		17731 UB Non-WSIP			
19		Water Bond-CP Exp			
20					
21	26570 WTR CPF	10015493-0001	495030	Water Enterprise	\$8,750,000
22	Other Fund /	Wtr: Revenue	ITI Fr 5W-Water	Revenue	
23	232396 WTR01	Transfer-Sub Fund /	Department Fd		
24	Administration	15680 UW WTR			
25		Revenue Transfer			

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	26600 WTR CPF	10015493-0001	495030	Water Enterprise	\$ 16,250,000
4	Wholesale Customer	Wtr:Revenue	ITI Fr 5W-Water	Revenue	
5	/ 232396 WTR01	Transfer-Sub Fun /	Department Fd		
6	Administration	15680 UW WTR			
7		Revenue Transfer			
8					
9	25960 WTR	10015493-0001	495030	Water Enterprise	\$20,965,926
10	Continuing Authority /	Wtr:Revenue	ITI Fr 5W-Water	Revenue	
11	232396 WTR01	Transfer-Sub Fun /	Department Fd		
12	Administration	15680 UW WTR			
13		Revenue Transfer			
14					
15	26510 WTR CPF	10015134_0001	479993	Water Capacity	\$2,157,000
16	Capacity Fee Prog /	Local Water	Capacity Fees	Fees	
17	232396 WTR01	Conveyance			
18	Administration	Distribution /			
19		15526 UW Local			
20		Water Conveyance-			
21		distribution			
22					
23	Total SOURCES Appropriation				\$122,471,597
24					
25					

Section 2. The uses of funding outlined below are herein appropriated in Accounts 567000 (Buildings, Structures, and Improvements), 584030 (Capital Renewal Projects), 581130 (CON-Internal Audits), 573110 (Bond Issuance Cost-Unamortized), and 567000 (Revenue Bond Oversight Committee), reflecting projected uses of funding to support the Water Capital Improvement Program at the San Francisco Public Utilities Commission for Fiscal Year 2022-2023.

USES Appropriation

Fund / Department ID	Project & Activity / Authority	Account	Description	Amount
26418 Water	10015056-0001	567000	Regional Water	\$9,771,729
Regional 2021 Bond	Regional Water	Blds; Structures & Improvements	Treatment Program	
Fund / 232421 WTR0501	Treatment Program / 15479 UW Regional			
WST Admin	Water Treatment Program			
26570	10015056-0001	584030	Regional Water	2,587,955
WTR CPF Other	Regional Water	Capital Renewal Projects	Treatment Program	
Fund / 232421 WTR0501	Treatment Program / 15479 UW Regional			
WST Admin	Water Treatment Program			

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	26600	10015056-0001	584030	Regional Water	4,806,200
4	WTR CPF Wholesale	Regional Water	Capital Renewal	Treatment Program	
5	Customer /	Treatment Program /	Projects		
6	232421 WTR0501	15479 UW Regional			
7	WST Admin	Water Treatment			
8		Program			
9					
10	26570	10015070-0001	584030	Regional Water	\$4,963,715
11	WTR CPF Other	Water Transmission	Capital Renewal	Transmission	
12	Fund /	Program	Projects	Program	
13	232421 WTR0501	15483 UW Regional			
14	WST Admin	Water Transmission			
15					
16	26600	10015070-0001	584030	Regional Water	\$9,218,329
17	WTR CPF Wholesale	Water Transmission	Capital Renewal	Transmission	
18	Customer /	Program	Projects	Program	
19	232421 WTR0501	15483 UW Regional			
20	WST Admin	Water Transmission			
21					
22					
23					
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1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	26418 Water	10015123-0001	567000	Buildings &	\$12,806,742
4	Regional 2021 Bond	Buildings & Grounds	Blds; Structures &	Grounds Regional	
5	Fund /	Regional /	Improvements		
6	232421 WTR0501	15516 UW Buildings			
7	WST Admin	& Grounds - Regional			
8					
9	26570	10015123-0001	584030	Buildings &	\$1,180,830
10	WTR CPF Other	Buildings & Grounds	Capital Renewal	Grounds Regional	
11	Fund /	Regional /	Projects		
12	232421 WTR0501	15516 UW Buildings			
13	WST Admin	& Grounds - Regional			
14					
15	26600	10015123-0001	584030	Buildings &	\$2,192,971
16	WTR CPF Wholesale	Buildings & Grounds	Capital Renewal	Grounds Regional	
17	Customer /	Regional /	Projects		
18	232421 WTR0501	15516 UW Buildings			
19	WST Admin	& Grounds - Regional			
20					
21					
22					
23					
24					
25					

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	26510 WTR CPF	10015134-0001	584030	Local Water	\$2,152,686
4	Capacity Fee Prog /	Local Water	Capital Renewal	Conveyance/	
5	232406 WTR0304	Conveyance	Projects	Distribution	
6	CDD Engineering	Distribution/			
7		15531 UW Pipeline			
8		Replacement			
9					
10	25960 WTR	10015134-0001	584030	Local Water	\$19,925,669
11	Continuing Authority /	Local Water	Capital Renewal	Conveyance/	
12	232406 WTR0304	Conveyance	Projects	Distribution	
13	CDD Engineering	Distribution/			
14		15531 UW Pipeline			
15		Replacement			
16					
17	26419 Water Local	10015134-0001	567000	Local Water	\$38,081,293
18	2021 Bond Fund /	Local Water	Blds; Structures &	Conveyance/	
19	232406 WTR0304	Conveyance	Improvements	Distribution	
20	CDD Engineering	Distribution/			
21		15531 UW Pipeline			
22		Replacement			
23					
24					
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1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	25960 WTR	10038792-0001	584030	System Monitoring	\$998,326
4	Continuing Authority /	WTR Customer	Capital Renewal	and Control	
5	232406 WTR0304	Service System	Projects		
6	CDD Engineering	22139 Customer			
7		Service System			
8					
9	26419 Water Local	10015427-0001	567000	Buildings & Ground	\$2,536,607
10	2021 Bond Fund /	Buildings & Ground	Blds; Structures &	Improvements	
11	232406 WTR0304	Improvements /	Improvements		
12	CDD Engineering	15617 UW Building &			
13		Grounds			
14		Improvement			
15					
16	26418 Water	10026501-0001	573110	Financing Cost	\$3,925,998
17	Regional 2021 Bond	Water	Bond Issuance Cost-		
18	Fund /	Bond/Commercial	Unamortized		
19	232396 WTR01	Paper Expense /			
20	Administration	17731 UB Non-WSIP			
21		Water Bond-CP Exp			
22					
23					
24					
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1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	26418 Water	10026501-0001	581130	CSA 0.2%	\$45,157
4	Regional 2021 Bond	Water	GF-CON-Internal	Controller's Audit	
5	Fund /	Bond/Commercial	Audits	Fund	
6	232396 WTR01	Paper Expense /			
7	Administration	17731 UB Non-WSIP			
8		Water Bond-CP Exp			
9					
10	26418 Water	10026501-0001	567000	Revenue Bond	\$13,281
11	Regional 2021 Bond	Water	Blds; Structures &	Oversight	
12	Fund /	Bond/Commercial	Improvements	Committee 0.05%	
13	232396 WTR01	Paper Expense /			
14	Administration	17731 UB Non-WSIP			
15		Water Bond-CP Exp			
16					
17	26419 Water Local	10026501-0001	573110	Financing Cost	\$7,062,736
18	2021 Bond Fund /	Water	Bond Issuance Cost-		
19	232396 WTR01	Bond/Commercial	Unamortized		
20	Administration	Paper Expense /			
21		17731 UB Non-WSIP			
22		Water Bond-CP Exp			
23					
24					
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1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	26419 Water Local	10026501-0001	581130	CSA 0.2%	\$81,235
4	2021 Bond Fund /	Water	GF-CON-Internal	Controller's Audit	
5	232396 WTR01	Bond/Commercial	Audits	Fund	
6	Administration	Paper Expense /			
7		17731 UB Non-WSIP			
8		Water Bond-CP Exp			
9					
10	26419 Water Local	10026501-0001	567000	Revenue Bond	\$23,893
11	2021 Bond Fund /	Water	Blds; Structures &	Oversight	
12	232396 WTR01	Bond/Commercial	Improvements	Committee 0.05%	
13	Administration	Paper Expense /			
14		17731 UB Non-WSIP			
15		Water Bond-CP Exp			
16					
17	25960 WTR	10026501-0001	581130	CSA 0.2%	\$41,931
18	Continuing Authority /	Water	GF-CON-Internal	Controller's Audit	
19	232396 WTR01	Bond/Commercial	Audits	Fund	
20	Administration	Paper Expense /			
21		17731 UB Non-WSIP			
22		Water Bond-CP Exp/			
23					
24					
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1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	26510 WTR CPF	10026501-0001	581130	CSA 0.2%	\$4,314
4	Capacity Fee Prog /	Water	GF-CON-Internal	Controller's Audit	
5	232396 WTR01	Bond/Commercial	Audits	Fund	
6	Administration	Paper Expense /			
7		17731 UB Non-WSIP			
8		Water Bond-CP Exp/			
9					
10	26570	10026501-0001	581130	CSA 0.2%	\$17,500
11	WTR CPF Other	Water	GF-CON-Internal	Controller's Audit	
12	Fund /	Bond/Commercial	Audits	Fund	
13	232396 WTR01	Paper Expense /			
14	Administration	17731 UB Non-WSIP			
15		Water Bond-CP Exp/			
16					
17	26600	10026501-0001	581130	CSA 0.2%	\$32,500
18	WTR CPF Wholesale	Water	GF-CON-Internal	Controller's Audit	
19	Customer /	Bond/Commercial	Audits	Fund	
20	232396 WTR01	Paper Expense /			
21	Administration	17731 UB Non-WSIP			
22		Water Bond-CP Exp/			
23	Total USES Appropriation				\$122,471,597
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1 Section 3. Of the above appropriated amount, \$222,637, representing 0.2% of the
2 expenditure budget net of bond financing and audit costs, shall be allocated to support the
3 Controller's Audit Fund, pursuant to Charter Appendix F1.113; and \$37,174 representing 0.05%
4 of gross bond proceeds, shall be allocated to support the Public Utilities Commission Revenue
5 Bond Oversight Committee, pursuant to Administrative Code Section 5A.31. These
6 appropriations may be increased or decreased by the Controller based on changes to
7 expenditure appropriations or actual gross bond proceeds to conform to the applicable Charter
8 and Administrative Code formulas.

9 Section 4. \$74,348,671 is hereby placed on Controller's Appropriation Reserve, as set
10 forth below. Release of appropriation reserves by the Controller is subject to the Controller's
11 certification of funds availability, including proceeds of indebtedness, and for construction
12 related expenditures (excluding program management, planning and design) for these projects,
13 as applicable, is also subject to the prior occurrence of the SFPUC's and the Board of
14 Supervisors' discretionary adoption of California Environmental Quality Act (CEQA) findings for
15 projects, following review and consideration of completed project related environmental
16 analysis, where required.

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1 **Appropriation on Reserve**

2	Fund /	Project & Activity /	Account	Description	Amount
3	Department ID	Authority			
4	26418 Water	10015056-0001	567000	Regional Water	\$9,771,729
5	Regional 2021 Bond	Regional Water	Blds; Structures &	Treatment Program	
6	Fund /	Treatment Program /	Improvements		
7	232421 WTR0501	15479 UW Regional			
8	WST Admin	Water Treatment			
9		Program			
10					
11	26418 Water	10015123-0001	567000	Buildings &	\$12,806,742
12	Regional 2021 Bond	Buildings & Grounds	Blds; Structures &	Grounds Regional	
13	Fund /	Regional /	Improvements		
14	232421 WTR0501	15516 UW Buildings			
15	WST Admin	& Grounds - Regional			
16					
17	26419 Water Local	10015134-0001	567000	Local Water	\$38,081,293
18	2021 Bond Fund /	Local Water	Blds; Structures &	Conveyance/	
19	232406 WTR0304	Conveyance	Improvements	Distribution	
20	CDD Engineering	Distribution/			
21		15531 UW Pipeline			
22		Replacement			
23					
24					
25					

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	26419 Water Local	10015427-0001	567000	Buildings & Ground	\$2,536,607
4	2021 Bond Fund /	Buildings & Ground	Blds; Structures &	Improvements	
5	232406 WTR0304	Improvements /	Improvements		
6	CDD Engineering	15617 UW Building &			
7		Grounds			
8		Improvement			
9					
10	26418 Water	10026501-0001	573110	Financing Cost	\$3,925,998
11	Regional 2021 Bond	Water	Bond Issuance Cost-		
12	Fund /	Bond/Commercial	Unamortized		
13	232396 WTR01	Paper Expense /			
14	Administration	17731 UB Non-WSIP			
15		Water Bond-CP Exp			
16					
17	26418 Water	10026501-0001	581130	CSA 0.2%	\$45,157
18	Regional 2021 Bond	Water	GF-CON-Internal	Controller's Audit	
19	Fund /	Bond/Commercial	Audits	Fund	
20	232396 WTR01	Paper Expense /			
21	Administration	17731 UB Non-WSIP			
22		Water Bond-CP Exp			
23					
24					
25					

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	26418 Water	10026501-0001	567000	Revenue Bond	\$13,281
4	Regional 2021 Bond	Water	Blds; Structures &	Oversight	
5	Fund /	Bond/Commercial	Improvements	Committee 0.05%	
6	232396 WTR01	Paper Expense /			
7	Administration	17731 UB Non-WSIP			
8		Water Bond-CP Exp			
9					
10	26419 Water Local	10026501-0001	573110	Financing Cost	\$7,062,736
11	2021 Bond Fund /	Water	Bond Issuance Cost-		
12	232396 WTR01	Bond/Commercial	Unamortized		
13	Administration	Paper Expense /			
14		17731 UB Non-WSIP			
15		Water Bond-CP Exp			
16					
17	26419 Water Local	10026501-0001	581130	CSA 0.2%	\$81,235
18	2021 Bond Fund /	Water	GF-CON-Internal	Controller's Audit	
19	232396 WTR01	Bond/Commercial	Audits	Fund	
20	Administration	Paper Expense /			
21		17731 UB Non-WSIP			
22		Water Bond-CP Exp			
23					
24					
25					

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	26419 Water Local	10026501-0001	567000	Revenue Bond	\$23,893
4	2021 Bond Fund /	Water	Blds; Structures &	Oversight	
5	232396 WTR01	Bond/Commercial	Improvements	Committee 0.05%	
6	Administration	Paper Expense /			
7		17731 UB Non-WSIP			
8		Water Bond-CP Exp			
9	Total Appropriation on Reserve				\$74,348,671

10

11 Section 5. Associated bond financing costs up to \$10,988,734 are also hereby
 12 appropriated, including but not limited to, issuance costs, debt service reserve, capitalized
 13 interest, rating agency, and disclosure costs, all on Controller's Reserve pending receipt of bond
 14 proceeds. To the extent that net available bond proceeds after financing costs are more than
 15 budgeted, the SFPUC may use such surplus bond proceeds as a substitute for other sources
 16 budgeted in this ordinance.

17

18 Section 6: The Controller is authorized to record transfers between funds and adjust the
 19 accounting treatment of sources and uses appropriated in this ordinance as necessary to
 20 conform to Generally Accepted Accounting Principles and other laws.

21

22 Section 7. De-appropriating and Re-appropriating of \$15,511,001 in the Regional Water
 23 Enterprise Capital Improvement Program for FY 2022-2023 and placing \$8,919,150 on
 24 Controller's reserve by project. The uses of funding outlined below are herein de-appropriated

25

1 and re-appropriated in account 567000 (Buildings, Structures, and Improvements) and account
 2 584030 reflect the projected uses to fund the Water Enterprise Capital Budget for Fiscal Year
 3 2022-2023.

4
 5 **USES – De-Appropriation**

Fund /	Project & Activity /	Account	Description	Amount
Department ID	Authority			
26601 Water	10015089-0001	567000	Water Supply &	\$8,919,150
Enterprises Capital	Water Supply &	Buildings,	Storage	
Fund/	Storage /	Structures, and		
232421 WTR0501	15492 Water Supply	Improvements		
WST Admin	& Storage			
26570	10015102-0001	584030	Watershed & Land	\$1,496,639
WTR CPF Other	Watershed & Land	Capital Renewal	Management	
Fund /	Management	Projects		
232421 WTR0501	15499 UW			
WST Admin	Watershed & Land			
	Management			

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	26600	10015102-0001	584030	Watershed & Land	\$2,779,472
4	WTR CPF Wholesale	Watershed & Land	Capital Renewal	Management	
5	Customer /	Management	Projects		
6	232421 WTR0501	15499 UW			
7	WST Admin	Watershed & Land			
8		Management			
9					
10	26570	10015233-0001	584030	Long Term	\$810,509
11	WTR CPF Other	Long Term	Capital Renewal	Monitoring & Permit	
12	Fund /	Monitoring & Permit	Projects		
13	232421 WTR0501	Program			
14	WST Admin	15549 – UW Long			
15		Term Monitoring &			
16		Permit Program			
17					
18	26600	10015233-0001	584030	Long Term	\$1,505,231
19	WTR CPF Wholesale	Long Term	Capital Renewal	Monitoring & Permit	
20	Customer /	Monitoring & Permit	Projects		
21	232421 WTR0501	Program			
22	WST Admin	15549 – UW Long			
23		Term Monitoring &			
24		Permit Program			
25	Total USES De-Appropriation				\$15,511,001

USES – Re-Appropriation

	Fund /	Project & Activity /	Account	Description	Amount
	Department ID	Authority			
4	26601 Water	10015056-0001	567000	Regional Water	\$8,919,150
5	Enterprises Capital	Regional Water	Buildings,	Treatment Program	
6	Fund/	Treatment Program	Structures, and		
7	232421 WTR0501	15479 – UW	Improvements		
8	WST Admin	Regional Water			
9		Treatment Program			
10					
11	26570	10015056-0001	584030	Regional Water	\$760,170
12	WTR CPF Other	Regional Water	Capital Renewal	Treatment Program	
13	Fund /	Treatment Program	Projects		
14	232421 WTR0501	15479 – UW			
15	WST Admin	Regional Water			
16		Treatment Program			
17					
18	26600	10015056-0001	584030	Regional Water	\$1,411,745
19	WTR CPF Wholesale	Regional Water	Capital Renewal	Treatment Program	
20	Customer /	Treatment Program	Projects		
21	232421 WTR0501	15479 – UW			
22	WST Admin	Regional Water			
23		Treatment Program			
24					
25					

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	26570	10015117-0001	584030	Communications &	\$1,039,376
4	WTR CPF Other	Communications &	Capital Renewal	Monitoring	
5	Fund /	Monitoring	Projects		
6	232421 WTR0501	15513 UW			
7	WST Admin	Communications &			
8		Monitoring			
9					
10	26600	10015117-0001	584030	Communications &	\$1,930,269
11	WTR CPF Wholesale	Communications &	Capital Renewal	Monitoring	
12	Customer /	Monitoring	Projects		
13	232421 WTR0501	15513 UW			
14	WST Admin	Communications &			
15		Monitoring			
16					
17	26570	10015123-0001	584030	Building & Grounds	\$507,602
18	WTR CPF Other	Buildings & Grounds	Capital Renewal	Regional	
19	Fund /	- Regional	Projects		
20	232421 WTR0501	15516 UW Building &			
21	WST Admin	Grounds - Regional			
22					
23					
24					
25					

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	26600	10015123-0001	584030	Building & Grounds	\$942,689
4	WTR CPF Wholesale	Buildings & Grounds	Capital Renewal	Regional	
5	Customer /	- Regional	Projects		
6	232421 WTR0501	15516 UW Building &			
7	WST Admin	Grounds - Regional			
8	Total USES Re-Appropriation				\$15,511,001

9

10 **Appropriation on Reserve**

11	Fund /	Project & Activity /	Account	Description	Amount
12	Department ID	Authority			
13	26601 Water	10015056-0001 –	567000	Regional Water	\$8,919,150
14	Enterprises Capital	Regional Water	Buildings,	Treatment Program	
15	Fund/	Treatment Program	Structures, and		
16	232421 WTR0501	15479 – UW	Improvements		
17	WST Admin	Regional Water			
18		Treatment Program			
19					
20	Total Appropriation on Reserve				\$8,919,150

21

22 Section 8. De-appropriating and Re-appropriating of \$22,820,660 in the Local Water

23 Enterprise Capital Improvement Program for FY 2022-2023 and placing \$13,632,000 on

24 Controller's reserve by project. The uses of funding outlined below are herein de-appropriated

25 and re-appropriated in account 567000 (Buildings, Structures, and Improvements) and account

1 584030 reflect the projected uses to fund the Water Enterprise Capital Budget for Fiscal Year
 2 2022-2023.

3

4 USES – De-Appropriation

5	Fund /	Project & Activity /	Account	Description	Amount
6	Department ID	Authority			
7	26230 WTR CPF	10015042-0001	567000	Treasure Island	\$6,159,918
8	2002 Prop E Fund/	Treasure Island	Buildings,	Capital Improv	
9	232396 WTR01	Capital Improv	Structures, and		
10	Administration	/15465 UW Treasure	Improvements		
11		Island			
12					
13	25960 WTR	10015042-0001	584030	Treasure Island	\$291,901
14	Continuing Authority /	Treasure Island	Capital Renewal	Capital Improv	
15	232396 WTR01	Capital Improv	Projects		
16	Administration	/15465 UW Treasure			
17		Island			
18					
19	25960	10015131-0001 Local	584030	UW Local Supply	\$835,847
20	WTR Continuing	Water Supply/Other	Capital Renewal		
21	Authority / 232396	Recycle Water	Projects		
22	WTR01	15522 UW Local			
23	Administration	Water Supply-other			
24		Recycle			
25					

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	25960	10015443-0001	584030	Pacifica Recycled	\$1,100,994
4	WTR Continuing	Pacifica Recycle	Capital Renewal	Water	
5	Authority / 232396	Water	Projects		
6	WTR01	15629 UW Pacifica			
7	Administration	Recycled Water			
8					
9	26405	10034505-0001	567000	Water Supply	\$4,550,000
10	WTR CPF 2017A	Water Supply	Buildings,	Projects	
11	Bond Fund/ 232396	Projects/ 20711	Structures, and		
12	WTR01	Water Diversification	Improvements		
13	Administration	Projects			
14					
15	26419 WTR Local	10034505-0001	567000	Water Supply	\$6,700,000
16	2021 Bond Fund	Water Supply	Buildings,	Projects	
17	/ 232406 WTR0304	Projects/ 20711	Structures, and		
18	CDD Engineering	Water Diversification	Improvements		
19		Projects			
20					
21					
22					
23					
24					
25					

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	26601 Water	10034505-0001	567000	Water Supply	\$3,182,000
4	Enterprise Capital	Water Supply	Buildings,	Projects	
5	Fund /232406	Projects/ 20711	Structures, and		
6	WTR0304 CDD	Water Diversification	Improvements		
7	Engineering	Projects			
8	Total USES De-Appropriation				\$22,820,660

USES – Re-Appropriation

11	Fund /	Project & Activity /	Account	Description	Amount
12	Department ID	Authority			
13	26230 WTR CPF	10015134-0001	567000	Local Water	\$6,159,918
14	2002 Prop E Fund/	Local Water	Buildings,	Conveyance/	
15	232396 WTR01	Conveyance	Structures, and	Distribution	
16	Administration	Distribution	Improvements		
17		15531 UW Pipeline			
18		Replacement			
19					
20	26405	10015134-0001	567000	Local Water	\$4,550,000
21	WTR CPF 2017A	Local Water	Buildings,	Conveyance/	
22	Bond Fund/ 232396	Conveyance	Structures, and	Distribution	
23	WTR01	Distribution	Improvements		
24	Administration	15531 UW Pipeline			
25		Replacement			

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	26419 WTR Local	10015134-0001 Local	567000	Local Water	\$6,700,000
4	2021 Bond Fund /	Water Conveyance	Buildings,	Conveyance/	
5	232406 WTR0304	Distribution	Structures, and	Distribution	
6	CDD Engineering	15531 UW Pipeline	Improvements		
7		Replacement			
8					
9	26601 Water	10015134-0001 Local	567000	Local Water	\$3,182,000
10	Enterprise Capital	Water Conveyance/	Buildings,	Conveyance/	
11	Fund /232406	Distribution	Structures, and	Distribution	
12	WTR0304 CDD	15531 UW Pipeline	Improvements		
13	Engineering	Replacement			
14					
15	25960	10015134-0001 Local	584030	Local Water	\$1,012,779
16	WTR Continuing	Water Conveyance/	Capital Renewal	Conveyance/	
17	Authority / 232396	Distribution	Projects	Distribution	
18	WTR01	15531 UW Pipeline			
19	Administration	Replacement			
20					
21					
22					
23					
24					
25					

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	25960	10015227-0001	584030	UW Pump Station	\$468,742
4	WTR Continuing	Pump Station	Capital Renewal	Improvements	
5	Authority / 232396	Improvements	Projects		
6	WTR01	15543 UW Pump			
7	Administration	Station			
8		Improvements			
9					
10	25960	10015425-0001	584030	Automated Meter	\$747,221
11	WTR Continuing	Automated Meter	Capital Renewal	Reading System	
12	Authority / 232396	Reading System	Projects		
13	WTR01	15612 UW			
14	Administration	Automated Meter			
15		Reading System			
16	Total USES Re-Appropriation				\$22,820,660

Appropriation on Reserve

19	Fund /	Project & Activity /	Account	Description	Amount
20	Department ID	Authority			
21	26405 WTR CPF	10015134-0001 Local	567000	Local Water	3,750,000
22	2017A Bond Fund /	Water Conveyance	Buildings,	Conveyance/	
23	232396 WTR01	Distribution	Structures, and	Distribution	
24	Administration	15531 UW Pipeline	Improvements		
25		Replacement			

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	26419 WTR Local	10015134-0001 Local	567000	Local Water	\$6,700,000
4	2021 Bond Fund /	Water Conveyance	Buildings,	Conveyance/	
5	232406 WTR0304	Distribution	Structures, and	Distribution	
6	CDD Engineering	15531 UW Pipeline	Improvements		
7		Replacement			
8					
9	26601 Water	10015134-0001 Local	567000	Local Water	\$3,182,000
10	Enterprise Capital	Water Conveyance/	Buildings,	Conveyance/	
11	Fund/232406	Distribution	Structures, and	Distribution	
12	WTR0304 CDD	15531 UW Pipeline	Improvements		
13	Engineering	Replacement			
14	Total Appropriation on Reserve				\$13,632,000

15

16 Section 9. This Board, by Ordinance No. 03-16, authorized the SFPUC to enter into one
17 or more State of California State Water Resources Control Board Installment Sale Agreements
18 under the Clean Water State Revolving Fund (State Loan Funds), and amended and
19 supplemented Ordinance No. 89-10 to authorize, in addition to the issuance of Water revenue
20 bonds, the execution and delivery of State Loan Funds to finance projects, provided that any
21 such indebtedness shall not exceed in an aggregate principal amount \$1,737,724,038.
22 Ordinance No. 03-16 also authorized the SFPUC to accept State Water Resources Control
23 Board Grant funds (State Grant Funds) to be applied to pay for the costs of the San Francisco
24 Westside Recycled Water Project, as approved by SFPUC Commission Resolution No. 15-
25 0196, adopted September 22, 2015. The Board is concurrently considering with this Ordinance

1 a SFPUC Water Revenue Bond issuance, including authorization to obtain State Loan Funds
2 and State Grant Funds, not to exceed \$478,440,136. The Sources of Funds herein
3 appropriated in Section 1 of this Ordinance, or previously appropriated by Ordinance 103-14,
4 may include State Loan Funds, State Grant Funds, Federal Grant Funds, or Federal Loan
5 Funds when available, subject to compliance with the terms of the authorizing legislation for
6 such Funds. The Controller is authorized to record substitution of the source of funds
7 appropriated with State Loan Funds, State Grant Funds, Federal Grant Funds, or Federal Loan
8 Funds as necessary to conform to Generally Accepted Accounting Principles and other laws.

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APPROVED AS TO FORM:
, City Attorney

FUNDS AVAILABLE
BEN ROSENFELD, Controller

By: /s/ _____
JON GIVNER
Deputy City Attorney

By: /s/ _____
BEN ROSENFELD
Controller

<p>Items 13 & 14 Files 22-0502 & 22-0503</p>	<p>Department: Public Utilities Commission</p>
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EXECUTIVE SUMMARY

Legislative Objectives

- **File 22-0502** is an ordinance authorizing the San Francisco Public Utilities Commission (SFPUC) to issue \$141,418,472 in Water Revenue Bonds to fund Water Enterprise capital projects.
- **File 22-0503** is an ordinance appropriating \$122,471,597 of Water Revenue Bond proceeds or State Loan or Grant Funds, water revenues, and water capacity fees for the Water Enterprise’s Capital Improvement Program for FY 2022-23; de-appropriating and re-appropriating Water capital project appropriations of \$38,331,661 in FY 2022-23; and placing \$96,899,821 of Water Revenue Bond and State Loan or Grant Fund proceeds on Controller’s Reserve.

Key Points

- Proposition E, approved by voters in 2002, provides for the Board of Supervisors to authorize SFPUC to issue revenue bonds. To date, the Board of Supervisors has authorized \$4.6 billion and SFPUC has issued \$3.8 billion in Water Revenue Bonds authorized by Proposition E. Of the authorized and unissued bonds of approximately \$800 million, \$130 million were approved in 2010 and 2014 for Water System Improvement Program projects.
- The appropriation of \$122.4 million funds projects approved in the SFPUC 10-Year Capital Plan and other projects not in the Capital Plan, such as customer service system, emergency communications, and automated meter reading improvements.

Fiscal Impact

- Annual Water Enterprise debt service for outstanding debt is \$335 million in FY 2022-23, increasing to \$409 million in FY 2031-32. Retail water rates are not increased in FY 2022-23 and would be increased by 5 percent in FY 2023-24.

Policy Consideration

- The 10-Year Capital Plan provides for predevelopment funding for the Millbrae Yard and City Distribution Division administrative building, which include relocation of staff from existing space.

Recommendations

- Amend the proposed ordinance (File 20-0502) to state that the required report detailing issuance of Wastewater Revenue bonds approved by File 20-0830 and File 22-0502 will be included in the legislative files for the respective ordinances.
- Request the SFPUC General Manager to report on the proposed disposition of the Rollins Road facility during the review of the SFPUC two-year operating and capital budget in May 2024.
- Amend File 20-0503 to place \$2,536,607 in the FY 2022-23 appropriation for predevelopment costs for the City Distribution Division administrative building on Budget and Finance Committee Reserve, pending a report to the Board of Supervisors on facility design, space needs, total project costs, and disposition of 1990 Newcomb Avenue.
- Approve Files 20-0503 and 20-0502 as amended.

MANDATE STATEMENT

Charter Section 9.107(6, 8) states that the Board of Supervisors is authorized to provide for the issuance of revenue bonds for the purpose of the reconstruction or replacement of existing water facilities or electric power facilities or combinations of water and electric power facilities under the jurisdiction of the Public Utilities Commission, when authorized by resolution adopted by a three-fourths affirmative vote of all members of the Board of Supervisors; and issued to finance or refinance the acquisition, construction, installation, equipping, improvement or rehabilitation of equipment or facilities for renewable energy and energy conservation.

Charter Section 8B.124 states that the Public Utilities Commission is authorized to issue revenue bonds and other forms of indebtedness, when authorized by two-thirds vote of the Board of Supervisors, for Water Enterprise and Wastewater Enterprise capital projects.

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

Charter Section 5A.31(d) states that one-twentieth of one percent (0.05%) from the proceeds of each issuance or sale of public utility revenue bonds must be set aside for use by the Public Utilities Commission Revenue Bond Oversight Committee to cover the costs of Committee activities.

Charter Section 9.105 states that the Board of Supervisors shall approve by ordinance all amendments to the Annual Appropriation Ordinance after the Controller certifies the availability of funds.

BACKGROUND

The San Francisco Public Utilities Commission (SFPUC) Water Enterprise provides both regional water conveyance and local (in-city) water distribution. The regional water conveyance system includes the Hetch Hetchy Reservoir, the Irvington Tunnel conveying water from the Hetch Hetchy Reservoir, the San Antonio and Calaveras Reservoirs in Alameda County, and the San Andreas and Crystal Springs Reservoirs on the Peninsula. The in-city distribution system is a series of pipelines that distributes water from the regional water conveyance system to residences and retail businesses in the city.

In 2003, SFPUC implemented the \$4.8 billion Water System Improvement Program (WSIP) to upgrade the regional and local water system. According to SFPUC, all local WSIP projects have been completed, and 47 of 52 regional WSIP projects are in the construction close-out or completion phase. The SFPUC forecasts that WSIP projects will be completed by May 2023.

The SFPUC approved the 10-year financial plan for FY 2022-23 through FY 2031-32 in February 2022 in accordance with Charter Section 8B.123. According to the 10-year financial plan, the Water Enterprise 10-year capital plan through June 2031 is \$1.9 billion, of which one-third is funded through Water Enterprise revenues and one-third is funded through debt. The Board of

Supervisors is being asked to approve the Water Enterprise capital improvement budget for FY 2022-23 and the issuance of Water Revenues Bonds, as detailed below.

DETAILS OF PROPOSED LEGISLATION

File 22-0502 is an ordinance (a) authorizing the issuance and sale of tax-exempt or taxable Water Revenue Bonds by the San Francisco Public Utilities Commission (SFPUC) in an aggregate principal amount not to exceed \$141,418,472 to finance the costs of Water Enterprise capital projects; (b) authorizing the issuance of Water Revenue Refunding Bonds and the retirement of outstanding Water Enterprise Commercial Paper; (c) declaring the intent of SFPUC to reimburse itself with one or more issues of tax-exempt bonds or other forms of indebtedness; and (d) ratifying previous actions taken in connection with the issuance of the bonds.

File 22-0503 is an ordinance (a) appropriating \$122,471,597 of proceeds from Revenue Bonds, State of California Water Resources Control Board's revolving loan funds (State Loan Funds) or grant funds (State Grant Funds), water revenues, and water capacity fees for the San Francisco Public Utilities Commission (SFPUC) Water Enterprise's Capital Improvement Program for FY 2022-23; and (b) de-appropriating and re-appropriating Water Capital Project appropriations of \$38,331,661 in FY 2022-23. \$96,899,821 of Revenue Bond and State Loan Funds or State Grant Funds proceeds are placed on Controller's Reserve pending Controller certification of the availability of funds. Sources and uses of the appropriated funds are shown in Table 1 below and de-appropriation and re-appropriation of Water Capital Project funds are shown in Tables 2 and 3 below. Projects funded by the appropriated funds are subject to final approval by the SFPUC and the Board of Supervisors of the California Environmental Quality Act (CEQA) findings.

Water Revenue Bond Issuance

At the February 8, 2022 Commission meeting, the SFPUC approved the issuance of new Water Revenue Bonds to finance Water capital projects in FY 2022-23. The proposed ordinance allows the issuance of commercial paper or other interim debt to finance the projects prior to the issuance of the revenue bonds and provides for SFPUC to access California Water Resources Control Board revolving loan funds or grant funds.

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

In addition, the SFPUC may issue refunding bonds to repay outstanding Water Revenue Bond debt if the issuance of the refunding bonds results in net present value debt service savings of 3 percent and does not extend the maturity date. If the SFPUC issues refunding bonds, then the SFPUC needs to submit to the Board of Supervisors the final official statement for the refunding bonds and a statement from the financial advisor on the 3 percent net present value debt service savings. SFPUC may request authorization to issue refunding bonds for other reasons that debt

service savings if other benefits accrue, such as removal of bond covenants deemed to be onerous to the SFPUC. The authorization to issue refunding bonds extends through June 2027.

FY 2022-23 Capital Budget

The proposed ordinance appropriates \$122.5 million in new funds to Water Enterprise projects in the 10-Year Capital Plan for FY 2022-23 through FY 2031-22 and \$38.3 million in reappropriated funds to various Water Enterprise projects, shown in Tables 1 – 3 below.

Table 1: Sources and Uses of Funds

	Regional Programs		Local Programs			Total
	Water Revenue Bonds (Regional)	Water Enterprise Revenues (Wholesale Customer)	Water Revenue Bonds (Local)	Water Enterprise Revenues	Water Capacity Fees	
Sources	\$26,562,907	\$16,250,000	\$47,785,764	\$29,715,926	\$2,157,000	\$122,471,597
Uses						
Water Treatment	\$9,771,729	\$4,806,200		\$2,587,955		\$17,165,884
Water Transmission		9,218,329		4,963,715		\$14,182,044
Buildings & Grounds	12,806,742	2,192,971	2,536,607	1,180,830		\$18,717,150
Local Conveyance/ Distribution			38,081,293	19,925,669	2,152,686	\$60,159,648
Customer Service				998,326		\$998,326
Financing ^a	3,925,998		7,062,736			\$10,988,734
Controller's Audit	45,157	32,500	81,235	41,931	4,314	\$205,137
RBOC ^b	13,281		23,893	17,500		\$54,674
Total Uses	\$26,562,907	\$16,250,000	\$47,785,764	\$29,715,926	\$2,157,000	\$122,471,597

Source: File 22-0503

^a Financing costs include the costs of interim, short-term funding for projects by the Commercial Paper Program, such as accrued interest and credit bank and dealer fees associated with outstanding commercial notes as well as capitalized interest and other issuance costs.

^b Revenue Bond Oversight Committee

Proposition E Bond Funds

San Francisco voters approved Proposition E in 2002, providing for the Board of Supervisors to authorize issuance of Water Revenue Bonds with three-fourths approval of the Board members. To date, the Board of Supervisors has authorized \$4,617,099,036 and SFPUC has issued \$3,769,973,951 in bonds authorized by Proposition E.

Water System Improvement Program

The Board authorized \$3,070,808,317 in Water Revenue Bonds for Water System Improvement Program (WSIP) projects, of which \$2,940,525,000 have been issued and \$130,283,217 is authorized but not issued. According to the WSIP Quarterly Report, local WSIP projects are complete and regional projects are forecasted for completion in 2027.¹ According to SFPUC staff,

¹ The major regional WSIP projects to be completed are groundwater storage and recovery.

the WSIP has approximately \$77 million in outstanding Water Enterprise commercial paper, and current and future commercial paper issuances will be used to finance WSIP project construction. SFPUD will issue Water Revenue Bonds at a future date to retire the outstanding commercial paper.

Other Water Enterprise Capital Projects

The Board authorized \$1,546,290,719 in Water Revenue Bonds for other Water Enterprise capital projects, of which \$829,448,951 have been issued and \$716,841,768 is authorized but not issued.^{2,3} According to SFPUC, the Commission has used commercial paper as interim financing for the Water Enterprise capital projects.

If the Board authorizes \$141,418,472 in new Water Revenue Bonds for Water Enterprise capital projects, total authorization increases to \$1,687,709,191 and the amount of authorized and unissued bonds increases to \$858,260,240. The SFPUC 10-Year Financial Plan provides for issuing \$406 million in Water Revenue Bonds in FY 2022-23; total Water Revenue Bond issuances over 10 years through FY 2031-32 are \$1.6 billion.

Of the requested Water Revenue Bond authorization of \$141,418,472:

- \$74,384,671 are allocated to Water Enterprise projects shown in Table 1 above: \$26,562,907 to regional projects and \$47,785,764 to local projects
- \$67,069,801 are allocated to Hetch Hetchy Water and Power Enterprise projects (File 22-0498).

10-Year Capital Plan

The projects shown in Table 1 above are included in the SFPUC's 10-Year Capital Plan for FY 2022-23 through FY 2031-32. According to SFPUC staff, the Commission is requesting one year of appropriation approval, pending further evaluation of project spending and delays for ongoing Water Enterprise projects.

Re-appropriation of Funds

The proposed ordinance re-appropriates funds to regional and local water projects, shown in Tables 2 and 3 below.

² The legislation authorizing the bonds provides for the use of State loans and other funds. Of the \$1.5 billion in bond authorization for Water Enterprise capital projects, the SFPUC used \$265.5 million in State loans in lieu of issuing bonds.

³ Authorized and unissued Water Revenue Bonds were approved by the Board in 2018 (\$478.4 million authorized and \$143.8 million issued, with authorized and unissued bonds of \$334.6 million), 2019 (\$34.1 million authorized and not issued), and 2020 (\$341.1 million authorized and not issued).

Table 2: De-appropriation and Re-appropriation of Regional Water Project Funds

	Water Capital Improvement Program	Water Enterprise Revenues	Water Enterprise Revenues (Wholesale Customer)	Total
De-appropriation				
Water Supply & Storage	(\$8,919,150)			(\$8,919,150)
Watershed & Land Management		(1,496,639)	(2,779,472)	(4,276,111)
Long-term Monitoring & Permit		(810,509)	(1,505,231)	(2,315,740)
Total De-appropriation	(\$8,919,150)	(\$2,307,148)	(\$4,284,703)	(\$15,511,001)
Re-appropriation				
Regional Water Treatment Program	\$8,919,150	\$760,170	\$1,411,745	\$11,091,065
Communications & Monitoring		1,039,376	1,930,269	2,969,645
Buildings & Grounds		507,602	942,689	1,450,291
Total Re-appropriation	\$8,919,150	\$2,307,148	\$4,284,703	\$15,511,001

Source: File 22-0503

Table 3: De-appropriation and Re-appropriation of Local Water Project Funds

	2002 Proposition E	Water Continuing Projects	2017 and 2021 Water Revenue Bonds	Water Enterprise Capital Funds	Total
De-appropriation					
Treasure Island Improvements	(\$6,159,918)	(\$291,901)			(\$6,451,819)
Local Water Supply		(835,847)	(11,250,000)	(3,182,000)	(15,267,847)
Pacifica Recycled Water		(1,100,994)			(1,100,994)
Total De-appropriation	(\$6,159,918)	(\$2,228,742)	(\$11,250,000)	(\$3,182,000)	(\$22,820,660)
Re-appropriation					
Local Conveyance/Distribution	\$6,159,918	\$1,012,779	\$11,250,000	\$3,182,000	\$21,604,697
Pump Station Improvements		468,742			468,742
Automated Meter Reading		747,221			747,221
Total Re-appropriation	\$6,159,918	\$2,228,742	\$11,250,000	\$3,182,000	\$22,820,660

Source: File 22-0503

According to SFPUC staff, as a preliminary step to FY 2022-23 Capital Budget development, a baseline review of all existing project appropriations was completed for potential closeout or repurposing to new capital budget needs. This review focused on capital project delivery and reduced the 2-year capital budget request to more efficiently use existing project appropriations.

Descriptions of the projects shown in Tables 1, 2, and 3 are provided in the attachment.

FISCAL IMPACT*Debt Issuance*

SFPUC anticipates issuing \$141.4 million in Water Revenue Bonds at 5 percent interest and for a 30-year term. Capitalized interest costs over 30 months are \$17.7 million⁴ and issuance costs are \$2.8 million⁵ for net bond proceeds of approximately \$120 million.⁶ Average annual debt service over 30 years is approximately \$9.5 million.

The 10-Year Financial Plan provides for issuing \$406 million in Water Revenue Bonds in 2023 and future Water Revenue Bond issuances totaling \$1.6 billion over 10 years. Annual Water Enterprise debt service for outstanding debt is \$335 million in FY 2022-23, increasing to \$409 million in FY 2031-32.

The year-end Water Enterprise fund balance is estimated to increase from \$178 million in FY 2022-23 to \$210.8 million in FY 2031-32. The SFPUC fund balance reserve policy is for fund balance to equal at least 25 percent of annual operating and maintenance expenses. According to the 10-Year Financial Plan, the Water Enterprise fund balance is estimated to equal at least 50 percent of annual operating and maintenance expenses through FY 2031-32.

The annual debt service coverage ratio is estimated to be 1.5 in FY 2022-23, increasing to 1.6 in FY 2031-32. According to covenants with bond holders, the annual debt service coverage ratio – the ratio of annual debt service to unrestricted fund balance and net revenues – should equal 1.25, and according to SFPUC financial policies, the annual debt service coverage ratio should equal 1.5. The SFPUC 10-Year Financial Plan assumes that the Water Enterprise will have sufficient net revenues and unrestricted fund balance to achieve a debt service coverage ratio of at least 1.5.

Water Customer Rates

The 10-Year Financial Plan assumes no rate increase for retail customers in FY 2022-23 and a 5 percent rate increase for retail customers in FY 2023-24. The 10-Year Financial Plan assumes a 15.9 percent rate increase for wholesale customers in FY 2022-23 and an 11.2 percent rate increase for wholesale customers in FY 2023-24. According to the 10-Year Financial Plan, wholesale water rates are set on an annual basis and are adopted by the Commission. The annual rate setting process for wholesale water customers is established by contract under the long-term Water Supply Agreement with wholesale customers.

The wholesale water rate increase of 15.9 percent for FY 2022-23 was adopted by the Commission on May 10, 2022. According to SFPUC staff, the rate increase was needed to cover

⁴ Capitalized interest is the amount of interest that accrues on the bonds during the construction period prior to placement of the asset into service.

⁵ Issuance costs include underwriting fees, legal fees, financial advisory fees, credit enhancement fees, and other miscellaneous fees typically associated with a bond financing.

⁶ As noted above, a portion of the Water Revenue Bond proceeds are allocated to Hetch Hetchy Water and Power Enterprise projects.

growing wholesale customers' share of expenditures in the Water enterprise. The need for a rate increase resulted from decreased water sales given in response to the systemwide call for water conservation and an increase in annual debt service payments for Water Enterprise bonds issued in prior years. According to SFPUC staff, the 15.9 percent rate increase in FY 2022-23 is the first rate increase for wholesale customers in five years where rates were held flat.

POLICY CONSIDERATION

Reporting on Proposition E Bonds

File 20-0830 stated SFPUC should submit a report to the Clerk of the Board of Supervisors following sale of the Water Revenue bonds showing the results of the transaction, including (i) principal amount sold and method of sale, (ii) true interest cost, (iii) final maturity, (iv) the facilities constructed and/or improved, and (v) a statement about the remaining bonding authorization. As noted above, SFPUC has not yet sold bonds authorized in File 20-0830, issuing commercial paper as interim debt instead. SFPUC provided information to the Budget and Legislative Analyst on total Water Revenue Bond authorization under Proposition E, amount sold, and remaining authorized but not yet sold bonds, noted above.

File 22-0502 has the same reporting requirement for \$141 million in Water Revenue Bonds authorized under the ordinance. The SFPUC is planning to issue bonds approved in Files 20-0830 and 22-0502 in FY 2022-23 and therefore, will need to submit the report to the Clerk of the Board of Supervisors after sale of the bonds. The proposed ordinance should be amended to state that the required report detailing issuance of Wastewater Revenue bonds approved by File 20-0830 and File 22-0502 will be included in the legislative files for the respective ordinances.

Fund Balance and Rate Increases

According to the 10-Year Financial Plan for FY 2022-23 through FY 2031-32, the SFPUC does not plan to increase retail water rates for San Francisco rate payers in FY 2022-23 and plans to increase retail water rates by 5 percent in FY 2023-24. SFPUC plans to increase wholesale water rates by 15.9 percent in FY 2022-23 and 11.2 percent in FY 2023-24. Planned wholesale water rate increase in FY 2024-25 through FY 2031-32 range from 0 percent to 2.9 percent.

Project Costs

Millbrae Yard

The FY 2022-23 capital budget includes \$2,178,702 for predevelopment costs Millbrae Yard laboratory and shop improvements, which includes expanding the existing Millbrae Administration Building to merge and house Water Enterprise staff and equipment currently located at Rollins Road. The project includes new laboratory and shop space and construction of two floors on top of the laboratory. Construction of the project is planned to begin in 2025 and complete in approximately 2028. According to SFPUC staff, the Commission does not have a plan for the disposition of the Rollins Road facility at this time. The Board of Supervisors should request the SFPUC General Manager report on the proposed disposition of the Rollins Road facility during the review of the SFPUC two-year operating and capital budget in May 2024.

City Distribution Division Administrative Building

The FY 2022-23 capital budget includes \$2,536,607 for predevelopment costs to construct a new administrative building for the City Distribution Division to replace the existing facility at 1990 Newcomb Avenue. According to the SFPUC's 10-Year Capital Plan, the Board has previously appropriated \$45.5 million for the new administrative building, of which \$4.3 million has been spent to date. The Budget and Legislative Analyst recommends placing \$2,536,607 on Budget and Finance Committee reserve, pending a report to the Board of Supervisors on facility design, space needs, total project costs, and disposition of 1990 Newcomb Avenue.

RECOMMENDATIONS

1. Amend the proposed ordinance (File 20-0502) to state that the required report detailing issuance of Water Revenue bonds approved by File 20-0830 and File 22-0502 will be included in the legislative files for the respective ordinances.
2. Request the SFPUC General Manager to report on the proposed disposition of the Rollins Road facility during the review of the SFPUC two-year operating and capital budget in May 2024.
3. Amend File 20-0503 to place \$2,536,607 in the FY 2022-23 appropriation for predevelopment costs for the City Distribution Division administrative building on Budget and Finance Committee Reserve, pending a report to the Board of Supervisors on facility design, space needs, total project costs, and disposition of 1990 Newcomb Avenue.
4. Approve Files 20-0503 and 20-0502 as amended.

Attachment: Capital Project Summary

File 22-0502 appropriates \$160,803,258 in new and reappropriated funds for regional and local water projects, including associated financing, auditing, and oversight costs, shown in Table 4 below.

Table 4: Summary of Water Project Appropriation

	Appropriation New Funds	Re- appropriation	Total Appropriation
Regional Projects			
Regional Water Treatment	\$17,165,884	\$11,091,065	\$28,256,949
Water Transmission	14,182,044		14,182,044
Communications & Monitoring	0	2,969,645	2,969,645
Buildings & Grounds	16,180,543	1,450,291	16,630,834
Local Projects			
Local Conveyance/ Distribution	60,159,648	21,604,697	81,764,345
Customer Service & System Monitoring	998,326		998,326
Pump Station Improvements		468,742	468,742
Automated Meter Reading		747,221	747,221
Buildings & Grounds	2,536,607		2,536,607
Financing & Oversight			
Financing	10,988,734		10,988,734
Controller's Audit	205,137		205,137
Revenue Bond Oversight Committee	54,674		54,674
Total	\$122,471,597	\$38,331,661	\$160,803,258

Regional Water Treatment Projects: \$28.3 million*Sunol Valley Water Treatment: \$13.1 million*

This is a multi-year project to (i) construct an ozone treatment facility to mitigate taste and odor problems stemming from algae blooms and improve water quality, and (ii) improve reliability of regional water delivery. Total estimated project costs are \$248 million through 2028.

Water Quality Monitoring and Ground Water Treatment: \$15.2 million

These projects include improvements to (i) prevent untreated water entering the drinking water supply and (ii) regional groundwater wells on the Peninsula. Improvements to regional water treatment facilities for water quality monitoring, and electrical, valve, and other upgrades total \$19.9 million through 2029; and improvements to ground water treatment total \$4 million through 2028.

Water Transmission: \$14.2 million

Water transmission projects include (i) pipeline and tunnel inspection and repair, as part of a 20-year inspection plan; and (ii) repairs to the Bay Division Pipelines in Alameda and San Mateo counties. Regional water transmission projects total \$202.1 million through 2032.

Communications & Monitoring: \$2.9 million

This project will provide redundant emergency communications capability and increased bandwidth for security data transfer. Specifically, it will build a microwave backbone to link the entire SFPUC regional water system from the Hetch Hetchy Dam site in Yosemite to the rest of the SFPUC sites (San Francisco, San Mateo, Santa Clara, and Alameda counties).

Regional Building & Grounds Projects: \$16.2 million*Millbrae Yard Upgrades: \$12.8 million*

Millbrae Yard upgrades include (i) reconstruction of the slab between the warehouse loading dock and offices to offset soil settlement and upgrades to the heating, ventilation, and air conditioning (HVAC) system in the administration building, and (ii) renovation and expansion of the Millbrae administrative building.

Of the \$12.8 million, \$2.2 million is allocated to initial costs of the administrative building renovation and expansion, which is estimated to cost \$169.6 million through 2029. Administrative building improvements consist of three phases, including (1) construction of two additional floors in the Millbrae laboratory building and consolidation staff from the Rollins Road facility; (2) demolition and reconstruction of a new administration building adjacent to the laboratory; and (3) construction of new materials and equipment space. According to the SFPUC 10-year capital plan, only the reconstruction of the Millbrae laboratory building (phase one) is included in the 10-year plan.

Sunol Yard Upgrades: \$3.4 million

The Sunol Yard long term improvements, which began in 2009 and are scheduled to be completed in 2023, include redevelopment of the existing Sunol Yard and construction of a Watershed Center near the Sunol Water Temple. The total project costs are \$104.9 million, of which \$3.4 million remains. These funds will be used for addition Water Temple work that was not part of the original project, including a backup generator, 100 space parking lot, a history exhibit on the terrace and revisions to the interior exhibits, picnic area restoration and fixtures, and conversion of temporary construction areas to permanent areas for Water Supply and Treatment Division and Natural Resource Division use. According to SFPUC staff, the backup power generator system was requested to address increases in PG&E rolling and extended power outages, allow daily operation of the facility, and provide backup power to aquarium and quarantine systems. The changes to the exhibits were approved by the SFPUC Commission, and added to the contract as a change order. The temporary construction areas are to be restored to pre-existing conditions after construction. The areas would be used to store Water Enterprise operations equipment and for an overflow parking lot at the Watershed Center

Other Projects

According to SFPUC staff, for the FY 2022-23 Capital Budget development, a baseline review of all existing project appropriations was completed for potential closeout or repurposing to new capital budget needs SFPUC proposes. Re-appropriation of \$1.4 million to regional building and

grounds projects provides funding for improvements to the Sunol and Millbrae Yards facilities maintenance shops and equipment storage.

Local Building & Grounds Projects: \$4.0 million

City Distribution Division Headquarters: \$2.5 million

The SFPUC proposes to construct a new headquarters building for the City Distribution Division to replace the existing building, which was constructed in 1962 and does not meet current seismic, Americans with Disabilities Act (ADA), or building system requirements. The total project cost is estimated to be \$393.8 million through 2028. The \$2.5 million appropriation is for initial pre-construction costs.

Local Conveyance and Distribution: \$81.8 million

New Services: \$8 million

These funds provide for new service installation requested by water customers and funded from Water Enterprise revenues. The SFPUC 10 Year Capital Plan provides for annual costs of new service installation of \$8 million.

Renew Services: \$12.6 million

These funds provide for repair and replacement of meters, valves, service connections and other components of the water distribution system between the water main and the customer's service connection. This project also supports development of the information technology infrastructure necessary to the asset management of the linear system, development of a master plan for water loss reduction and compliance with State regulations, and planning to improve water quality. The 10 Year Capital Plan provides for total costs over 10 years of \$89.8 million, including annual costs of \$4 million for repair and replacement of components of the water distribution system between the water main and customer's service connection.

Pipeline Replacement: \$61.2 million

Pipeline replacement consists of long-term management of linear assets in the potable water distribution system between transmission or storage and final customer service connection, including replacement of 1,230 miles in the City's pipeline and water distribution system. The pipeline replacement program is projected to cost \$470.4 million over the term of the 10 Year Capital Plan.

Other Local Projects

Other projects include improvements to the systems supporting customer service, and pump station and automated meter reading improvements.

- \$998,326 is budgeted in FY 2022-23 for improvements to the customer service system, including a cloud-based contact center, new digital self-service customer platform, and a new customer care and billing service. Total project costs are estimated to be \$8.1 million.
- \$468,742 for pump station improvements. The SFPUC's 12 major water pump stations and seven hydropneumatic tanks that boost pressure within the San Francisco distribution system need ongoing renewal and rehabilitation. This program provides long term

funding for renewal and rehabilitation of the water pump stations and hydro-pneumatic tanks that boost water pressure within the distribution system including the automation of the five pump suction valves at Lake Merced Pump Station.

- \$747,221 for automated meter reading improvements This program will provide funding to complete the Automated Water Meter Program (AWMP) during FY23 and for replacement planning of the AWMP System by the end of useful life. This project provides funding for AWMP Renewals needed through the 20-year system life (ending in 2031) and metering equipment (including automation) for all renewals and new services through 2031.

REQUEST FOR SUPPLEMENTAL APPROPRIATION

DEPARTMENT: SFPUC – Water Enterprise **DATE:** 4/4/2022

To the Mayor:

Request is hereby made for supplemental appropriation from the following appropriation(s) or fund(s) in the amount(s) indicated;

APPROPRIATION NUMBER	DESCRIPTION OF APPROPRIATION OR FUND	AMOUNT
Fund Department ID Authority Project Activity Account	See Attachment A	

to the credit of the following appropriation(s) or fund(s) in the amount(s) indicated:


APPROPRIATION NUMBER	DESCRIPTION OF APPROPRIATION OR FUND	AMOUNT
Fund Department ID Authority Project Activity Account	See Attachment A	


There are no surpluses in any of this department's appropriations available for transfer for the requested purpose(s). Complete detail as to the necessity for THIS appropriation is stated in attached letter.

APPLICABLE BOXES MUST BE CHECKED

- This request included capital projects (s.o. 06700 OR 06700); a separate copy has been sent to the Chair, Capital Improvement Advisory Committee.
- These funds have not been previously requested.
- These funds were previously requested by:
 - () *Supplemental Appropriation* or () *Budget Estimate* and were
 - () *reduced or* () *denied* by The Mayor, or The Board of Supervisors.

CERTIFIED AS TO FACTS AND AMOUNTS AS ABOVE STATED, AND

RECOMMENDED:  (Department Head)
 Ronald P Flynn, AGM Business Services, SFPUC

APPROVED:  (Board or Commission)
 Dennis Herrera, General Manager, SFPUC

Recorded Controller's Budget Division

By: _____ Date: _____ Request No. _____

FOR MAYOR'S USE

To the Controller:

The above request meets with my approval; as indicated above. You are hereby requested to prepare the necessary appropriation ordinance.

APPROVED:
Mayor London N. Breed BY: _____ DATE: _____

Attachment A - Water Enterprise

							Funding Source	
Authority Roll Up	Authority ID	Project	Activity	Dept.	Fund	Account	Description of Appropriation or Fund	FY 2022-23
17731	17731	10026501	0001	232396	26418	480111	Proceeds from Sale of Bonds (Regional)	26,562,907
17731	17731	10026501	0001	232396	26419	480111	Proceeds from Sale of Bonds (Local)	47,785,764
19133	15680	10015493	0001	232396	26570	495030	ITI from Water Enterprise Funds (LOC)	8,750,000
19133	15680	10015493	0001	232396	26600	495030	ITI from Water Enterprise Funds (WCF)	16,250,000
19133	15680	10015493	0001	232396	25960	495030	ITI from Water Enterprise Funds	20,965,926
19063	15526	10015134	0001	232396	26510	479993	Water Capacity Fee	2,157,000
TOTAL - Funding Source								122,471,597

Use of Funds								
Authority Roll Up	Authority ID	Project	Activity	Dept.	Fund	Account	Description of Appropriation or Fund	FY 2022-23
Regional Water								
19056	15479	10015056	0001	232421	26418	567000	Regional Water Treatment Program	9,771,729
19056	15479	10015056	0001	232421	26570	584030	Regional Water Treatment Program	2,587,955
19056	15479	10015056	0001	232421	26600	584030	Regional Water Treatment Program	4,806,200
19057	15483	10015070	0001	232421	26570	584030	Water Transmission Program	4,981,215
19057	15483	10015070	0001	232421	26600	584030	Water Transmission Program	9,250,829
19061	15516	10015123	0001	232421	26418	567000	Buildings & Ground Regional	12,806,742
19061	15516	10015123	0001	232421	26570	584030	Buildings & Ground Regional	1,180,830
19061	15516	10015123	0001	232421	26600	584030	Buildings & Ground Regional	2,192,971

Local Water								
Authority Roll Up	Authority ID	Project	Activity	Dept.	Fund	Account	Description of Appropriation or Fund	FY 2022-23
19063	15531	10015134	0001	232406	26510	584030	Local Water Conveyance/Distribution	2,157,000
19063	15531	10015134	0001	232406	25960	584030	Local Water Conveyance/Distribution	19,967,600
19063	15531	10015134	0001	232406	26419	567000	Local Water Conveyance/Distribution	38,081,293
19065	22139	10038792	0001	232406	25960	584030	Customer Service System	998,326
19114	15617	10015427	0001	232406	26419	567000	Buildings & Ground Improvements	2,536,607
TOTAL - Project Costs								111,319,297

17731	17731	10026501	0001	232396	26418	573110	Financing Costs	3,921,155
17731	17731	10026501	0001	232396	26418	581130	City Services Auditor	50,000
17731	17731	10026501	0001	232396	26418	567000	Revenue Bond Oversight Committee	13,281
TOTAL - Regional Financing/Other Cost								3,984,436

17731	17731	10026501	0001	232396	26419	573110	Financing Costs	7,097,725
17731	17731	10026501	0001	232396	26419	581130	City Services Auditor	46,246
17731	17731	10026501	0001	232396	26419	567000	Revenue Bond Oversight Committee	23,893
TOTAL - Local Financing/Other Cost								7,167,864

TOTAL - Use of Funds								122,471,597
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Authority Roll up	Authority ID	Project	Activity	Dept.	Fund	Account	Description of Appropriation or Fund	FY 2022-23
Regional Water Uses De-Appropriation								
19058	15492	10015089	0001	232421	26601	567000	Water Enterprise Capital Fund	(8,919,150.00)
19059	15499	10015102	0001	232421	26570	584030	WTR CPF Other Fund	(1,496,639.00)
19059	15499	10015102	0001	232421	26600	584030	WTR CPF Wholesale Customer	(2,779,472.00)
19069	15549	10015233	0001	232421	26570	584030	WTR CPF Other Fund	(810,509.00)
19069	15549	10015233	0001	232421	26600	584030	WTR CPF Wholesale Customer	(1,505,231.00)
Uses- Total								(15,511,001.00)

Regional Water Uses Re-Appropriation								
Authority Roll up	Authority ID	Project	Activity	Dept.	Fund	Account	Description of Appropriation or Fund	FY 2022-23
19056	15479	10015056	0001	232421	26601	567000	Water Enterprise Capital Fund	8,919,150.00
19056	15479	10015056	0001	232421	26570	584030	WTR CPF Other Fund	760,170.00
19056	15479	10015056	0001	232421	26600	584030	WTR CPF Wholesale Customer	1,411,745.00
19060	15513	10015117	0001	232421	26570	584030	WTR CPF Other Fund	1,039,376.00
19060	15513	10015117	0001	232421	26600	584030	WTR CPF Wholesale Customer	1,930,269.00
19061	15516	10015123	0001	232421	26570	584030	WTR CPF Other Fund	507,602.00
19061	15516	10015123	0001	232421	26600	584030	WTR CPF Wholesale Customer	942,689.00
Uses- Total								15,511,001.00

Local Water Uses De-Appropriation								
Authority Roll up	Authority ID	Project	Activity	Dept.	Fund	Account	Description of Appropriation or Fund	FY 2022-23
19054	15465	10015042	0001	232396	26230	567000	WTR CPF 2002 Prop E Bond	(6,159,918.00)
19054	15465	10015042	0001	232396	25960	584030	WTR Continuing Authority Ctrl	(291,901.00)
19062	15522	10015131	0001	232396	25960	584030	WTR Continuing Authority Ctrl	(835,847.00)
19115	15629	10015443	0001	232396	25960	584030	WTR Continuing Authority Ctrl	(1,100,994.00)
80119	20711	10034505	0001	232396	26405	567000	WTR CPF 2017A Bond Fund	(4,550,000.00)
80119	20711	10034505	0001	232406	26419	567000	WTR Local 2021 Bond Fund	(6,700,000.00)
80119	20711	10034505	0001	232406	26601	567000	Water Enterprise Capital Fund	(3,182,000.00)
Uses- Total								(22,820,660.00)

Local Water Uses Re-Appropriation								
Authority Roll up	Authority ID	Project	Activity	Dept.	Fund	Account	Description of Appropriation or Fund	FY 2022-23
19063	15531	10015134	0001	232396	26230	567000	WTR CPF 2002 Prop E Bond	6,159,918.00
19063	15531	10015134	0001	232396	26405	567000	WTR CPF 2017A Bond Fund	4,550,000.00
19063	15531	10015134	0001	232406	26419	567000	WTR Local 2021 Bond Fund	6,700,000.00
19063	15531	10015134	0001	232406	26601	567000	Water Enterprise Capital Fund	3,182,000.00
19063	15531	10015134	0001	232396	25960	584030	WTR Continuing Authority Ctrl	1,012,779.00
19067	15543	10015227	0001	232396	25960	584030	WTR Continuing Authority Ctrl	468,742.00
19112	15612	10015425	0001	232396	25960	584030	WTR Continuing Authority Ctrl	747,221.00
Uses- Total								22,820,660.00



To: Angela Calvillo, Clerk of the Board of Supervisors
From: Ashley Groffenberger, Mayor's Budget Director
Date: May 1, 2022
Re: Mayor's May 1 FY 2022-23 and FY 2023-24 Budget Submission

Madam Clerk,

In accordance with Administrative Code section 3.3, the Mayor's Office hereby submits the Mayor's proposed May 1 budget by May 1st, corresponding legislation, and related materials for Fiscal Year (FY) 2022-23 and FY 2023-24.

In addition to the Mayor's Proposed FY 2022-23 and FY 2023-24 May 1 Budget Book, the following items are included in the Mayor's submission:

- The May 1 Annual Appropriation Ordinance and Annual Salary Ordinance, along with Administrative Provisions, physical copies of which will be delivered by the Controller's Office
- 11 separate pieces of trailing legislation (see list attached)
- A Transfer of Function letter detailing the transfer of positions from one City department to another
- An Interim Exception letter
- A letter from the City Controller regarding the San Francisco Municipal Transportation Agency budget

Sincerely,

A handwritten signature in black ink, appearing to read "A. Groffenberger", with a long horizontal flourish extending to the right.

Ashley Groffenberger
Mayor's Budget Director

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

DEPT	Item	Relevance to Budget	Type of Legislation
AIR	Prop J Certification - previously approved	Costs related to Prop J services assumed in budget.	Resolution
BOA	Board of Appeals Surcharges on Permit Fees	Legislation that allows the Board of Appeals to adjust existing surcharges on permit fees, license fees, permit review fees, and permit and license renewal fees for permits and licenses issued by the Planning Department, Department of Building Inspection, Department of Public Works, Department of Public Health, Police Department, and the Entertainment Commission	Ordinance
LIB	In-Kind Grant of Friends of San Francisco Public Library	Grant assumed in budget.	Resolution
MTA	Prop J Certification - previously approved	Costs related to Prop J services assumed in budget.	Resolution
PRT	California State Lands Commission Grant	Grant assumed in budget.	Resolution
PRT	Prop J Certification - previously approved	Costs related to Prop J services assumed in budget.	Resolution
PUC	CleanPowerSF Capital Budget	Appropriates funds to support PUC CleanPowerSF capital budget expenditures.	Ordinance
PUC	Hetch Hetchy Capital Budget	Appropriates funds to support PUC Hetch Hetchy capital budget expenditures.	Ordinance
PUC	Wastewater Capital Budget	Appropriates funds to support PUC Wastewater Enterprise capital budget expenditures.	Ordinance
PUC	Water Capital Budget	Appropriates funds to support PUC Water Enterprise capital budget expenditures.	Ordinance
PUC	Power Debt Authorization	Authorizes bond issuance to finance Power capital projects.	Ordinance
PUC	Wastewater Debt Authorization	Authorizes bond issuance to finance Wastewater capital projects.	Ordinance
PUC	Water Debt Authorization	Authorizes bond issuance to finance Water capital projects.	Ordinance
PUC	Prop J Certification - previously approved	Costs related to Prop J services assumed in budget.	Resolution



TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Tom Paulino
RE: Appropriation - \$122,471,597 in Proceeds from Revenue Bonds, State Loan or Grant Funds, Water Revenues, and Water Capacity Fees; De-appropriation and Re-Appropriation - \$38,331,661 for Water Capital Improvement Projects – FY2022-2023
DATE: May 1, 2022

Ordinance appropriating a total of \$122,471,597 of proceeds from Revenue Bonds, State of California Water Resources Control Board's revolving loan funds (State Loan Funds) or grant funds (State Grant Funds), water revenues, and water capacity fees for the San Francisco Public Utilities Commission (SFPUC) Water Enterprise's Capital Improvement Program for FY2022-2023; and de-appropriating and re-appropriating Water Capital Project appropriations of \$38,331,661 in FY2022-2023 and placing \$96,899,821 of Revenue Bond and State Loan Funds or State Grant Funds proceeds by project on Controller's Reserve subject to the Controller's certification of funds availability, including proceeds of indebtedness, and for construction related expenditures (excluding program management, planning and design) for these projects, as applicable, is also subject to the prior occurrence of the SFPUC's and the Board of Supervisors' discretionary adoption of California Environmental Quality Act (CEQA) Findings for projects, following review and consideration of completed project related environmental analysis, where required.

Should you have any questions, please contact Tom Paulino at 415-554-6153.