



1 [Public Utilities Commission - Issuance Wastewater Revenue Bonds - Not to Exceed  
2 \$1,112,601,280]

3 **Ordinance authorizing the issuance and sale of tax-exempt or taxable Wastewater**  
4 **Revenue Bonds and other forms of indebtedness by the San Francisco Public Utilities**  
5 **Commission (Commission) in an aggregate principal amount not to exceed**  
6 **\$1,112,601,280 to finance the costs of various capital wastewater projects benefitting**  
7 **the Wastewater Enterprise pursuant to amendments to the Charter of the City and**  
8 **County of San Francisco enacted by the voters on November 5, 2002, as Proposition E;**  
9 **authorizing the issuance of Wastewater Revenue Refunding Bonds; declaring the**  
10 **Official Intent of the Commission to Reimburse Itself with one or more issues of tax-**  
11 **exempt or taxable bonds or other forms of indebtedness; and ratifying previous**  
12 **actions taken in connection therewith, as defined herein.**

13 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.  
14 **Additions to Codes** are in *single-underline italics Times New Roman font*.  
15 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.  
16 **Board amendment additions** are in double-underlined Arial font.  
17 **Board amendment deletions** are in ~~strikethrough Arial font~~.  
18 **Asterisks (\* \* \* \*)** indicate the omission of unchanged Code  
19 subsections or parts of tables.

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

20 Section 1. Findings. The Board of Supervisors (the "Board") of the City hereby finds  
21 and declares as follows:

22 A. On November 5, 2002, the voters of the City and County of San Francisco (the  
23 "City") approved Proposition E ("Proposition E"), which among other things, authorized the  
24 San Francisco Public Utilities Commission (the "Commission") to issue revenue bonds,  
25 including notes, commercial paper or other forms of indebtedness, when authorized by

1 ordinance approved by a two-thirds vote of the Board of Supervisors, for the purpose of  
2 reconstructing, replacing, expanding, repairing or improving water facilities or clean water  
3 facilities or combinations of water and clean water facilities under the jurisdiction of the  
4 Commission; and

5 B. The Commission adopted the Indenture dated as of January 1, 2003, as further  
6 amended and supplemented from time to time (the "Indenture"), between the Commission and  
7 U. S. Bank National Association and in connection therewith, has from time to time issued  
8 revenue bonds to finance projects benefitting the Wastewater Enterprise; and

9 C. By Resolution 16-0035 adopted by the Commission on February 9, 2016 (the  
10 "Commission Resolution") the Commission has determined to issue Wastewater Revenue  
11 Bonds (the "Wastewater Revenue Bonds") and other forms of indebtedness (including SRF  
12 Loans, as described below) to finance the costs of various capital wastewater projects  
13 benefitting the Wastewater Enterprise (the "Capital Improvement Projects" such projects  
14 being more fully described in the Commission Resolution), pursuant to Proposition E, and has  
15 formally requested this Board to authorize the issuance and sale of Wastewater Revenue  
16 Bonds for such purposes, such Commission Resolution being on file with the Clerk of the  
17 Board of Supervisors in File No. 160471, which is hereby declared to be a part of this  
18 Ordinance as if set forth fully herein; and

19 D. In order to finance the costs of the Capital Improvement Projects, the Board now  
20 desires to authorize the issuance and sale of Wastewater Revenue Bonds and other forms of  
21 indebtedness for such purposes, including obtaining State Revolving Fund Loans and/or  
22 grants from the State Water Resources Control Board (collectively "SRF Loans"); and

23 E. The Commission has paid, beginning no earlier than 60 days prior to the  
24 adoption of this Ordinance and will pay, on and after the date hereof, certain expenditures (the  
25

1 "Expenditures") in connection with the acquisition, construction and/or equipping of the Capital  
2 Improvement Projects, and

3 F. This Board is concurrently considering with this Ordinance a Capital  
4 Improvement Program related supplemental appropriations Ordinance totaling  
5 \$1,215,201,280 for fiscal years ending 2017 and 2018, such amount being inclusive of the  
6 Wastewater Revenue Bonds and other forms of indebtedness (including SRF Loans).

7 G. This Board, on behalf of the Commission, adopts this Ordinance as official  
8 action of the Commission in order to comply with Treasury Regulation §1.150-2 and any other  
9 regulations of the Internal Revenue Service relating to the qualification for reimbursement of  
10 Commission expenditures incurred prior to the date of issue of the Wastewater Revenue  
11 Bonds, and

12 Section 2. Authorization to Issue Wastewater Revenue Bonds and other forms of  
13 indebtedness. The Board hereby authorizes the issuance and sale of Wastewater Revenue  
14 Bonds in one or more series from time to time by the Commission pursuant to Proposition E  
15 and in accordance with the Commission Resolution, and the execution and delivery of SRF  
16 Loan agreements, in an aggregate principal amount not to exceed \$1,112,601,280 (inclusive  
17 of financing costs), at a maximum rate or rates of interest of not to exceed twelve percent  
18 (12%) per annum to finance a portion of the costs of the design, acquisition and construction  
19 of the Capital Improvement Projects. Without limiting the foregoing, the Commission shall  
20 also be authorized to enter into agreements to obtain State Revolving Fund Loans and/or  
21 grants (collectively "SRF Loans") from the State Water Resources Control Board on such  
22 terms as the Commission may deem advantageous. The Commission is hereby authorized to  
23 determine the timing, amount and manner of sale (i.e., competitive or negotiated) of each  
24 series of Wastewater Revenue Bonds or the delivery of other forms of indebtedness (including  
25 SRF Loans) pursuant to this authorization; provided however, the Commission's authorization

1 to issue Wastewater Revenue Bonds or incur other forms of indebtedness (including SRF  
2 Loans) is subject to approval by the Commission of the form of substantially final offering  
3 document related to such Bonds (if any) and the approval of any related agreements,  
4 financing documents and the filing with its Board and the Clerk of the Board any certifications  
5 required by Proposition E prior to the issuance of any bonds herein authorized. The  
6 Commission shall also file, within 30 days of any bond sale authorized hereby, with the Clerk of the  
7 Board of Supervisors a report showing the results of the sale of bonds or other form of indebtedness  
8 including (i) principal amount sold and method of sale, (ii) true interest cost, (iii) final maturity, (iv)  
9 the facilities constructed and/or improved, and (v) a statement about the remaining bonding  
10 authorization under this Ordinance (the "Report").

11 Section 3. Authorization to Issue Wastewater Revenue Refunding Bonds. The Board  
12 further authorizes and approves the issuance by the Commission of Wastewater Revenue  
13 Refunding Bonds and other forms of indebtedness (including SRF Loans) (the "Refunding  
14 Bonds") to refund any outstanding obligations of the Wastewater Enterprise, without limitation  
15 as to principal amount, in one or more series on one or more dates, at a maximum interest  
16 rate or rates of interest not to exceed twelve percent (12%) per annum, provided that each  
17 such Refunding Bond issue or obligation is permitted under the applicable policies and  
18 procedures of the City and authorized by either Section 9.109 of the Charter or Proposition E  
19 of 2002 (including related ordinances and resolutions of the Board). The Refunding Bonds  
20 may be issued as tax-exempt or taxable bonds, or any combination thereof. Refunding Bonds  
21 authorized hereunder shall be subject to the further following conditions, that: (i) three percent  
22 (3%) net present value debt service savings or greater is achieved to ensure ratepayer  
23 savings; (ii) this authorization is subject to a 2-year term through June 30, 2018, at which time  
24 this Board may consider an extension; principal payments and term may be adjusted, where  
25 permitted under federal and state tax law, only if and when the underlying capital asset funded

1 through said refunded bonds has a useful life not in excess of any limit permitted under  
2 federal and state tax law than the refunded term; and (iii) the Commission shall within 30 days  
3 of any executed refunding transaction provide a savings report prepared by its financial  
4 advisors (that reflects at least a three percent (3%) net present value debt service savings) to  
5 the Board, together with a copy of the final Official Statement with respect to such series of  
6 Refunding Bonds.

7 Section 4. Declaration of Official Intent. The Board, on behalf of the Commission,  
8 hereby declares the official intent of the Commission to reimburse the Commission with  
9 proceeds of the Wastewater Revenue Bonds or other forms of indebtedness (including SRF  
10 Loans) for the Expenditures with respect to the Capital Improvement Projects made on and  
11 after a date that is no more than 60 days prior to the adoption of this Ordinance. The  
12 Commission reasonably expects on the date hereof that it will reimburse the Expenditures  
13 with proceeds of the Wastewater Revenue Bonds or other forms of indebtedness (including  
14 SRF Loans). Each said Expenditure was and will be either (A) of a type properly chargeable  
15 to a capital account under general federal income tax principles (determined in each case as  
16 of the date of the Expenditure), (B) a cost of issuance with respect to the Wastewater  
17 Revenue Bonds or other forms of indebtedness (including SRF Loans), (C) a nonrecurring  
18 item that is not customarily payable from current revenues, or (D) a grant to pay a party that is  
19 not related to or an agent of the issuer so long as such grant does not impose any obligation  
20 or condition (directly or indirectly) to repay any amount to or for the benefit of the Commission.  
21 The maximum principal amount of the Wastewater Revenue Bonds or other forms of  
22 indebtedness (including SRF Loans) to be issued for the Capital Improvement Projects is  
23 \$1,112,601,280 (inclusive of financing costs).

24 The Commission will make a reimbursement allocation, which is a written allocation by  
25 the Issuer that evidences the Commission's use of proceeds of the Wastewater Revenue

1 Bonds or other forms of indebtedness (including SRF Loans) to reimburse an Expenditure, no  
2 later than 18 months after the later of the date on which the Expenditure is paid or the  
3 component of the Capital Improvement Projects is placed in service or abandoned, but in no  
4 event more than three years after the date on which the Expenditure is paid. The Commission  
5 recognizes that exceptions are available for certain "preliminary expenditures," costs of  
6 issuance, certain de minimis amounts, expenditures by "small issuers" (based on the year of  
7 issuance and not the year of expenditure) and expenditures for construction projects of at  
8 least 5 years.

9 Section 5. General Authority. The Controller, Treasurer, the City Attorney and other  
10 officers of the City and their duly authorized deputies and agents are hereby authorized and  
11 directed, jointly and severally, to take such actions and to execute and deliver such  
12 certificates, agreements, requests or other documents, as they may deem necessary or  
13 desirable to facilitate the issuance, sale and delivery of the Wastewater Revenue Bonds,  
14 Refunding Bonds, to obtain bond insurance or other credit enhancements with respect to such  
15 obligations, to obtain surety, to obtain title and other insurance with respect to the facilities to  
16 be financed, and otherwise to carry out the provisions of this Ordinance. The Commission is  
17 hereby directed to provide the final form to the Clerk of the Board of any disclosure document  
18 prepared in connection with the execution of any Wastewater Revenue Bonds or Refunding  
19 Bonds, and the final executed Installment Sale Agreement or other document reflecting the  
20 incurrence of an SRF Loan, within 30 days of the closing of such transactions.

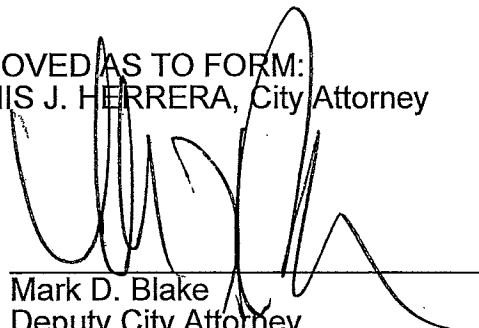
21 Section 6. Ratification of Prior Actions. All actions authorized and directed by this  
22 Ordinance in connection with the issuance of the Wastewater Revenue Bonds or other forms  
23 of indebtedness (including SRF Loans), Refunding Bonds, and heretofore taken are hereby  
24 ratified, approved and confirmed by this Board.

1 Section 7. File Documents. All documents referred to as on file with the Clerk of the  
2 Board are in File Nos. 160471.

3 Section 8. Effective Date. Pursuant to Charter Section 8B.124, this Ordinance shall  
4 take effect thirty (30) days after its adoption.

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

8  
9 By:

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11 Mark D. Blake  
12 Deputy City Attorney

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| <b>Items 20 and 21</b><br><b>Files 16-0469 and 16-0471</b>  | <b>Department:</b><br>Public Utilities Commission |
| <b>EXECUTIVE SUMMARY</b>  |   |
| <b>Legislative Objectives</b>   |   |
| <p><b>File 16-0469</b> (a) appropriates \$1,215,201,280 to Wastewater Capital Projects in FY 2016-17 and FY 2017-18, which includes re-appropriation of \$10,750,000 in previously appropriated Capital Project Funds, and (b) re-appropriates \$7,000,000 in previously appropriated Wastewater Revenue Bonds to Sewer System Improvement Program (SSIP) program-wide projects, totaling \$1,222,201,280. s</p>  |   |
| <p><b>File 16-0471</b> authorizes SFPUC to issue and sell tax-exempt or taxable Wastewater Revenue Bonds and other forms of indebtedness in an amount not to exceed \$1,112,601,280.</p>  |   |
| <b>Key Points</b>   |   |
| <ul style="list-style-type: none"> <li>• The Board of Supervisors has previously authorized the SFPUC to sell up to \$1,922,002,176 in Wastewater Revenue Bonds. The proposed ordinance would authorize SFPUC to sell an additional \$1,112,601,280, totaling \$3,034,603,456 in Wastewater Revenue Bond authorization.</li> <li>• The Wastewater Enterprise 10-Year Capital Plan provides for \$5.5 billion in Wastewater Enterprise projects through FY 2025-26 of which \$4.2 billion are Sewer System Improvement Program (SSIP) projects and \$1.3 billion are other capital projects.</li> </ul>  |   |
| <b>Fiscal Impact</b>  |   |
| <ul style="list-style-type: none"> <li>• Wastewater rates set by SFPUC fund the Wastewater Enterprise's operations, maintenance, and capital investment activities. The SFPUC bills residential customers for a combined water and sewer bill. The average monthly residential combined water and sewer bill in FY 2015-16 is \$86, of which \$40 is water and \$46 is sewer. According to the FY 2016-17 to FY 2025-26 Financial Plan, the SFPUC plans a 7 percent increase in sewer rates in FY 2016-17 and 11 percent increase in sewer rates in FY 2017-18 to cover the Wastewater Enterprise's operating and capital costs. The SFPUC estimates that the average monthly residential sewer bill will increase by \$4 in FY 2016-17, from \$46 in FY 2015-16 to \$50; and by \$7 in FY 2017-18, from \$50 in FY 2016-17 to \$57.</li> </ul> |   |
| <b>Policy Consideration</b>   |   |
| <ul style="list-style-type: none"> <li>• The SFPUC's policy is to seek bond authorization and capital program appropriation approval from the Board of Supervisors, and subsequently submit legislation to the Board of Supervisors to approve the actual sale of the bonds. However, the proposed ordinance approves the sale of the bonds without further Board of Supervisors approval.</li> </ul>   |   |
| <b>Recommendations</b>  |   |
| <ul style="list-style-type: none"> <li>• Amend File 16-0471 to specify that SFPUC will submit future legislation to the Board of Supervisors to approve the sale of bonds authorized by the subject ordinance (other than refunding bonds), and the related financing documents.</li> <li>• Approve File 16-0471 as amended and File 16-0469.</li> </ul>  |   |

**MANDATE STATEMENT**

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 5A.31(d) states that one-twentieth of one percent 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) Wastewater Enterprise provides wastewater treatment, sewer, and storm water collection to residents in the City as well as residents of north San Mateo County. The service area encompasses 29,773 acres and provides a level of service that can accommodate approximately 990,449 people using approximately 40 billion gallons of water per year.

**DETAILS OF PROPOSED LEGISLATION**

**File 16-0471** is an ordinance authorizing SFPUC to issue and sell tax-exempt or taxable Wastewater Revenue Bonds and other forms of indebtedness (such as commercial paper<sup>1</sup> or State Revolving Fund loans) in an aggregate principal amount not to exceed \$1,112,601,280.

**File 16-0469** is an ordinance (a) appropriating \$1,215,201,280 to Wastewater Capital Projects in FY 2016-17 and FY 2017-18, which includes re-appropriation of \$10,750,000 in previously appropriated Capital Project Funds, and (b) re-appropriating \$7,000,000 in previously appropriated Wastewater Revenue Bonds to Sewer System Improvement Program (SSIP) program-wide projects, totaling \$1,222,201,280.

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<sup>1</sup> Commercial paper is short-term interim debt financing that SFPUC may issue prior to issuing revenue bonds. The Board of Supervisors previously authorized the Wastewater Enterprise's Commercial Paper Program of \$300 million (File 12-0354)

File 16-0471: Wastewater Revenue Bonds

The Board of Supervisors has previously authorized the SFPUC to sell up to \$1,922,002,176 in Wastewater Revenue Bonds. The proposed ordinance would authorize SFPUC to sell an additional \$1,112,601,280, totaling \$3,034,603,456 in Wastewater Revenue Bond authorization.

Approval of the proposed ordinance (File 16-0471) would:

- Authorize SFPUC to sell \$1,112,601,280 in Wastewater Revenue Bonds at a maximum interest rate of 12 percent per year. SFPUC could sell the bonds in series at a time and in an amount and manner (competitive or negotiated sale) determined by SFPUC.
- Authorize SFPUC to sell refunding bonds to refund outstanding Wastewater Revenue Bonds without further Board of Supervisors approval. According to the proposed ordinance, SFPUC could only sell the refunding bonds if they achieved at least 3 percent net present value debt service savings. Authorization to sell refunding bonds would expire on June 30, 2018.
- Authorize SFPUC to enter into future agreements with the State Water Resources Control Board to obtain State Revolving Fund Loans in lieu of selling Wastewater Revenue Bonds
- Provide for SFPUC to reimburse prior capital project expenditures with bond proceeds as allowed by federal income tax principles.
- Ratifies actions taken by the SFPUC and other City officials in connection with the issuance of the Wastewater Revenue Bonds.

File 16-0469 Appropriation to Wastewater Capital Improvement Program

The Public Utilities Commission approved the SFPUC 10-Year Capital Plan for FY 2016-17 through FY 2025-26 in January 2016. The 10-Year Capital Plan provides for \$5.5 billion in Wastewater Enterprise projects, of which \$4.2 billion are Sewer System Improvement Program (SSIP) projects and \$1.3 billion are other Wastewater Enterprise capital projects.

The total appropriation to Wastewater Enterprise capital projects in FY 2016-17 and FY 2017-18 is \$1,222,201,280, as shown in Table 1 below.

**Table 1: Capital Appropriation FY 2016-17 and FY 2017-18**

|  | FY 2016-17           | FY 2017-18           | Total                  |
|--|----------------------|----------------------|------------------------|
| <b>Source of Funds</b>                       |                      |                      |                        |
| <u>Appropriation</u>                         |                      |                      |                        |
| 2017A Bond Proceeds <sup>a</sup>             | \$257,752,320        | 854,848,960          | 1,112,601,280          |
| Renewal and Replacement Fund                 | 43,000,000           | 45,000,000           | 88,000,000             |
| Capacity Fees <sup>a</sup>                   | 12,100,000           | 2,500,000            | 14,600,000             |
| <b>Subtotal</b>                              | <b>312,852,320</b>   | <b>902,348,960</b>   | <b>1,215,201,280</b>   |
| <u>De-appropriation</u>                      |                      |                      |                        |
| Biosolids Digester Project                   | 7,000,000            |                      | 7,000,000              |
| <b>Total Sources</b>                         | <b>\$319,852,320</b> | <b>\$902,348,960</b> | <b>\$1,222,201,280</b> |
| <b>Uses of Funds</b>                         |                      |                      |                        |
| <u>Sewer System Improvement Program</u>      |                      |                      |                        |
| SSIP Program Wide Management                 | \$6,000,000          | \$6,000,000          | \$12,000,000           |
| SSIP Land Reuse                              | 28,108,000           |                      | 28,108,000             |
| Biosolids Digester Project                   | 89,976,000           | 257,552,000          | 347,528,000            |
| Southeast Treatment Plant                    | 40,079,000           | 171,860,000          | 211,939,000            |
| Northpoint Treatment Plant                   | 0                    | 57,287,000           | 57,287,000             |
| Oceanside Treatment Plant                    | 0                    | 86,309,000           | 86,309,000             |
| Central Bayside Improvements                 | 0                    | 38,069,000           | 38,069,000             |
| Collection System Improvements               | 0                    | 4,407,000            | 4,407,000              |
| Reliability Program                          | 0                    | 7,738,000            | 7,738,000              |
| Pump Station and Force Main                  | 0                    | 20,105,000           | 20,105,000             |
| Flood Resilience                             | 10,438,000           | 18,776,000           | 29,214,000             |
| Advanced Rainfall                            | 0                    | 1,299,000            | 1,299,000              |
| Green Infrastructure Projects                | 1,320,000            | 1,158,000            | 2,478,000              |
| <b>SSIP Subtotal</b>                         | <b>175,921,000</b>   | <b>670,560,000</b>   | <b>846,481,000</b>     |
| Collection System Renewal and Replacement    | 83,600,000           | 86,333,000           | 169,933,000            |
| Treatment Facilities Renewal and Replacement | 13,715,000           | 14,402,000           | 28,117,000             |
| Southeast Community Center                   | 5,000,000            | 5,000,000            | 10,000,000             |
| Ocean Beach Protection                       | 2,000,000            | 4,000,000            | 6,000,000              |
| Islais Creek Outlet                          | 5,000,000            | 10,000,000           | 15,000,000             |
| Treasure Island                              | 0                    | 20,463,000           | 20,463,000             |
| <b>Capital Plan Total</b>                    | <b>285,236,000</b>   | <b>810,758,000</b>   | <b>1,095,994,000</b>   |
| Bond Issuance and Oversight                  | 27,616,320           | 91,590,960           | 119,207,280            |
| Other Program Wide Projects                  | 7,000,000            |                      | 7,000,000              |
| <b>Total Uses</b>                            | <b>\$319,852,320</b> | <b>\$902,348,960</b> | <b>\$1,222,201,280</b> |

<sup>a</sup> Placed on Controller's Reserve

\$269,852,320 of the FY 2016-17 appropriation and \$857,348,960 of the FY 2017-18 appropriation are placed on Controller's Reserve pending receipt of the Wastewater Revenue Bond proceeds.

Descriptions of the proposed projects are included in the attachment.

**FISCAL IMPACT**

The Public Utilities Commission annually adopts a 10-Year Capital Plan and 10-Year Financial Plan in accordance with Charter Section 8B.123. The 10-Year Financial Plan evaluates the SFPUC's revenue requirements for the Water Enterprise, Wastewater Enterprise and Hetch Hetchy Enterprise to fund operations, maintenance and capital investment activities. The Public Utilities Commission adopted the FY 2016-17 to FY 2025-26 Capital Plan and Financial Plan at the February 9, 2016 Commission meeting.

**Sewer Rate Increases in FY 2016-17 and FY 2017-18**

The SFPUC bills residential customers for a combined water and sewer bill. The average monthly residential combined water and sewer bill in FY 2015-16 is \$86, of which \$40 is water and \$46 is sewer. According to the FY 2016-17 to FY 2025-26 Financial Plan, the SFPUC plans a 7 percent increase in sewer rates in FY 2016-17 and 11 percent increase in sewer rates in FY 2017-18 to cover the Wastewater Enterprise's operating and capital costs. The SFPUC estimates that the average monthly residential sewer bill will increase by \$4 in FY 2016-17, from \$46 in FY 2015-16 to \$50 in FY 2016-17; and by \$7 in FY 2017-18, from \$50 in FY 2016-17 to \$57 in FY 2017-18.

In accordance with Charter Section 8B.125, the SFPUC is responsible for setting the rates, fees and other charges for water and sewer. The SFPUC's action on all rates, fees and charges is subject to rejection, within 30 days of submission, by resolution of the Board of Supervisors. If the Board of Supervisors does not act within 30 days, the SFPUC proposed rates become effective without further Board of Supervisors action.

**POLICY CONSIDERATION**

According to the SFPUC's Chief Financial Officer, the SFPUC's policy is to seek bond authorization and capital program appropriation approval from the Board of Supervisors, and subsequently submit legislation to the Board of Supervisors to approve the actual sale of the bonds and associated financing documents. Therefore, SFPUC will submit future legislation to the Board of Supervisors to approve the sale of up to \$1,112,601,280 in Wastewater Revenue Bonds.<sup>2</sup>

However, according to the proposed ordinance (File 16-0471), the "Board hereby authorizes the issuance and sale of Water Revenue Bonds in one or more series from time to time by the Commission pursuant to Proposition E...in an aggregate principal amount not to exceed \$1,112,601,280..." While the proposed ordinance requires Public Utilities Commission approval of the final offering document related to the sale of bonds and related financing documents, the proposed ordinance does not require Board of Supervisors approval. The proposed ordinance only requires that these documents "be filed with the Clerk of the Board". Therefore, the File 16-0471 should be amended to specify that SFPUC will submit future legislation to the

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<sup>2</sup>The SFPUC will not submit legislation to the Board of Supervisors to approve refunding bonds that comply with the provisions of the proposed ordinance (File 16-0473), which are discussed above.

Board of Supervisors to approve the sale of bonds authorized by the subject ordinance (other than refunding bonds), and the related offering and financing documents.

### **RECOMMENDATIONS**

1. Amend File 16-0471 to specify that SFPUC will submit future legislation to the Board of Supervisors to approve the sale of bonds authorized by the subject ordinance (other than refunding bonds), and the related financing documents.
2. Approve File 16-0471 as amended and File 16-0469.

## Attachment

| Project                                | Description  |
|--|--|
| SSIP Program Wide Management           | <ul style="list-style-type: none"> <li>Series of capital improvement projects focused on improving the wastewater system to meet present and future needs of the city.</li> </ul>  |
| SSIP Land Reuse                        | <ul style="list-style-type: none"> <li>Addresses long-term planning and ongoing needs for physical space to support SSIP Projects.</li> </ul>  |
| Biosolids Digester Project             | <ul style="list-style-type: none"> <li>Provide a new digester/solids handling facility, replacing the existing facility at the Southeast Plant.</li> </ul>   |
| Southeast Treatment Plant              | <ul style="list-style-type: none"> <li>Address the liquid treatment portion of the improvements at SEP with upgrades to the existing digester facilities, until the new biosolids facility is constructed.</li> <li>Construction of a new all-weather 250 MGD Headworks facility, with new pumping, screening, grit removal and odor control.</li> </ul> |
| Northpoint Treatment Plant             | <ul style="list-style-type: none"> <li>Includes improvements and upgrades to North Shore pump Station, NPF Clarifier &amp; Maintenance Facilities Relocation.</li> </ul>   |
| Oceanside Treatment Plant              | <ul style="list-style-type: none"> <li>Improvements are focused on increasing reliability by replacing equipment and improving treatment process efficiency.</li> </ul>  |
| Central Bayside Improvements           | <ul style="list-style-type: none"> <li>Provide system enhancement to the Channel &amp; Islais Creek urban watersheds, infrastructure improvements to sewers/pump stations, and storm water management.</li> </ul>  |
| Collection System                      | <ul style="list-style-type: none"> <li>Improvements/replacements of sewer interceptors and tunnels.</li> </ul>   |
| Reliability Program                    | <ul style="list-style-type: none"> <li>Address structural and corrosion protection improvements to Combined Sewer Discharge and Transport Storage structures.</li> </ul>   |
| Pump Station and Force Main            | <ul style="list-style-type: none"> <li>Rehabilitation/Replacement of existing pump station and inspection and repair of force mains.</li> </ul>  |
| Flood Resilience                       | <ul style="list-style-type: none"> <li>Address combined sewer flooding caused by heavy rain. Includes construction of green infrastructure to use permeable surfaces and engineered subsurface systems to manage storm water.</li> </ul>   |
| Advanced Rainfall                      | <ul style="list-style-type: none"> <li>Provide better rainfall forecasting capabilities, through improving the spatial and temporal, while providing new radar stations and rainfall prediction models.</li> </ul>   |
| Green Infrastructure Projects          | <ul style="list-style-type: none"> <li>Construction of green infrastructure to use permeable surfaces and engineered subsurface systems to manage storm water.</li> </ul>  |
| Collection System Renewal/ Replacement | <ul style="list-style-type: none"> <li>Address long-term planning and immediate/ongoing needs to support the sewer collection system.</li> </ul>   |
| Southeast Community Center             | <ul style="list-style-type: none"> <li>Improvements to functionality and operational reliability of the facility. Also, infrastructure improvements will be provided.</li> </ul>   |
| Ocean Beach Protection                 | <ul style="list-style-type: none"> <li>Facilitate the development of a comprehensive shoreline management and protection plan.</li> </ul>  |
| Islais Creek Outlet                    | <ul style="list-style-type: none"> <li>Improvements to pipelines and modifications to the Booster Pump Station at Islais Creek.</li> </ul>   |
| Treasure Island                        | <ul style="list-style-type: none"> <li>Replacement of the wastewater treatment facility at Treasure Island/Yerba Buena Island.</li> </ul>  |





OFFICE OF THE MAYOR  
SAN FRANCISCO



EDWIN M. LEE  
MAYOR

May 2, 2016

Angela Calvillo, Clerk of the Board of Supervisors  
City Hall, 1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

Dear Ms. Calvillo:

Attached is the Mayor's proposed May 1 Budget comprised of the following 13 departments: Airports Commission, Board of Appeals, Child Support Services, Environment, Law Library, the Public Library, Municipal Transportation Agency, Port, Public Utilities Commission, Rent Board, Retirement System, and Office of County Education. Also attached are the following 11 pieces of legislation:

- One supplemental appropriation ordinance for the Two-Year Capital Budgets for the Municipal Transportation Authority (MTA)
- One resolution approving the issuance and sale of revenue bonds by the MTA
- One supplemental appropriation ordinance for Mission Bay Improvement Fund for Warrior Arena Improvement Capital Projects for the MTA
- One supplemental appropriation ordinance for surplus revenue and reappropriation for debt service payment for the Public Library
- Three supplemental appropriation ordinances for the Two-Year Capital Budgets of each of the Public Utilities Commission (PUC) Enterprises – Water, Wastewater, and Hetch Hetchy
- Three resolutions approving the issuance and sale of Power, Water, and Wastewater revenue bonds by the PUC
- One Proposition J Contract/Certification resolution of Specified Contracted-Out Services Previously Approved for Enterprise Departments (MTA, PUC, Airport, and Port)

Additionally, there are two letters attached; one memo from the Controller related to the MTA budget and a release of reserve request for the PUC. We request that all items be scheduled for the May 18, 2016 Budget and Finance meeting.

If you have any questions please feel free to contact me at 554-6253.

Sincerely,

A handwritten signature in black ink, appearing to read "Melissa Whitehouse".

Melissa Whitehouse  
Mayor's Budget Director, Acting

cc: Members of the Board of Supervisors  
Harvey Rose  
Controller

1 DR. CARLTON B. GOODLETT PLACE, ROOM 200  
SAN FRANCISCO, CALIFORNIA 94102-4681  
TELEPHONE: (415) 554-6141

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City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

## MEMORANDUM

TO: Derek Evans, Clerk, Public Utilities Revenue Bond Oversight Committee

FROM: Linda Wong, Assistant Clerk, Budget and Finance Committee *fw*

DATE: May 13, 2016

SUBJECT: LEGISLATION INTRODUCED

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The Board of Supervisors' Budget and Finance Committee has received the following proposed legislation, introduced by Mayor Lee:

**File No. 160471**

**Ordinance authorizing the issuance and sale of tax-exempt or taxable Wastewater Revenue Bonds and other forms of indebtedness by the San Francisco Public Utilities Commission (Commission) in an aggregate principal amount not to exceed \$1,112,601,280 to finance the costs of various capital wastewater projects benefitting the Wastewater Enterprise pursuant to amendments to the Charter of the City and County of San Francisco enacted by the voters on November 5, 2002, as Proposition E; authorizing the issuance of Wastewater Revenue Refunding Bonds; declaring the Official Intent of the Commission to Reimburse Itself with one or more issues of tax-exempt or taxable bonds or other forms of indebtedness; and ratifying previous actions taken in connection therewith, as defined herein.**

If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.