

File No. 240981

Committee Item No. 11

Board Item No. 5

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date November 13, 2024

Board of Supervisors Meeting

Date November 19, 2024

#### Cmte Board

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| <input type="checkbox"/>            | <input type="checkbox"/>            | Motion                                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Resolution                                   |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Introduction Form                            |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/>            | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Budget                                 |
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| <input type="checkbox"/>            | <input type="checkbox"/>            | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Public Correspondence                        |

#### OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>PUC Presentation 11/13/2024</u> |
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Completed by: Brent Jalipa

Date November 7, 2024

Completed by: Brent Jalipa

Date November 14, 2024

1 [Appropriation - Interest Earnings from Earthquake Safety and Emergency Response General  
2 Obligation Bonds - Public Utilities Commission - \$6,181,212.25 - FY2024-2025]

3 **Ordinance appropriating \$6,181,212.25 in interest earnings from the 2010 and 2014**  
4 **Earthquake Safety and Emergency Response (ESER) Bonds to fund planning and**  
5 **design phases of the Emergency Firefighting Water System (EFWS) projects, currently**  
6 **funded by the ESER 2020 Bond, for protecting against the loss of life, homes, and**  
7 **businesses from fires following an earthquake to the Public Utilities Commission in**  
8 **Fiscal Year (FY) 2024-2025.**

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

14

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

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17 Section 1. The sources of funding outlined below are herein appropriated to reflect the  
18 funding available for FY2024-25.

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**SOURCES Appropriation**

<b>Fund /</b>	<b>Project &amp; Activity /</b>	<b>Account</b>	<b>Description</b>	<b>Amount</b>
<b>Department ID</b>	<b>Authority</b>			
26410 WTR	10015480-0001	430150	Interest Earned	\$328,691.93
CPF2014 ESER 1st	2014 Auxiliary Water	Interest Earned -	from ESER GO	
S14D /	Supply Sy/2014	Pooled Cash	Bonds	
232396 WTR01	Auxiliary Water			
Administration	Supply Sy /			
	15668 UW 2014			
	Auxiliary Water			
	Supply			
26410 WTR	10015480-9995	430150	Interest Earned	\$489,578.98
CPF2014 ESER 1st	2014 Auxiliary Water	Interest Earned -	from ESER GO	
S14D /	Supply Sy	Pooled Cash	Bonds	
232396 WTR01	/INTEREST			
Administration	ALLOCATION-9995 /			
	15668 UW 2014			
	Auxiliary Water			
	Supply			

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	26414 WTR CPF	10015480-9995	430150	Interest Earned	\$16,940.68
4	2014 ESER S2018C/	2014 Auxiliary Water	Interest Earned -	from ESER GO	
5	232396 WTR01	Supply Sy	Pooled Cash	Bonds	
6	Administration	/INTEREST			
7		ALLOCATION-9995 /			
8		15668 UW 2014			
9		Auxiliary Water			
10		Supply			
11					
12	26420 WTR CPF	10015482-0001	430150	Interest Earned	\$425,110.36
13	2010 ESER 4th	Auxiliary Water	Interest Earned -	from ESER GO	
14	S13B/	Supply System	Pooled Cash	Bonds	
15	232396 WTR01	/Auxiliary Water			
16	Administration	Supply System /			
17		15670 UW Auxiliary			
18		Water Supply Syst			
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1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	26420 WTR CPF	10015482-9995	430150	Interest Earned	\$216,351.13
4	2010 ESER 4th	Auxiliary Water	Interest Earned -	from ESER GO	
5	S13B/	Supply System	Pooled Cash	Bonds	
6	232396 WTR01	/INTEREST			
7	Administration	ALLOCATION-9995 /			
8		15670 UW Auxiliary			
9		Water Supply Syst			
10					
11	26430 WTR CPF	10015482-0001	430150	Interest Earned	\$510,820.97
12	2010 ESER 5th S14C	Auxiliary Water	Interest Earned -	from ESER GO	
13	/ 232396 WTR01	Supply System	Pooled Cash	Bonds	
14	Administration	/Auxiliary Water			
15		Supply System /			
16		15670 UW Auxiliary			
17		Water Supply Syst			
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1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	26430 WTR CPF 2010	10015482-9995	430150	Interest Earned	\$1,068,160.96
4	ESER 5th S14C /	Auxiliary Water	Interest Earned -	from ESER GO	
5	232396 WTR01	Supply System	Pooled Cash	Bonds	
6	Administration	/INTEREST			
7		ALLOCATION-9995 /			
8		15670 UW Auxiliary			
9		Water Supply Syst			
10					
11	26500 WTR CPF	10015482-0001	430150	Interest Earned	\$858.16
12	AWSS /	Auxiliary Water	Interest Earned -	from ESER GO	
13	232396 WTR01	Supply System	Pooled Cash	Bonds	
14	Administration	/Auxiliary Water			
15		Supply System /			
16		15670 UW Auxiliary			
17		Water Supply Syst			
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1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	26550 WTR CPF 2010	10015482-0001	430150	Interest Earned	\$487,703.91
4	ESER 3rd S12E /	Auxiliary Water	Interest Earned -	from ESER GO	
5	232396 WTR01	Supply System	Pooled Cash	Bonds	
6	Administration	/Auxiliary Water			
7		Supply System /			
8		15670 UW Auxiliary			
9		Water Supply Syst			
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11	26550 WTR CPF 2010	10015482-9995	430150	Interest Earned	\$52,341.90
12	ESER 3rd S12E /	Auxiliary Water	Interest Earned -	from ESER GO	
13	232396 WTR01	Supply System	Pooled Cash	Bonds	
14	Administration	/INTEREST			
15		ALLOCATION-9995 /			
16		15670 UW Auxiliary			
17		Water Supply Syst			
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19	26550 WTR CPF 2010	10029706-0002	430150	Interest Earned	\$109,557.77
20	ESER 3rd S12E /	Jones St Tank /Jones	Interest Earned -	from ESER GO	
21	232396 WTR01	St Tank /	Pooled Cash	Bonds	
22	Administration	15671 UW Auxiliary			
23		Water Supply Syst			
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1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	26610 WTR CPF2014	10015480-0001	430150	Interest Earned	\$327,518.88
4	ESER 2nd S16D /	2014 Auxiliary Water	Interest Earned -	from ESER GO	
5	232396 WTR01	Supply Sy /2014	Pooled Cash	Bonds	
6	Administration	Auxiliary Water			
7		Supply Sy /			
8		15668 UW 2014			
9		Auxiliary Water			
10		Supply			
11					
12	26610 WTR CPF2014	10015480-9995	430150	Interest Earned	\$2,147,576.62
13	ESER 2nd S16D /	2014 Auxiliary Water	Interest Earned -	from ESER GO	
14	232396 WTR01	Supply Sy	Pooled Cash	Bonds	
15	Administration	/INTEREST			
16		ALLOCATION-9995 /			
17		15668 UW 2014			
18		Auxiliary Water			
19		Supply			
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21	<b>Total SOURCES Appropriation</b>				<b>\$6,181,212.25</b>

23 Section 2. The uses of funding outlined below are herein appropriated to reflect the  
24 projected uses of funding to support the Water Capital Improvement Program at the San  
25 Francisco Public Utilities Commission for FY2024-25.



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**USES Appropriation**

<b>Fund /</b>	<b>Project &amp; Activity /</b>	<b>Account</b>	<b>Description</b>	<b>Amount</b>
<b>Department ID</b>	<b>Authority</b>			
26410 WTR	10015480-0001	567000	Auxiliary Water	\$328,691.93
CPF2014 ESER 1st	2014 Auxiliary Water	Blds; Structures &	Supply System	
S14D /	Supply Sy/2014	Improvements		
232396 WTR01	Auxiliary Water			
Administration	Supply Sy /			
	15668 UW 2014			
	Auxiliary Water			
	Supply			
26410 WTR	10015480-9995	567000	Auxiliary Water	\$489,578.98
CPF2014 ESER 1st	2014 Auxiliary Water	Blds; Structures &	Supply System	
S14D /	Supply Sy	Improvements		
232396 WTR01	/INTEREST			
Administration	ALLOCATION-9995 /			
	15668 UW 2014			
	Auxiliary Water			
	Supply			
26414 WTR CPF	10015480-9995	567000	Auxiliary Water	\$16,940.68
2014 ESER S2018C/			Supply System	

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	232396 WTR01	2014 Auxiliary Water	Blds; Structures &		
4	Administration	Supply Sy	Improvements		
5		/INTEREST			
6		ALLOCATION-9995 /			
7		15668 UW 2014			
8		Auxiliary Water			
9		Supply			
10					
11	26420 WTR CPF	10015482-0001	567000	Auxiliary Water	\$425,110.36
12	2010 ESER 4th	Auxiliary Water	Blds; Structures &	Supply System	
13	S13B/	Supply System	Improvements		
14	232396 WTR01	/Auxiliary Water			
15	Administration	Supply System /			
16		15670 UW Auxiliary			
17		Water Supply Syst			
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23	26420 WTR CPF	10015482-9995	567000	Auxiliary Water	\$216,351.13
24	2010 ESER 4th	Auxiliary Water	Blds; Structures &	Supply System	
25	S13B/	Supply System	Improvements		

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	232396 WTR01	/INTEREST			
4	Administration	ALLOCATION-9995 /			
5		15670 UW Auxiliary			
6		Water Supply Syst			
7					
8	26430 WTR CPF	10015482-0001	567000	Auxiliary Water	\$510,820.97
9	2010 ESER 5th S14C	Auxiliary Water	Blds; Structures &	Supply System	
10	/232396 WTR01	Supply System	Improvements		
11	Administration	/Auxiliary Water			
12		Supply System /			
13		15670 UW Auxiliary			
14		Water Supply Syst			
15					
16	26430 WTR CPF	10015482-9995	567000	Auxiliary Water	\$1,068,160.96
17	2010 ESER 5th S14C	Auxiliary Water	Blds; Structures &	Supply System	
18	/232396 WTR01	Supply System	Improvements		
19	Administration	/INTEREST			
20		ALLOCATION-9995 /			
21		15670 UW Auxiliary			
22		Water Supply Syst			
23					
24	26500 WTR CPF	10015482-0001	567000	Auxiliary Water	\$858.16
25	AWSS /			Supply System	

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	232396 WTR01	Auxiliary Water	Blds; Structures &		
4	Administration	Supply System	Improvements		
5		/Auxiliary Water			
6		Supply System /			
7		15670 UW Auxiliary			
8		Water Supply Syst			
9					
10	26550 WTR CPF	10015482-0001	567000	Auxiliary Water	\$487,703.91
11	2010 ESER 3rd S12E	Auxiliary Water	Blds; Structures &	Supply System	
12	/232396 WTR01	Supply System	Improvements		
13	Administration	/Auxiliary Water			
14		Supply System /			
15		15670 UW Auxiliary			
16		Water Supply Syst			
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22					
23	26550 WTR CPF	10015482-9995	567000	Auxiliary Water	\$52,341.90
24	2010 ESER 3rd S12E	Auxiliary Water	Blds; Structures &	Supply System	
25		Supply System	Improvements		

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	/232396 WTR01	/INTEREST			
4	Administration	ALLOCATION-9995 /			
5		15670 UW Auxiliary			
6		Water Supply Syst			
7					
8	26550 WTR CPF	10029706-0002	567000	Auxiliary Water	\$109,557.77
9	2010 ESER 3rd S12E	Jones St Tank /Jones	Blds; Structures &	Supply System	
10	/232396 WTR01	St Tank /	Improvements		
11	Administration	15671 UW Auxiliary			
12		Water Supply Syst			
13					
14	26610 WTR	10015480-0001	567000	Auxiliary Water	\$327,518.88
15	CPF2014 ESER 2nd	2014 Auxiliary Water	Blds; Structures &	Supply System	
16	S16D /	Supply Sy /2014	Improvements		
17	232396 WTR01	Auxiliary Water			
18	Administration	Supply Sy /			
19		15668 UW 2014			
20		Auxiliary Water			
21		Supply			
22					
23	26610 WTR	10015480-9995	567000	Auxiliary Water	\$2,147,576.62
24	CPF2014 ESER 2nd	2014 Auxiliary Water	Blds; Structures &	Supply System	
25	S16D /	Supply Sy	Improvements		

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	232396 WTR01	/INTEREST			
4	Administration	ALLOCATION-9995 /			
5		15668 UW 2014			
6		Auxiliary Water			
7		Supply			
8					
9	<b>Total USES Appropriation</b>				<b>\$6,181,212.25</b>

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Section 3. \$641,461.49 is hereby placed on Controller’s Appropriation Reserve, as set forth below. Release of appropriation reserves by the Controller is 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.

**Appropriation on Reserve**

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	26420 WTR CPF	10015482-0001	567000	Auxiliary Water	\$425,110.36
4	2010 ESER 4th	Auxiliary Water	Blds; Structures &	Supply System	
5	S13B/	Supply System	Improvements		
6	232396 WTR01	/Auxiliary Water			
7	Administration	Supply System /			
8		15670 UW Auxiliary			
9		Water Supply Syst			
10					
11	26420 WTR CPF	10015482-9995	567000	Auxiliary Water	\$216,351.13
12	2010 ESER 4th	Auxiliary Water	Blds; Structures &	Supply System	
13	S13B/	Supply System	Improvements		
14	232396 WTR01	/INTEREST			
15	Administration	ALLOCATION-9995 /			
16		15670 UW Auxiliary			
17		Water Supply Syst			
18					
19	<b>Total Appropriation on Reserve</b>				<b>\$641,461.49</b>

21 Section 4: The Controller is authorized to record transfers between funds and adjust the  
22 accounting treatment of sources and uses appropriated in this ordinance as necessary to  
23 conform to Generally Accepted Accounting Principles and other laws.

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<p><b>Items 11-17</b>  <b>Files 24-0981, 24-0980, 24-0995, 24-0996, 24-0997, 24-0998, 24-0999</b></p>	<p><b>Department:</b>                  Office of Public Finance, Public Works, Police, Fire, Mayor’s Office of Housing &amp; Community Development, Port, Public Utilities Commission</p>
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**EXECUTIVE SUMMARY**

**Legislative Objectives**

- The proposed resolutions authorize the sale of general obligation bonds, including: (a) \$124 million for 2018 Embarcadero Seawall Bond projects, (b) \$225 million for 2020 Earthquake Safety and Emergency Response Bond projects, (c) \$70 million for 2019 Affordable Housing Bond projects, and (d) \$152 million of 2024 Affordable Housing Bond projects. Together, these bond sales total \$571 million.
- The proposed ordinances (a) appropriate \$571 million in bond proceeds for projects and transaction costs and (b) re-appropriates \$6.8 million in accrued interest from other bond proceeds to provide funding for the SFPU’s work on the Emergency Firefighting Water System expansion project.

**Key Points**

- The Port intends to use bond proceeds to fund design work on five projects to improve the Embarcadero seawall and other earthquake safety projects along the Port-managed waterfront.
- The Department of Public Works is using bond proceeds to construct a new fire training facility in the Bayview, replace Ingleside Police Station, construct a temporary “surge” facility for Ingleside Police Station staff during construction, and together with the SFPU, expand the City’s Emergency Firefighting Water System.
- MOHCD plans to use bond funding to provide long-term financing for low-income housing projects. A portion of the funding is designed for seniors, educators, survivors of violence, and for housing preservation projects.

**Fiscal Impact**

- The Office of Public Finance estimates that the proposed bond sales would result in an average annual debt service cost of approximately \$45,420,000. Over the anticipated 20-year life of the bonds, the total debt service is estimated at \$885,264,000.
- Bonds are repaid by special property taxes. The proposed transactions comply with the City’s debt limit policy and property tax rate policy, which limits property taxes for debt to no more than \$0.1201 per \$100 of assessed value.

**Recommendations**

- Approve the proposed resolutions and ordinances.

**MANDATE STATEMENT**

City Charter Section 9.106 states that the Board of Supervisors approves the issuance of general obligation bonds. Section 9.106 also limits outstanding general obligation bond indebtedness to three percent of the assessed value of all taxable real and personal property located within the City.

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

**BACKGROUND**

The proposed resolutions and ordinances pertain to four general obligation bonds approved by voters, including:

- **2018 Embarcadero Seawall Earthquake Safety:** Proposition A (November 2018) authorized \$425 million to fund seawall and earthquake safety projects. The bond program developed by City staff includes (a) \$416.1 million for design and construction work for seawall improvement and flood resilience projects (b) \$8.9 million for a US Army Corp of Engineers flood study.
- **2020 Earthquake Safety & Emergency Response:** Proposition B (March 2020) authorized \$628.5 million to fund earthquake safety and emergency response projects. The bond program developed by City staff includes (a) \$153.5 million for the Emergency Firefighting Water System, (b) \$275 million for Fire Department facilities, (c) \$121 million for Police facilities, (d) \$70 million for upgrading the Kezar Pavilion into a disaster relief facility, and (e) \$9 million for upgrades to the 911 call center at 1011 Turk Street.
- **2019 Affordable Housing:** Proposition A (November 2019) authorized \$600 million for affordable housing programs, including: (a) \$150 million for public housing renovations, (b) \$220 million for low-income housing, (c) \$30 million for preserving existing affordable housing, (d) \$30 million for middle-income housing, (e) \$150 million for senior housing, and (f) \$20 million for educator housing.
- **2024 Affordable Housing:** Proposition A (March 2024) authorized \$300 million for affordable housing programs, including: (a) \$240 million for low-income housing, (b) \$30 million for preserving existing affordable housing, and (c) \$30 million for housing that prioritizes victims/survivors of violence.

Exhibit 1 below shows the total debt authorized by voters, previously approved bond sales, the amounts of the proposed bond sales, and the remaining authorizations.

**Exhibit 1: General Obligation Bond Authorizations and Issuances**

<b>Bond</b>	<b>Authorization</b>	<b>Issued</b>	<b>Remaining Authorization</b>	<b>Proposed Sales</b>	<b>Proposed Remaining Authorization</b>
2018 Seawall	\$425,000,000	\$88,695,000	\$336,305,000	\$124,000,000	\$212,305,000
2020 ESER	\$628,500,000	\$167,805,000	\$460,695,000	\$225,000,000	\$235,695,000
2019 Affordable Housing	\$600,000,000	\$425,365,000	\$174,635,000	\$70,000,000	\$104,635,000
2024 Affordable Housing	\$300,000,000	\$0	\$300,000,000	\$152,000,000	\$148,000,000
<b>Total</b>	<b>\$1,953,500,000</b>	<b>\$681,865,000</b>	<b>\$1,271,635,000</b>	<b>\$571,000,000</b>	<b>\$700,635,000</b>

Source: Office of Public Finance

**DETAILS OF PROPOSED LEGISLATION**

**Resolutions Approving Issuance and Sale of General Obligation Bonds**

**File 24-0995:** The proposed resolution would authorize a sale of the 2018 Embarcadero Seawall Bond with a not-to-exceed amount of \$124,000,000, Series 2024A.

**File 24-0996:** The proposed resolution would authorize a sale of the 2020 Earthquake Safety and Emergency Response Bond with a not-to-exceed amount of \$225,000,000, Series 2024B.

**File 24-0997:** The proposed resolution would authorize a sale of the 2019 Affordable Housing Bond with a not-to-exceed amount of \$70,000,000, Series 2024C.

**File 24-0998:** The proposed resolution would authorize a sale of the 2024 Affordable Housing Bond with a not-to-exceed amount of \$152,000,000, Series 2024D.

Each resolution also:

- Prescribes the form and terms of the bonds;
- Provides for the appointment of depositories and other agents for the bonds;
- Provides for the establishment of accounts related to the bonds;
- Provides for the manner of sale of the bonds by competitive or negotiated sale;
- Approves the forms of Official Notice of Sale and Intention to Sell Bonds;
- Directs the publication of the Notice of Intention to Sell Bonds;
- Approves the form of the Bond Purchase Contract;
- Approves the form of the Preliminary Official Statement and the form and execution of the Official Statement relating to the sale of the bonds;
- Approves the form of the Continuing Disclosure Certificate;
- Authorizes and approves modifications to documents;
- Ratifies certain actions previously taken; and
- Grants authority to City officials to take necessary actions for the authorization, issuance, sale, and delivery of the bonds.

**File 24-0999:** The proposed resolution would provide for the issuance of \$300,000,000 of the 2024 Affordable Housing Bond. Individual bond sales are subject to separate Board of Supervisors approval.

### **Appropriation Ordinances**

**File 24-0980:** The proposed ordinance appropriates the following bond proceeds and places these funds on Controller's Reserve pending receipt of bond funds.

- \$124 million of proceeds from Series 2024A 2018 Embarcadero Seawall Bond to the Port for program management, design work for various seawall and flood resilience projects, and a flood study performed by the U.S. Army Corps of Engineers.
- \$225 million of proceeds from Series 2024B Earthquake Safety and Emergency Response Bond proceeds to the Department of Public Works and Public Utilities Commission for the Emergency Firefighting Water System, a Fire Department training facility, and replacement of Ingleside Police Station.
- \$70 million of proceeds from Series 2024C 2019 Affordable Housing Bond proceeds for the Mayor's Office of Housing and Community Development for funding low-income, middle income, educator, and senior housing projects.
- \$152 million of proceeds from Series 2024D 2024 Affordable Housing Bond proceeds for the Mayor's Office of Housing and Community Development for funding low-income, preservation, and housing projects for victims of violence.

**File 24-0981:** The proposed ordinance appropriates \$6,181,212.25 in interest earned from unspent bond proceeds from 2010 and 2014 Earthquake Safety and Emergency Response general obligation bonds to the SFPUC. Of that \$641,461.49 would be placed on Controller's Reserve pending environmental approval of projects.

Both the 2010 and 2014 ESER bonds included funding for DPW and SFPUC to expand the City's Emergency Firefighting Water System. Although most of the bond proceeds for the related bond sales have been spent, interest has accrued on the fund balance over time, which totaled \$10.5 million for the SFPUC portion of the program as of September 2024. The proposed appropriation would provide spending authority for \$6.2 million of the \$10.5 million in interest earnings for 2024 projects.

According to SFPUC staff, this funding will be used for planning and design work on 2024 Emergency Firefighting Water System projects during FY 2024-25 and FY 2025-26.

### **Bond Characteristics**

The proposed resolutions authorize the Director of Public Finance (or Controller or their designee) to determine the sale date, interest rates, principal amount, and maturity dates of the bonds, subject to the following conditions: (1) the true interest cost shall not exceed 12 percent;

and (2) the bonds have a maximum maturity date no later than 30 years after the date of issuance.

The proposed bonds will be structured as either tax-exempt and/or taxable depending on eligibility of project expenditures for tax exemption and/or market conditions.

Finally, the Office of Public Finance intends to pursue a competitive sale of the proposed bonds. However, a negotiated sale may be pursued if the bond structure or market conditions make a negotiated sale preferable. For that reason, the proposed resolutions include form bond purchase contracts.

### **Proposed Uses of Bond Funds**

Exhibit 2 below summarizes the proposed uses of the proposed bond proceeds. The appropriation ordinance provides spending authority for the bond proceeds and transaction costs; it is not controlled at the project level, which is shown in the table below for context.

**Exhibit 2: Series 2024ABCD Bond Appropriation Proposed Uses**

Series	2024A	2024B	2024C	2024D	
<b>GO Bond</b>	<b>2018 Seawall</b>	<b>2020 ESER</b>	<b>2019 Housing</b>	<b>2024 Housing</b>	<b>Totals</b>
<b>Proceeds</b>	124,000,000	225,000,000	70,000,000	152,000,000	571,000,000
<b>Uses</b>					
Wharf J 9 Replacement	11,200,000	-	-	-	11,200,000
Downtown Coastal Resilience	22,900,000	-	-	-	22,900,000
Pier 24.5 to 28.5 Earthquake Safety	11,200,000	-	-	-	11,200,000
Pier 9 Seawall Earthquake Safety	25,500,000	0	-	-	25,500,000
Pier 15 Earthquake Safety	7,000,000	0	-	-	7,000,000
US Army Corp Eng. Flood Study	20,000,000				20,000,000
Port Program Costs	21,467,000	0	-	-	21,467,000
Emergency Firefighting Water System	-	41,128,418	-	-	41,128,418
Fire Training Facility	-	88,255,521	-	-	88,255,521
Ingleside Police Station Renovation & Temp. Facility		87,141,794	-	-	87,141,794
Low-Income Housing: 1515 S. Van Ness	-	-	35,308,347		35,308,347
Low-Income Housing: Sunnyside	-	-	-	41,025,000	41,025,000
Low-Income Housing: Balboa Reservoir	-	-	-	45,875,000	45,875,000
Downpayment Assistance	-	-	6,450,000	-	6,450,000
Housing Preservation	-	-	-	29,750,000	29,750,000
Senior Housing: 967 Mission	-	-	5,200,000	-	5,200,000
Educator Housing: 750 Golden Gate	-	-	19,800,000	-	19,800,000
Survivor Housing	-	-	-	29,750,000	29,750,000
<b>Subtotal, Bond Proceeds for Projects</b>	<b>119,267,000</b>	<b>216,525,733</b>	<b>66,758,347</b>	<b>146,400,000</b>	<b>548,951,080</b>
CON Audit	238,534	433,052	133,517	292,800	1,097,903
Oversight Committee	120,470	218,705	67,435	147,875	554,485
Cost of Issuance	241,646	433,985	118,526	294,950	1,089,107
Underwriters Discount	602,350	1,093,525	337,175	739,375	2,772,425
Reserve for Market Uncertainty	3,530,000	6,295,000	2,585,000	4,125,000	16,535,000
<b>Total Uses</b>	<b>124,000,000</b>	<b>225,000,000</b>	<b>70,000,000</b>	<b>152,000,000</b>	<b>571,000,000</b>

Source: Appropriation Ordinance (File 24-0980), Port, Public Works, MOHCD

<sup>a</sup> Costs of issuance include bond counsel, auditor, regulator, and other costs.

<sup>b</sup> Underwriters discount is the difference in the price paid to the issuer and the prices at which the bonds are initially offered to investors.

**Bond Projects**Seawall Projects

The Port intends to use bond proceeds to fund design work on five projects to improve the Embarcadero seawall and other earthquake safety projects along the Port-managed waterfront. In addition, the Port is co-funding a study with the US Army Corps of Engineers to assess the flood risk and sea level rise in San Francisco through 2140. The study, which costs \$8.9 million, will

inform a request for federal funding for waterfront improvements in 2026.<sup>1</sup> The proposed bond sale also funds design analysis for the flood resilience plan that will be presented to federal authorities.

### Earthquake Safety & Emergency Response (ESER)

The Department of Public Works is using bond proceeds to construct a new fire training facility in the Bayview, replace Ingleside Police Station, construct a temporary “surge” facility for Ingleside Police Station staff during construction, and together with the SFPUC, expand the City’s Emergency Firefighting Water System.

Further detail about ESER and Port bond projects and their status is included as an attachment to this report. Non-construction contracts that exceed \$10 million or ten years will be subject to Board of Supervisors approval.

### Housing Projects

MOHCD plans to use bond funding to provide gap financing for the following low-income housing projects: 1515 South Van Ness, Sunnydale HOPEsf, and Balboa Reservoir, as well as for the 967 Mission project for seniors and the 750 Golden Gate project for educators. The Department plans to issue a Notice of Funding availability to identify housing projects for survivors of violence. The Department reviews proposals for preservation projects on a rolling basis. Any loan agreements that exceed \$10 million or ten years will be subject to Board of Supervisors approval.

### **Bond Accountability Report Waived**

Each of the proposed bond resolutions for the proposed bonds waives the deadline for submission of the Bond Accountability reports under Admin Code Section 2.71(a) and 2.71(b), which states that such reports should be submitted to the Board of Supervisors 60 days prior to the approval of the relevant bond appropriation and/or sale. Bond Accountability Reports include details on the spending of previously approved bond sales and details on the projects proposed to be funded with new bond sales.

As of this writing, all three departments, the Mayor’s Office of Housing and Community Development, Port, Public Works, have or plan to submit drafts of their bond accountability reports to the Office of Public Finance prior to the November 13, 2024 Budget & Finance Committee meeting.

## **FISCAL IMPACT**

### **Annual Debt Service**

Based on an estimated interest rate of 5.15 percent, the Office of Public Finance estimates that this would result in an average annual debt service cost of approximately \$45,420,000. Over the anticipated 20-year life of the bonds, the total debt service is estimated at \$885,264,000. The

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<sup>1</sup> The total estimated cost of protecting the Port-managed waterfront from sea level rise is \$13.5 billion in today’s dollars. If federal funding is approved, the City share would be 35 percent or \$4.7 billion.

estimated debt service is comprised of approximately \$330,780,000 in interest payments and \$554,485,000 of principal repayments.

**Debt Limit**

The proposed bond sales comply with the City’s debt limit policy. Section 9.106 of the City Charter limits the amount of GO bonds the City can have outstanding at any given time to three percent of the total assessed value of property in San Francisco. The City's general obligation debt limit for FY 2024-25 is approximately \$10.54 billion, based on a total assessed valuation of approximately \$351.3 billion.

According to the Controller’s Office of Public Finance, as of October 1, 2024, the City had outstanding general obligation bond debt of approximately \$2.23 billion, which equals approximately 0.63 percent of the City’s assessed valuation. If the Board of Supervisors approves the proposed bonds, the debt ratio would increase to 0.79 percent, which is under the three percent debt limit. If all of the City’s voter-authorized and unissued general obligation bonds were issued, the total debt burden would be 1.08 percent of the net assessed value of property in the City.

**Property Tax Rates**

General obligation bond debt service is paid for by special property taxes. The City’s Capital Plan includes a policy of limiting the property tax rate related to the City’s general obligation bonds at \$0.1201 per \$100 of assessed value, the relevant property tax rate in effect during FY 2005-06. According to the Office of Public Finance, the proposed transaction is in compliance with this financial policy.

**RECOMMENDATIONS**

Approve the proposed resolutions and the proposed ordinance.



#	Bond Program	Component	Project(s)	Description	Est. Completion Date (i)	Current Status	Proposed Uses 2024 3rd Issuance GO Bond	Proposed 2024 3rd Issuance GO Bond Amount	Total Estimated GO Bond Project Costs	Total GO Bond Project Costs Spent to Date (ii)	Total % Spent (Total Estimated Cost)
1	2020 ES	<b>Emergency Firefighting Water System (EFWS)</b>	Potable Emergency Firefighting Water Systems ("PEFWS") - pipelines and pump stations (west side of the City),  Fireboat Manifolds.	Expand (P)EFWS by approx. five pipeline miles and plan for new pumping facilities;  Extend the EFWS along Marin St along Evans Ave, and install high- pressure fire hydrants and high-pressure valves;  Install new manifold in Mission Bay to allow fireboats to pump seawater into EFWS, and relocate/improve existing manifolds/connector pipelines at Fort Mason & Pier 33.5.	Sept 2029	Potable Emergency Firefighting Water System (PEFWS): Planning and design (for pipelines and pump station improvements);  Fireboat Manifolds: design phase; construction schedule will be developed in 2025-2026	Planning and design efforts for additional PEFWS projects, fireboat manifold projects, hydraulic modeling, and EFWS pipeline extension along Marin St.	41,128,418	151,170,852	22,575,738	15%
2	2020 ES	<b>Neighborhood Fire Stations &amp; Support Facilities</b>	SFFD Division of Training (formerly referred to as the Fire Training Facility)	Construct new SFFD Division of Training facility at 1236 Carroll Avenue (classrooms, live-fire training, equipment training, and emergency medical services (EMT) training). New facility will replace the existing training facility in the Mission District & on Treasure Island, which SFFD must vacate.	Aug 2028	Design phase (design development)	Completion of design, pre-construction services, and partial construction efforts.	88,255,521	270,827,260	46,674,115	17%
3	2020 ES	<b>District Police Stations &amp; Support Facilities</b>	Ingleside Station, Surge Facility, Mission Station	Ingleside Police Station replacement project; Construct temporary "Surge" facility at 1828 Egbert Ave, for Ingleside Police staff while in construction; Voluntary structural improvements & shower resoration/waterproofing and ADA improvements at Mission Police Stn.	Ingleside: Dec 2028; Surge: April 2026; Mission: completed Sept 2023	Ingleside: Design phase (schematic); Surge: Design phase (construction docs); Mission: project complete	Completion of design, permitting, and construction for Ingleside Police Station.	87,141,794	119,163,994	10,134,087	9%
								<b>216,525,733</b>	<b>541,162,106</b>	<b>79,383,940</b>	<b>0</b>

#	Bond	Program	Project	Description	Est. Completion Date	Status	Proposed 2024 GO Bond Amount	Total Estimated Project Costs	Total Project Costs Spent to Date
1	2018 Seawall	Labor	N/A	Port labor for program management	N/A	On going	\$4,900,000	TBD	\$9.0M
2	2018 Seawall	US Army Corp of Engineer	N/A	USACE Flood Study and project planning/design	N/A	On going. USACE Chief's report due to Congress summer 2026.	\$20,000,000	TBD	\$6.9M
3	2018 Seawall	Program Advisory Services	N/A		2030	RFP to go out late 2024	\$10,600,000	\$42.5M	\$0.0M
4	2018 Seawall	Enviornmental Impact Rep	California Environmental Quality Act	CEQA Environmental Impact Report	2026	Contract to award late 2024	\$3,000,000	\$4.0M	\$0.0M
5	2018 Seawall	Final Design - Early Project	Wharf J 9 Replacement Project	Replacement of the deteriorating wharf and seawall in Fisherman's Wharf	2028-2030	Predesign complete. Flnal design to sart in 2025.	\$11,200,000	\$50M-\$80M	\$1.7M
6	2018 Seawall	Final Design - Early Project	Downtown Coastal Resilience Project	Flood defense and seismic improvement in the Financial District & South Beach	2029-2032	Predesign to be complete in 2026.	\$22,900,000	\$250M-\$1B	\$2.3M
7	2018 Seawall	Final Design - Early Project	Pier 24.5 to 28.5 Earthquake Safety Project	Improve seawall along Piers 24.5 - 28.5	2029-2031	Predesign to be complete in 2026.	\$11,200,000	\$100M-\$300M	\$1.0M
8	2018 Seawall	Final Design - Early Project	Pier 9 Seawall Earthquake Safety Project	Improve earthquake safety and disaster response capability for Pier 9, which sits upon the century old seawall	2027-2028	Predesign complete. Flnal design to sart in 2025.	\$25,500,000	\$20M-\$30M	\$0.9M
9	2018 Seawall	Final Design - Early Project	Pier 15 Earthquake Safety Project	Improve earthquake safety and disaster response capability for Pier 15, which sits upon the century old seawall	2027-2028	Predesign complete. Flnal design to sart in 2025.	\$7,000,000	\$7M-\$10M	\$0.6M
10	2018 Seawall	Other City Dept & Other GN	N/A	As-needed services	N/A	On going	\$3,000,000	TBD	\$0.5M



San Francisco  
**Water Power Sewer**  
Services of the San Francisco Public Utilities Commission

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# **ESER 2010, 2014 GO Bonds Fund Interests for EFWS Projects**

## **Budget and Finance Committee**

November 13, 2024  
SFPUC



## **Request for approval of:**

Allocating ESER 2010 & 2014 accrued interest funds totaling \$6,181,212 to proposed bond eligible Emergency Firefighting Water System (EFWS) projects.

ESER 2010 interest: \$2,870,905

ESER 2014 interest: \$3,310,307

**Total amount: \$6,181,212 (i)**

(i) \$641,461 will be placed on Controller's reserve for potential arbitrage payments. After payments are issued the remaining funds will be released for project use.

# EFWS Projects Cost Summary

Project Name	ESER 2020 Bond Sale Allocation			Subtotal ESER Budget	ESER 2010/2014 Interest Earnings	CIP Contribution (Estimated)	Total Budget
	First & Second	Third	Fourth				
EFWS 2000 Marin	\$ 4,105,000	\$ 2,200,000	\$ -	\$ 6,305,000	\$ -	\$ -	\$ 6,305,000
EFWS Manifold Fort Mason	\$ 1,603,900	\$ 900,000	\$ 300,000	\$ 2,803,900	\$ -	\$ -	\$ 2,803,900
EFWS Manifold Mission Bay	\$ 100,000	\$ 2,300,000	\$ 100,000	\$ 2,500,000	\$ -	\$ -	\$ 2,500,000
EFWS Manifold Pier 35	\$ 50,000	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ 50,000
EFWS Studies	\$ 533,453	\$ -	\$ -	\$ 533,453	\$ -	\$ -	\$ 533,453
PEFWS Central PS	\$ 468,662	\$ 3,600,000	\$ 1,500,000	\$ 5,568,662	\$ -**	\$ -	\$ 5,568,662
PEFWS Pipeline	\$ 8,400,038	\$ 30,141,997	\$ 69,308,768	\$ 107,850,804	\$ 6,181,212	\$ 93,298,922	\$ 207,330,938
PEFWS Pipeline 19th Ave	\$ 426,781	\$ -	\$ -	\$ 426,781	\$ -	\$ 3,375,000	\$ 3,801,781
PEFWS Pipeline Vicente	\$ 4,452,000	\$ -	\$ -	\$ 4,452,000	\$ -	\$ 3,375,000	\$ 7,827,000
PEFWS PS - Lake Merced	\$ 1,000,000	\$ 1,586,421	\$ 3,647,830	\$ 6,234,251	\$ -	\$ -	\$ 6,234,251
PW 19th Ave Infra Impr	\$ 7,006,197	\$ -	\$ -	\$ 7,006,197	\$ -	\$ -	\$ 7,006,197
UW 2020 EFWS	\$ 3,266,358	\$ -	\$ -	\$ 3,266,358	\$ -	\$ -	\$ 3,266,358
UW Pump Station 2 (ESER 2014)	\$ 3,587,611	\$ 400,000	\$ -	\$ 3,987,611	\$ -	\$ -	\$ 3,987,611
<b>Total</b>	<b>\$ 35,000,000</b>	<b>\$ 41,128,418</b>	<b>\$ 74,856,598</b>	<b>\$ 150,985,016</b>	<b>\$ 6,181,212</b>	<b>\$ 100,048,922*</b>	<b>\$ 257,015,150</b>

\* Estimate based on the cost share between ESER and Water CIP

\*\* Fund planning and design of the Potable Emergency Firefighting Water System (PEFWS) projects

**From:** [Trejo, Sara \(MYR\)](#)  
**To:** [BOS Legislation, \(BOS\)](#)  
**Cc:** [Paulino, Tom \(MYR\)](#); [Trivedi, Vishal \(CON\)](#); [Van Degna, Anna \(CON\)](#); [GIVNER, JON \(CAT\)](#)  
**Subject:** Mayor -- Ordinance -- Appropriation - Earthquake Safety and Emergency Response Bonds  
**Date:** Tuesday, October 8, 2024 4:09:36 PM  
**Attachments:** [Appropriation - \\$6,181,212 in Interest Earnings from ESER GO Bonds to PUC.docx](#)  
[Appropriation - \\$6,181,212 in Interest Earnings from ESER GO Bonds to PUC.pdf](#)  
[RE Appropriation - \\$6180354 in Interest Earnings from ESER GO Bonds to PUC.msg](#)  
[RE For Approval Appropriation - \\$6,181,212.25 in Interest Earnings from ESER GO Bonds to PUC - CAT Approval.pdf](#)  
[RE For Approval Appropriation - \\$6,181,212.25 in Interest Earnings from ESER GO Bonds to PUC - CON Approval.pdf](#)

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Hello Clerks,

Attached is an Ordinance appropriating \$6,181,212.25 in interest earnings from the 2010 and 2014 Earthquake Safety and Emergency Response (ESER) Bonds to fund planning and design phases of the Emergency Fire Wire System (EFWS) projects, currently funded by the ESER 2020 Bond, for protecting against the loss of life, homes, and businesses from fire following an earthquake to the Public Utilities Commission in Fiscal Year (FY)2024-25.

We respectfully request a 30-day waiver for this Ordinance. This item must be heard at the Budget & Finance Committee on October 30<sup>th</sup> in order to move forward with the bond issuance and receive proceeds by the end of the calendar year.

Best regards,

**Sara Trejo**

Legislative Aide

Office of the Mayor

City and County of San Francisco