

File No. 140480

Committee Item No. 6

Board Item No. 10

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date June 11, 2014

Board of Supervisors Meeting

Date 6/17/14

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 checked="" type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <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 |

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Completed by: Linda Wong Date June 6, 2014

Completed by: L.W. Date 6/12/14

6/11/14

FILE NO. 140480

ORDINANCE NO.

RO#10031

SA#31

1 [Appropriation - Proceeds from Revenue Bonds, Hetch Hetchy Revenue, Cap and Trade
2 Allowance of ~~\$215,108,836~~ \$217,478,836 for Hetch Hetchy Water and Power Capital
3 Improvements Amending- Ordinance Nos. 110-12, 123-12, and 200-12 – FYs 2014-2015 and
4 2015-2016]

5 Ordinance appropriating ~~\$215,108,836~~ \$217,478,836 of Hetch Hetchy revenue, Cap and
6 Trade Allowance, Power and Water Revenue Bonds for the San Francisco Public
7 Utilities Commission (SFPUC) Hetch Hetchy Capital Improvement Program for FY2014-
8 2015 at ~~\$103,508,198~~ \$105,878,198 and FY2015-2016 at \$111,600,638; and placing
9 ~~\$172,735,378~~ \$173,755,378 of bond funded appropriation on Controller's reserve by project,
10 subject to SFPUC and Board of Supervisors' approval following completion of project-
11 related analysis pursuant to the California Environmental Quality Act , where required,
12 and receipt of proceeds of indebtedness and loan funds amending adopted capital
13 appropriation Ordinances 110-12, 123-12, and 200-12 for the San Francisco Public
14 Utilities Commission including de-appropriation and re-appropriation \$16,269,463 of
15 Bond Proceeds and Cap and Trade Allowance Revenue; de-appropriating and re-
16 appropriating \$18,769,463 of the Hetch Hetchy Capital Improvement Program Projects;
17 and de-appropriating and re-appropriating ~~\$19,500,000~~ \$17,300,000 of the CleanPowerSF
18 Community Choice Aggregation Program, and placing \$3,000,000 of the FY2015-2016
19 GoSolarSF appropriation on Budget & Finance Committee reserve.

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

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

2
3 Section 1. The sources of funding outlined below are herein appropriated to reflect the
4 funding available for FY2014-2015.

5
6 **SOURCES Appropriation**

7 Fund	8 Index Code / Project Code	Subobject	Description	Amount
9 5T CPF 15B – 2015B	*HHP5TCPF15B /	80111	Proceeds From	<i>\$41,984,314</i>
10 Power Enterprise	CUH30000		Sale of Bonds	<u>\$43,004,314</u>
11 Revenue Bonds				
12				
13 5T CPF 15A – 2015A	*HHP5TCPF15A /	80111	Proceeds From	\$38,204,088
14 Hetchy Water Revenue	CUH30000		Sale of Bonds	
15 Bonds				
16				
17 5T AAA ACP – Hetchy	UHUHZZZ505T /	9505T	Hetch Hetchy	<i>\$21,901,796</i>
18 Continuing Capital	CUHZZZ00		Revenue	<u>\$23,251,796</u>
19 Project Fund				
20				
21 5T AAA ACP – Hetchy	HPCAPAAAACP /	99999B	Hetchy Cap and	\$1,418,000
22 Continuing Capital	PUHCAP00		Trade	
23 Project Fund			Allowance	
24				
25				

1 Total SOURCES Appropriation

\$103,508,198

2 \$105,878,198

3
4 Section 2. The uses of funding outlined below are herein appropriated in Subobject
5 06700 Buildings Structures and Improvements, 081C4 Internal Audits and 081XX Revenue
6 Bond Oversight Committee, and reflects the projected uses of funding to support the Hetch
7 Hetchy Capital Improvement Program at the San Francisco Public Utilities Commission for
8 FY2014-2015.

9
10 **USES Appropriation**

Fund	Index Code / Project Code	Subobject	Description	Amount
<u>5T AAA ACP – Hetchy</u> <u>Continuing Capital</u> <u>Project Fund</u>	<u>518961 / CUH89601</u>	<u>06700 - Buildings</u> <u>Structures and</u> <u>Improvements</u>	<u>Streetlight</u> <u>Improvement</u> <u>Program</u>	<u>\$2,200,000</u>
5T AAA ACP – Hetchy Continuing Capital Project Fund	539721 / CUH97201	06700 - Buildings Structures and Improvements	Load Meter Program	\$1,000,000
5T AAA ACP – Hetchy Continuing Capital Project Fund	HHPCAPAAAACP / CUHCAP00	06700 - Buildings Structures and Improvements	Generation – Small Renewables	\$1,000,000

1	Fund	Index Code /	Subobject	Description	Amount
2		Project Code			
3	5T AAA ACP –	HHPCAPAAAACP /	06700 - Buildings	Generation – Small	\$200,000
4	Hetchy Continuing	CUHCAP00	Structures and	Hydro	
5	Capital Project Fund		Improvements		
6					
7	5T AAA ACP –	519831 /	06700 - Buildings	Civic Center Energy	\$162,000
8	Hetchy Continuing	CUH98301	Structures and	Efficiency	
9	Capital Project Fund		Improvements		
10					
11	5T AAA ACP –	519861 /	06700 - Buildings	General Fund	\$70,000
12	Hetchy Continuing	CUH98601	Structures and	Energy Efficiency	
13	Capital Project Fund		Improvements		
14					
15	5T AAA ACP –	519951 /	06700 - Buildings	Energy Efficiency –	\$120,000
16	Hetchy Continuing	CUH99501	Structures and	All Others	
17	Capital Project Fund		Improvements		
18					
19	5T AAA ACP –	HHPCAPAAAACP /	06700 - Buildings	Energy Efficiency –	\$218,000
20	Hetchy Continuing	CUHCAP00	Structures and	All Others	
21	Capital Project Fund		Improvements		
22					
23	5T AAA ACP –	519801 -	06700 - Buildings	Treasure Island	\$3,050,000
24	Hetchy Continuing	CUH98001	Structures and	Capital	
25	Capital Project Fund		Improvements	Improvements	

1	Fund	Index Code /	Subobject	Description	Amount
2		Project Code			
3	5T CPF 15A – 2015A	HHPX5TCPF15A /	06700 - Buildings	Hetchy Water –	\$1,720,000
4	Hetchy Water	CUH10000	Structures and	Water Only Project	
5	Revenue Bonds		Improvements		
6					
7	5T CPF 15A – 2015A	HHPX5TCPF15A /	06700 - Buildings	Hetchy Water –	\$18,100,000
8	Hetchy Water	CUH10000	Structures and	Lower Cherry	
9	Revenue Bonds		Improvements	Aqueduct	
10					
11	5T AAA ACP –	511010	06700 - Buildings	Hetchy Water –	<u>\$2,967,696</u>
12	Hetchy Continuing	CUH10100	Structures and	Power Only Projects	<u>\$2,117,696</u>
13	Capital Project Fund		Improvements		
14					
15	5T CPF 15B – 2015B	HHPX5TCPF15B /	06700 - Buildings	Hetchy Water –	<u>\$33,040,304</u>
16	Hetchy Water Power	CUH10100	Structures and	Power Only Projects	<u>\$33,890,304</u>
17	<u>Enterprise Revenue</u>		Improvements		
18	Bonds				
19					
20	5T CPF 15A – 2015A	HHPX5TCPF15A /	06700 - Buildings	Hetchy Joint	\$11,889,900
21	Hetchy Water	CUH10200	Structures and	Projects – Water	
22	Revenue Bonds		Improvements		
23					
24					
25					

1	Fund	Index Code /	Subobject	Description	Amount
2		Project Code			
3	5T AAA ACP Hetchy	511021 /	06700 - Buildings	Hetchy Joint	\$14,532,100
4	Continuing Capital	CUH10200	Structures and	Projects -- Power	
5	Project Fund		Improvements		
6					
7	5T CPF 15A – 2015A	HHPX5TCPF15A /	06700 - Buildings	Hetchy Water	\$6,411,666
8	Hetchy Water	CUH30000	Structures and	Financing Costs	
9	Revenue Bonds		Improvements		
10					
11	5T CPF 15B – 2015B	HHPX5TCPF15B /	06700 - Buildings	Hetchy Power	\$8,771,298
12	Power Enterprise	CUH30000	Structures and	Financing Costs	<u>\$8,940,788</u>
13	Revenue Bonds		Improvements		
14					
15	5TCPF15A – 2015A	HHPX5TCPF15A /	081C4 Internal	Hetchy Water City	\$63,420
16	Hetchy Water	CUH30000	Audits	Services Auditor	
17	Revenue Bonds				
18					
19	5T CPF 15B – 2015B	HHPX5TCPF15B /	081C4 Internal	Hetchy Power City	\$151,720
20	Power Enterprise	CUH30000	Audits	Services Auditor	
21	Revenue Bonds				
22					
23					
24					
25					

1	Fund	Index Code /	Subobject	Description	Amount
2		Project Code			
3	5T CPF 15A – 2015A	HHPX5TCPF15A /	081XX	Hetchy Water	\$19,102
4	Water Enterprise	CUH30000		Revenue Bond	
5	Revenue Bonds			Oversight	
6				Committee	
7					
8	5T CPF 15B – 2015B	HHPX5TCPF15B /	081XX	Hetchy Power	\$20,992
9	Power Enterprise	CUH30000		Revenue Bond	<u>\$21,502</u>
10	Revenue Bonds			Oversight	
11				Committee	
12					
13	Total USES Appropriation				<u><u>\$103,508,198</u></u>
14					<u><u>\$105,878,198</u></u>

16 Section 3: Of the above appropriated amount, ~~\$176,140~~ \$215,140, representing 0.2% of
17 the expenditure budget net of bond financing and audit costs, is to be allocated and available
18 to support the Controller's Audit Fund, pursuant to Charter Appendix F1.113; and ~~\$40,094~~
19 \$40,604, representing 0.05% of gross bond proceeds is to be allocated and available to
20 support the Public Utilities Commission Revenue Bond Oversight Committee, pursuant to
21 Administrative Code Section 5A.31. These appropriations may be increased or decreased by
22 the Controller based on changes to expenditure appropriations or actual gross bond proceeds
23 to conform to the applicable Charter and Administrative Code formulas.

24 Section 4: ~~\$80,188,402~~ \$81,208,402 of the total appropriation is hereby placed on
25 Controller's Appropriation Reserve by project. Release of appropriation reserves by the

1 Controller is subject to the prior occurrence of: 1) the SFPUC's and the Board of Supervisors'
 2 discretionary adoption of CEQA findings for projects, following review and consideration of
 3 completed project-related environmental analysis, where required, pursuant to CEQA, the
 4 State CEQA Guidelines, and Chapter 31 of the San Francisco Administrative Code, and 2) the
 5 Controller's certification of funds availability, including proceeds of indebtedness including
 6 Commercial Paper capacity.

7 Section 5: Associated Bond financing costs up to ~~\$15,438,198~~ \$15,352,454 is also
 8 hereby appropriated, including but not limited to, issuance costs, debt service reserve,
 9 capitalized interest, rating agency, and disclosure costs, all on Controller's reserve pending
 10 receipt of bond proceeds. To the extent that net available bond proceeds after financing costs
 11 are more than budgeted, the Controller may approve the use of such surplus bond proceeds
 12 as a substitute for other sources budgeted in this appropriation.

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

16 Section 7. The sources of funding outlined below are herein appropriated to reflect the
 17 funding available for FY2015-2016.

18
 19 **SOURCES Appropriation**

Fund	Index Code /	Subobject	Description	Amount
	Project Code			
5T CPF 16B – 2016B	*HHP5TCPF16B /	80111	Proceeds From	\$69,342,528
Power Enterprise	CUH30000		Sale of Bonds	
Revenue Bonds				

1	Fund	Index Code /	Subobject	Description	Amount
2		Project Code			
3	5T CPF 16A – 2016A	*HHP5TCPF16A /	80111	Proceeds From	\$23,204,448
4	Hetchy Water Revenue	CUH30000		Sale of Bonds	
5	Bonds				
6					
7	5T AAA ACP – Hetchy	UHUHZZZ505T /	9505T	Hetch Hetchy	\$17,353,662
8	Continuing Capital	CUHZZZ00		Revenue	
9	Project Fund				
10					
11	5T AAA ACP –	HHPCAPAAAACP /	99999B	Cap and Trade	\$1,700,000
12	Hetchy Continuing	CUHCAP00		Allowance	
13	Capital Project Fund				
14					
15	Total SOURCES Appropriation				\$111,600,638

17 Section 8. The uses of funding outlined below are herein appropriated in Subobject
18 06700 Buildings Structures and Improvements, 081C4 Internal Audits and 081XX Revenue
19 Bond Oversight Committee, and reflects the projected uses of funding to support the Hetch
20 Hetchy Capital Improvement Program at the San Francisco Public Utilities Commission for
21 FY2015-2016.

1 **USES Appropriation**

2	Fund	Index Code /	Subobject	Description	Amount
3		Project Code			
4	5T AAA ACP –	518961 /	06700 - Buildings	Streetlight	\$7,653,662
5	Hetchy Continuing	CUH89601	Structures and	Improvement	
6	Capital Project Fund		Improvements	Program	
7					
8	5T CPF 16B – 2016B	HHPX5TCPF16B /	06700 - Buildings	Streetlight	\$4,292,338
9	Hetchy Water Power	CUH89601	Structures and	Improvement	
10	<u>Enterprise Revenue</u>		Improvements	Program	
11	Bonds				
12					
13	5T AAA ACP –	519851 /	06700 - Buildings	Transbay Transit	\$1,250,000
14	Hetchy Continuing	CUH98501	Structures and	Center	
15	Capital Project Fund		Improvements		
16					
17	5T AAA ACP –	HPCAPAAAACP /	06700 - Buildings	Generation – Small	\$1,000,000
18	Hetchy Continuing	CUHCAP00	Structures and	Renewables	
19	Capital Project Fund		Improvements		
20					
21	5T AAA ACP –	HPCAPAAAACP /	06700 - Buildings	Generation – Small	\$200,000
22	Hetchy Continuing	CUHCAP00	Structures and	Hydro	
23	Capital Project Fund		Improvements		

1	Fund	Index Code /	Subobject	Description	Amount
2		Project Code			
3	5T AAA ACP –	519473 /	06700 - Buildings	SF GoSolar <u>SF</u>	\$5,000,000
4	Hetchy Continuing	CUH94763	Structures and		
5	Capital Project Fund		Improvements		
6					
7	5T AAA ACP –	519831 /	06700 - Buildings	Civic Center Energy	\$162,000
8	Hetchy Continuing	CUH98301	Structures and	Efficiency	
9	Capital Project Fund		Improvements		
10					
11	5T AAA ACP –	519861 /	06700 - Buildings	General Fund	\$500,000
12	Hetchy Continuing	CUH98601	Structures and	Energy Efficiency	
13	Capital Project Fund		Improvements		
14					
15	5T AAA ACP –	HHPCAPAAAACP /	06700 - Buildings	Energy Efficiency –	\$338,000
16	Hetchy Continuing	CUHCAP00	Structures and	All Others	
17	Capital Project Fund		Improvements		
18					
19	5T AAA ACP –	519801 -	06700 - Buildings	Treasure Island	\$2,950,000
20	Hetchy Continuing	CUH98001	Structures and	Capital	
21	Capital Project Fund		Improvements	Improvements	
22					
23					
24					
25					

	Fund	Index Code / Project Code	Subobject	Description	Amount
3	5T CPF 16A – 2016A	HHPX5TCPF16A /	06700 - Buildings	Hetchy Water –	\$3,960,000
4	Hetchy Water	CUH10000	Structures and	Water Only Project	
5	Revenue Bonds		Improvements		
6					
7	5T CPF 16B – 2016B	HHPX5TCPF16B /	06700 - Buildings	Hetchy Water –	\$31,578,000
8	Hetchy Water Power	CUH10100	Structures and	Power Only Projects	
9	<u>Enterprise</u> Revenue		Improvements		
10	Bonds				
11					
12	5T CPF 16A – 2016A	HHPX5TCPF16A /	06700 - Buildings	Hetchy Joint	\$15,300,000
13	Hetchy Water	CUH10200	Structures and	Projects – Water	
14	Revenue Bonds		Improvements		
15					
16	5T CPF 16A – 2016A	HHPX5TCPF16B /	06700 - Buildings	Hetchy Joint	\$18,700,000
17	Hetchy Water	CUH10200	Structures and	Projects – Power	
18	Revenue Bonds		Improvements		
19					
20	5T CPF 16A – 2016A	HHPX5TCPF16A /	06700 - Buildings	Hetchy Water	\$3,894,326
21	Hetchy Water	CUH30000	Structures and	Financing Costs	
22	Revenue Bonds		Improvements		
23					
24					
25					

1	Fund	Index Code /	Subobject	Description	Amount
2		Project Code			
3	5T CPF 16B – 2016B	HHPX5TCPF16B /	06700 - Buildings	Hetchy Power	\$14,590,271
4	Power Enterprise	CUH30000	Structures and	Financing Costs	
5	Revenue Bonds		Improvements		
6					
7	5TCPF16A – 2016A	HHPX5TCPF16A /	081C4 Internal	Hetchy Water City	\$38,520
8	Hetchy Water	CUH30000	Audits	Services Auditor	
9	Revenue Bonds				
10					
11	5T CPF 16B – 2016B	HHPX5TCPF16B /	081C4 Internal	Hetchy Power City	\$147,248
12	Power Enterprise	CUH30000	Audits	Services Auditor	
13	Revenue Bonds				
14					
15	5T CPF 16A – 2016A	HHPX5TCPF16A /	081XX	Hetchy Water	\$11,602
16	Water Enterprise	CUH30000		Revenue Bond	
17	Revenue Bonds			Oversight	
18				Committee	
19	5T CPF 15B – 2015B	HHPX5TCPF15B /	081XX	Hetchy Power	\$34,671
20	Power Enterprise	CUH30000		Revenue Bond	
21	Revenue Bonds			Oversight	
22				Committee	
23					
24	Total USES Appropriation				\$111,600,638
25					

1 Section 9: Of the above appropriated amount, \$185,768, representing 0.2% of the
2 expenditure budget net of bond financing and audit costs, is to be allocated and available to
3 support the Controller's Audit Fund, pursuant to Charter Appendix F1.113; and \$46,273
4 representing 0.05% of gross bond proceeds is to be allocated and available to support the
5 Public Utilities Commission Revenue Bond Oversight Committee, pursuant to Administrative
6 Code Section 5A.31. These appropriations may be increased or decreased by the Controller
7 based on changes to expenditure appropriations or actual gross bond proceeds to conform to
8 the applicable Charter and Administrative Code formulas.

9 Section 10: \$92,546,979 of the total bond funded appropriation is hereby placed on
10 Controller's Appropriation Reserve by project. Release of appropriation reserves by the
11 Controller is subject to the prior occurrence of: 1) the SFPUC and the Board of Supervisors
12 discretionary adoption of CEQA findings for projects, following review and consideration of
13 completed project-related environmental analysis, where required, pursuant to CEQA, the
14 State CEQA Guidelines, and Chapter 31 of the San Francisco Administrative Code, and 2) the
15 Controller's certification of funds availability, including proceeds of indebtedness including
16 Commercial Paper capacity, and \$3,000,000 of the GoSolarSF appropriation is placed on Budget &
17 Finance Committee reserve.

18 Section 11: Associated Bond financing costs up to ~~\$18,716,638~~ \$18,484,597 is also
19 hereby appropriated, including but not limited to, issuance costs, debt service reserve,
20 capitalized interest, rating agency, and disclosure costs, all on Controller's reserve pending
21 receipt of bond proceeds. To the extent that net available bond proceeds after financing costs
22 are more than budgeted, the Controller may approve the use of such surplus bond proceeds
23 as a substitute for other sources budgeted in this appropriation.

1 Section 12: The Controller is authorized to record transfers between funds and adjust
 2 the accounting treatment of sources and uses appropriated in this ordinance as necessary to
 3 conform to Generally Accepted Accounting Principles.

4 Section 13. Ordinance re-appropriating a total of \$16,269,463, consisting of re-
 5 appropriation of \$15,099,665 Bond Proceeds from Fiscal Year 2013-14 issuance to Fiscal
 6 Year 2014-15 issuance, and reallocation of \$1,169,798 Hetchy Power Cap and Trade
 7 Allowance revenue from programmatic project PUHCAP to capital project CUHCAP, approved
 8 by Ordinance 110-12 and 123-12 to support the Hetch Hetchy Capital Improvement Program
 9 at the San Francisco Public Utilities Commission in FY2014-15.

10
 11 **SOURCES De-Appropriation**

Fund	Index Code / Project Code	Subobject	Description	Amount
5T CPF 14A – 2014A Power Enterprise Revenue Bonds	*HHP5TCPF14A / CUH30000	80111	Hetchy Power Revenue Bonds	(\$15,099,665)
5T AAA ACP – Hetchy Power Continuing Capital Project Fund	548249 / PUHCAP00	99999B	Hetchy Power Cap and Trade Allowance	(\$1,169,798)
Total SOURCES De-Appropriation				<u>(\$16,269,463)</u>

1 **SOURCES Re-Appropriation**

2 Fund	3 Index Code / Project Code	Subobject	Description	Amount
4 5T CPF 15B – 2015B	*HHPX5TCPF15B /	80111	Hetchy Power	\$15,099,665
5 Power Enterprise	CUH30000		Revenue Bonds	
6 Revenue Bonds				
7				
8 5T AAA ACP –	HHPCAPAAAACP /	99999B	Hetchy Power Cap	\$1,169,798
9 Hetchy Power	CUHCAP00		and Trade	
10 Continuing Capital			Allowance	
11 Project Fund				
12 Total SOURCES Re-Appropriation				<u><u>\$16,269,463</u></u>

13
 14 Section 14. The uses of funding outlined below are herein de-appropriated and re-
 15 appropriated in Subobject 06700 Buildings Structures and Improvements, 081C4 Internal
 16 Audits, 06B00 Revenue Bond Oversight Committee, and 097GR General Reserve, and
 17 reflects the projected uses of funding approved by Ordnances 110-12, 123-12, and 200-12 to
 18 support the Hetch Hetchy Capital Improvement Program at the San Francisco Public Utilities
 19 Commission in FY2014-15.
 20
 21
 22
 23
 24
 25

1 **USES De-appropriation**

2	Fund	Index Code /	Subobject	Description	Amount
3		Project Code			
4	5T CPF 14A – 2014A	HHPX5TCPF14A /	06700 - Buildings	Hetchy Water –	(\$12,276,150)
5	Water Enterprise	CUH10100	Structures and	Upcountry Power	
6	Revenue Bonds		Improvements	Infrastructure	
7				Projects	
8					
9	5T CPF 14A – 2014A	HHPX5TCPF14A /	06700 - Buildings	Hetchy Power	(\$2,625,188)
10	Water Enterprise	CUH30000	Structures and	Financing Cost	
11	Revenue Bonds		Improvements		
12					
13	5T CPF 14A – 2014A	HHPX5TCPF14A /	081C4 Internal	Hetchy Power - City	(\$190,777)
14	Water Enterprise	CUH30000	Audits	Services Auditor	
15	Revenue Bonds				
16					
17	5T CPF 14A – 2014A	HHPX5TCPF14A /	081XX	Hetchy Power	(\$7,550)
18	Water Enterprise	CUH30000		Revenue Bond	
19	Revenue Bonds			Oversight	
20				Committee	
21					
22	5T AAA ACP – Hetchy	519941 /	06700	Generation – Small	(\$169,798)
23	Power Continuing	CUH99401		Hydro	
24	Capital Project Fund				
25					

	Fund	Index Code / Project Code	Subobject	Description	Amount
3	5T AAA ACP – Hetchy	519931 /	06700 - Buildings	Generation – Small	(\$1,000,000)
4	Power Continuing	CUH99301	Structures and	Renewables	
5	Capital Project Fund		Improvements		
6					
7	5T AAA ACP – Hetchy	518911 /	06700 - Buildings	Telemetry	(\$2,500,000)
8	Power Continuing	CUH89101	Structures and	Municipal Load	
9	Capital Project Fund		Improvements		
10					
11	5T AAA CCA –	*HHP5TAAACCA /	06700 - Buildings	CCA Program	(\$6,000,000)
12	Community Choice	CUH978	Structures and		<u>(\$3,800,000)</u>
13	Aggregation Reserve		Improvements		
14	Fund				
15					
16	5T AAA CCA –	*HHP5TAAACCA /	097GR – General	Working Capital	(\$6,500,000)
17	Community Choice	CUH97801	Reserve	Reserves	
18	Aggregation Reserve				
19	Fund				
20					
21	5T TAF CCA –	*HHP5TAAFCCA /	097GR – General	Security Reserve	(\$7,000,000)
22	Community Choice	CUH97801	Reserve		
23	Aggregation Customer				
24	Fund				
25					

1 **Total USES De-Appropriation**

(\$38,269,463)

(\$36,069,463)

5 **USES Re-Appropriation**

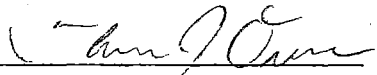
6	Fund	Index Code / Project Code	Subobject	Description	Amount
8	5T CPF 15B – 2015B	HHPX5TCPF15B /	06700 - Buildings	Hetchy Water –	\$12,276,150
9	Power Enterprise	CUH10100	Structures and	Upcountry Power	
10	Revenue Bonds		Improvements	Infrastructure	
11				Projects	
13	5T CPF 15B – 2015B	HHPX5TCPF15B /	06700 - Buildings	Hetchy Power	\$2,625,188
14	Power Enterprise	CUH30000	Structures and	Financing Cost	
15	Revenue Bonds		Improvements		
17	5T CPF 15B – 2015B	HHPX5TCPF15B /	081C4 Internal	Hetchy Power - City	\$190,777
18	Power Enterprise	CUH30000	Audits	Services Auditor	
19	Revenue Bonds				
21	5T CPF 15B – 2015B	HHPX5TCPF15B /	081XX	Hetchy Power	\$7,550
22	Power Enterprise	CUH30000		Revenue Bond	
23	Revenue Bonds			Oversight	
24				Committee	

1	Fund	Index Code /	Subobject	Description	Amount
2		Project Code			
3	5T AAA ACP –	HHPCAPAAAACP /	06700 - Buildings	Hetchy Power Cap	\$1,169,798
4	Hetchy Power	CUHCAP00	Structures and	and Trade	
5	Continuing Capital		Improvements	Allowance	
6	Project Fund				
7					
8	5T AAA ACP –	539721 /	06700 - Buildings	Load Meter	\$2,500,000
9	Hetchy Power	CUH97201	Structures and	Program	
10	Continuing Capital		Improvements		
11	Project Fund				
12					
13	5T AAA ACP –	519473 /	06700 - Buildings	SF GoSolar	\$5,000,000
14	Hetchy Continuing	CUH94763	Structures and		
15	Capital Project Fund		Improvements		
16					
17	5T AAA ACP –	518961 /	06700 - Buildings	Streetlight	\$14,070,000
18	Hetchy Continuing	CUH89601	Structures and	Improvement	<u>\$11,870,000</u>
19	Capital Project Fund		Improvements	Program	
20					
21	5T AAA ACP –	519861 /	06700 - Buildings	General Fund	\$430,000
22	Hetchy Continuing	CUH98601	Structures and	Energy Efficiency	
23	Capital Project Fund		Improvements		
24	Total USES Re-Appropriation				<u><u>\$38,269,463</u></u>
25					<u><u>\$36,069,463</u></u>

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

FUNDS AVAILABLE
BEN ROSENFELD, Controller

By: 
THOMAS OWEN
Deputy City Attorney

By: 
MONIQUE ZMUDA
Deputy Controller

				Funding Source			
Project	Index Code	SUB FU	JB-OBJ	Description of Appropriation or Fund	FY 2014-15	FY 2015-16	Amount
CUH30000	*HHP5TCPF15B	5TCPF15B	80111	Power Revenue Bonds	41,984,314	0	41,984,314
CUH30000	*HHP5TCPF16B	5TCPF16B	80111	Power Revenue Bonds	0	69,342,528	69,342,528
CUH30000	*HHP5TCPF15A	5TCPF15A	80111	Water Revenue Bonds	38,204,088	0	38,204,088
CUH30000	*HHP5TCPF16A	5TCPF16A	80111	Water Revenue Bonds	0	23,204,448	23,204,448
CUHZZZ00	UHUHZZZ505T	5TAAACAP	9505T	ITI from Hetchy Funds (Hetchy Revenue)	21,901,796	17,353,662	39,255,458
CUH99701	UHUHZZZ505T	5TAAACAP	9505T	Project De-Obligation - CUH997 CCA	19,500,000	0	19,500,000
CUHCAP00	HHPCAPAAAAACP	5TAAACAP	99999B	Hetchy Cap and Trade Allowance	1,418,000	1,700,000	3,118,000
TOTAL					123,008,198	111,600,638	234,608,836

				Use of Funds			
Project	Index Code	SUB FUND	SUB-OBJ	Description of Appropriation or Fund	FY 2014-15	FY 2015-16	Amount
CUH89601	518961	5TAAACAP	06700	Streetlight Improvement Program	14,070,000	7,653,662	21,723,662
CUH89601	HHPX5TCPF16B	5TCPF16B	06700	Streetlight Improvement Program - Bonds	0	4,292,338	4,292,338
CUH97201	539721	5TAAACAP	06700	Load Meter Program	1,000,000	0	1,000,000
CUH98501	519851	5TAAACAP	06700	Transbay Transit Center	0	1,250,000	1,250,000
CUHCAP00	HHPCAPAAAAACP	5TAAACAP	06700	Generation - Small Renewables	1,000,000	1,000,000	2,000,000
CUHCAP00	HHPCAPAAAAACP	5TAAACAP	06700	Generation - Small Hydro	200,000	200,000	400,000
CUH94763	519473	5TAAACAP	06700	SF Go Solar	5,000,000	5,000,000	10,000,000
CUH98301	519831	5TAAACAP	06700	Civic Center Energy Efficiency	162,000	162,000	324,000
CUH98601	519861	5TAAACAP	06700	General Fund Energy Efficiency	500,000	500,000	1,000,000
CUH99501	519951	5TAAACAP	06700	All Others Energy Efficiency	120,000	0	120,000
CUHCAP00	HHPCAPAAAAACP	5TAAACAP	06700	All Others Energy Efficiency	218,000	338,000	556,000
CUH98001	519801	5TAAACAP	06700	Treasure Island	3,050,000	2,950,000	6,000,000
CUH10000	HHPX5TCPF15A	5TCPF15A	06700	Hetchy Water - Water Only Projects - Bonds	1,720,000	0	1,720,000
CUH10000	HHPX5TCPF15A	5TCPF15A	06700	Hetchy Water - Lower Cherry Aqueduct	18,100,000	0	18,100,000
CUH10000	HHPX5TCPF16A	5TCPF16A	06700	Hetchy Water - Water Only Projects - Bonds	0	3,960,000	3,960,000
CUH10100	511010	5TAAACAP	06700	Hetchy Water - Power Only Projects	2,967,696	0	2,967,696
CUH10100	HHPX5TCPF15B	5TCPF15B	06700	Hetchy Water - Power Only Projects - Bonds	33,040,304	0	33,040,304
CUH10100	HHPX5TCPF16B	5TCPF16B	06700	Hetchy Water - Power Only Projects - Bonds	0	31,578,000	31,578,000
CUH10200	HHPX5TCPF15A	5TCPF15A	06700	Hetchy Joint Projects - Water - Bonds	11,889,900	0	11,889,900
CUH10200	HHPX5TCPF16A	5TCPF16A	06700	Hetchy Joint Projects - Water - Bonds	0	15,300,000	15,300,000
CUH10200	511021	5TAAACAP	06700	Hetchy Joint Projects - Power - Revenue	14,532,100	0	14,532,100
CUH10200	HHPX5TCPF16B	5TCPF16B	06700	Hetchy Joint Projects - Power - Bonds	0	18,700,000	18,700,000
TOTAL - Project Costs					107,570,000	92,884,000	200,454,000

CUH30000	HHPX5TCPF15A	5TCPF15A	06700	Hetchy Water Financing Costs	6,411,666	0	6,411,666
CUH30000	HHPX5TCPF16A	5TCPF16A	06700	Hetchy Water Financing Costs	0	3,894,326	3,894,326
CUH30000	HHPX5TCPF15B	5TCPF15B	06700	Hetchy Power Financing Costs	8,771,298	0	8,771,298
CUH30000	HHPX5TCPF16B	5TCPF16B	06700	Hetchy Power Financing Costs	0	14,590,271	14,590,271
CUH30000	HHPX5TCPF15A	5TCPF15A	081C4	Hetchy Water - City Services Auditor	63,420	0	63,420
CUH30000	HHPX5TCPF16A	5TCPF16A	081C4	Hetchy Water - City Services Auditor	0	38,520	38,520
CUH30000	HHPX5TCPF15B	5TCPF15B	081C4	Hetchy Power - City Services Auditor	151,720	0	151,720
CUH30000	HHPX5TCPF16B	5TCPF16B	081C4	Hetchy Power - City Services Auditor	0	147,248	147,248
CUH30000	HHPX5TCPF15A	5TCPF15A	081XX	Hetchy Water - Revenue Bond Oversight Committee	19,102	0	19,102
CUH30000	HHPX5TCPF16A	5TCPF16A	081XX	Hetchy Water - Revenue Bond Oversight Committee	0	11,602	11,602
CUH30000	HHPX5TCPF15B	5TCPF15B	081XX	Hetchy Power - Revenue Bond Oversight Committee	20,992	0	20,992
CUH30000	HHPX5TCPF16B	5TCPF16B	081XX	Hetchy Power - Revenue Bond Oversight Committee	0	34,671	34,671
Total - Financing/Other Costs					15,438,198	18,716,638	34,154,836
TOTAL					123,008,198	111,600,638	234,608,836

				Funding Source			
Project	Index Code	SUB FUND	SUB-OBJ	Description of Appropriation or Fund	FY 2014-15	FY 2015-16	Amount
CUH30000	*HHP5TCPF14A	5TCPF14A	80111	Power Revenue Bonds	(15,099,665)	0	(15,099,665)
CUH30000	*HHP5TCPF15B	5TCPF15B	80111	Power Revenue Bonds	15,099,665	0	15,099,665
TOTAL					0	0	0

				Use of Funds			
Project	Index Code	SUB FUND	SUB-OBJ	Description of Appropriation or Fund	FY 2014-15	FY 2015-16	Amount
CUH10100	HHPX5TCPF14A	5TCPF14A	06700	Hetchy Water - Up-Country Power Infrastructure Projects	(12,276,150)	0	(12,276,150)
CUH30000	HHPX5TCPF14A	5TCPF14A	06700	Hetchy Power Financing Costs	(2,625,188)	0	(2,625,188)
CUH30000	HHPX5TCPF14A	5TCPF14A	081C4	Hetchy Power - City Services Auditor	(190,777)	0	(190,777)
CUH30000	HHPX5TCPF14A	5TCPF14A	081XX	Hetchy Power - Revenue Bond Oversight Committee	(7,550)	0	(7,550)
CUH10100	HHPX5TCPF15B	5TCPF15B	06700	Hetchy Water - Up-Country Power Infrastructure Projects	12,276,150	0	12,276,150
CUH30000	HHPX5TCPF15B	5TCPF15B	06700	Hetchy Power Financing Costs	2,625,188	0	2,625,188
CUH30000	HHPX5TCPF15B	5TCPF15B	081C4	Hetchy Power - City Services Auditor	190,777	0	190,777
CUH30000	HHPX5TCPF15B	5TCPF15B	081XX	Hetchy Power - Revenue Bond Oversight Committee	7,550	0	7,550
TOTAL					0	0	0

				Transfer Cap-and-Trade Auction Revenue from Programmatic to Capital Project			
Project	Index Code	SUB FUND	SUB-OBJ	Description of Appropriation or Fund	FY 2014-15	FY 2015-16	Amount
PUHCAP01	548249	5TAAACAP	79988	Hetchy Power Cap and Trade Allowance	(1,169,798)	0	(1,169,798)
CUHCAP00	HHPCAPAAAAACP	5TAAACAP	79988	Hetchy Power Cap and Trade Allowance	1,169,798	0	1,169,798
TOTAL					0	0	0

				Use of Funds			
Project	Index Code	SUB FUND	SUB-OBJ	Description of Appropriation or Fund	FY 2014-15	FY 2015-16	Amount
CUHCAP00	HHPCAPAAAAACP	5TAAACAP	06700	Hetchy Power Cap and Trade Allowance	1,169,798	0	1,169,798

				Budget Transfer between Hetchy Projects			
				Funding Source			
Project	Index Code	SUB FUND	SUB-OBJ	Description of Appropriation or Fund	FY 2014-15	FY 2015-16	Amount
CUH89101	UHUHZZZ505T	5TAAACAP	9505T	ITI from Hetchy Funds (Hetchy Revenue)	(2,500,000)	0	(2,500,000)
CUH97201	UHUHZZZ505T	5TAAACAP	9505T	ITI from Hetchy Funds (Hetchy Revenue)	2,500,000	0	2,500,000
TOTAL					0	0	0

				Use of Funds			
Project	Index Code	SUB FUND	SUB-OBJ	Description of Appropriation or Fund	FY 2014-15	FY 2015-16	Amount
CUH89101	518911	5TAAACAP	06700	Hetchy Power - Telemetering Municipal Load	(2,500,000)	0	(2,500,000)
CUH97201	539721	5TAAACAP	06700	Hetchy Power - Load Meter Program	2,500,000	0	2,500,000
TOTAL					0	0	0

<p>Items 6 and 8 Files 14-0480 and 14-0482</p>	<p>Department: Public Utilities Commission (PUC)</p>
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EXECUTIVE SUMMARY

Legislative Objectives

- The proposed supplemental appropriation ordinance authorizes \$215,108,836 of Hetch Hetchy revenues, Cap and Trade allowances, and Power and Water Revenue Bonds for the PUC Hetch Hetchy Capital Improvement Program, including \$103,508,198 in FY 2014-15, and \$111,600,638 in FY 2015-16 and places \$172,735,378 of these funds on Controller’s reserve by project subject to PUC and Board of Supervisors’ approval following completion of project-related analysis pursuant to the California Environmental Quality Act, where required, and receipt of proceeds of indebtedness and loan funds.
- The proposed ordinance (File 14-0482) authorizes the issuance and sale of power revenue bonds by the PUC in an amount not to exceed \$111,326,842, to finance a portion of the costs to design, acquire and construct various capital projects benefiting the PUC Power Enterprise.

Key Points

- The Public Utilities Commission approved the 10-year Hetch Hetchy Enterprise Capital Plan in May 2014. The Hetch Hetchy Capital Plan calls for \$1.25 billion in total capital expenditures over 10 years, of which \$750 million is for power projects and \$500 million is for water projects.
- The appropriation includes funding to provide construction and permanent electric services to the new Transbay Transit Center, including adjacent bus ramps, and the new bus storage facility at Stillman Street. It also includes funding to install a new underground 12-kV electric distribution system on Treasure Island, which will replace the existing overhead 12-kV system. Finally, includes funding to rehabilitate the Lower Cherry Aqueduct, which supplements the primary Hetchy Reservoir supply during a drought year.

Fiscal Impact

- The sources of funding for the proposed supplemental appropriation include Hetch Hetchy revenue bonds, re-appropriation of surplus Hetch Hetchy capital project funds, the Hetch Hetchy Cap and Trade allowance, and de-appropriation and re-appropriation of \$19.5 million of Budget and Finance Committee reserves intended for Clean Power SF.
- The proposed ordinance authorizing PUC to sell up to \$111,326,842 in revenue bonds delegates the authority to the PUC to determine the timing, amount and manner of the sale. The first revenue bond sale of approximately \$54 million, including previously authorized bonds, is scheduled to occur in October, 2014, and is anticipated to be sold on a negotiated basis because these bonds are a new and unique credit that are not expected to generate a number of competitive bid

- Debt service payments will be covered by Hetch Hetchy Enterprise revenues from the sale of electricity. The electricity rate charged to the City's enterprise departments and other non-General Fund agencies is currently \$.13/kWH. This rate will remain flat through FY 2014-15, and will be increased by 3% annually starting in FY 2015-16. The City's General Fund departments pay a subsidized rate, which will increase by \$.01/kWH in FY 2014-15, FY 2015-16, and FY 2016-17 and by \$.005/kWH annually thereafter.

Policy Consideration

- The proposed ordinance (File 14-0480) de-appropriates the \$19.5 million originally appropriated by the Board of Supervisors to CleanPowerSF and re-appropriates these funds as a source of revenues for the proposed Hetch Hetchy Enterprise capital projects. As an alternative, the Board of Supervisors could:
 - Appropriate on-going annual savings of approximately \$800,000 and one-time savings of \$388,263, identified by the Budget and Legislative Analyst in the FY 2014-15 and FY 2015-16 PUC budgets and allocated to Hetch Hetchy Enterprise power projects, to CleanPowerSF; and/or
 - Increase the issuance of power bonds by up to approximately \$8.8 million, from the requested amount of \$111,326,842 to an estimated amount of \$120,126,842, thus reducing the de-appropriation and re-appropriation of the \$19.5 million on reserve for the CleanPowerSF program by \$8.8 million. Ongoing debt service for the additional \$8.8 million would be funded by the approximate \$800,000 in annual savings identified by the Budget and Legislative Analyst.

Recommendations

- Approve the proposed ordinance authorizing the issuance of revenue bonds (File 14-0482).
- Approve \$215,108,836 of the requested appropriation of \$234,608,836 (File 14-0480), which represents a reduction of \$19,500,000.
- Approval of the balance of \$19,500,000, which has been previously appropriated by the Board of Supervisors for CleanPowerSF, is a policy matter for the Board of Supervisors.

MANDATE STATEMENT / BACKGROUND

Charter Section 9.107(6, 8) states that the Board of Supervisors is authorized to provide for the issuance of revenue bonds. Revenue bonds shall be issued only with the assent of a majority of the voters upon any proposition for the issuance of revenue bonds, except that no voter approval shall be required with respect to revenue bonds:

Issued 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 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 Appendix F1.113 states that 0.2 percent of the bond expenditures net of bond financing and auditing costs be allocated to the support the Controller's Audit Fund.

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 PUC has provided electricity services to San Francisco customers and the Modesto and Turlock Irrigation Districts since the construction of the Hetch Hetchy project in 1918. Currently, the PUC serves 140 megawatts (MW) of retail customer demand.

The Hetch Hetchy Enterprise is responsible for power trading and scheduling, customer relations and billing, in-City facilities, distribution infrastructure, street lights, public policy and financial planning). The Hetch Hetchy Enterprise is also responsible for all water and power facilities at Hetch Hetchy.

Power sales must generate sufficient revenues to fund the Hetch Hetchy Enterprise's operating expenses while funding capital investments to provide safe and reliable service and maintaining stable and affordable electrical rates. According to Harlan Kelly, General Manager of the PUC, the Hetch Hetchy Enterprise must plan for several interrelated challenges in the coming years, including:

- Identifying and securing additional revenues needed to fund essential capital investments in aging Hetch Hetchy infrastructure and in-City facilities;
- Identifying additional revenues to fund “build-out” of local renewable and energy efficiency projects;
- Interconnection arrangements with Pacific Gas & Electric (PG&E) that will serve the City’s best interests and are consistent with the Raker Act¹;
- Changes to energy management strategies that will accompany the expiration of the current transmission and distribution (T&D) agreement with PG&E, including ways to deploy available Hetch Hetchy power to best serve the community; and
- Identifying opportunities to serve more San Francisco customers, which will benefit those customers and help fund capital needs and public policy programs.

DETAILS OF PROPOSED LEGISLATION

File 14-0482: The proposed ordinance authorizes the issuance and sale of power revenue bonds by the PUC in an amount not to exceed \$111,326,842 to finance a portion of the costs to design, acquire and construct various capital projects benefitting the PUC Power Enterprise.

File 14-0480: The proposed ordinance appropriates (1) \$215,108,836 of Hetch Hetchy revenues, Cap and Trade allowances, and revenue bonds and re-appropriates \$19,500,000 previously appropriated by the Board of Supervisors for Clean Power SF, totaling \$234,608,836, to the Hetch Hetchy Capital Improvement Program; and (2) places \$172,735,378 by project on Controller’s reserve pending PUC and Board of Supervisors approval of California Environmental Quality Act (CEQA) findings and Controller’s certification of available funds.

FISCAL IMPACT

File 14-0482:

The proposed ordinance, authorizing PUC to issue and sell up to \$111,326,842 in power revenue bonds, delegates the authority to the PUC to determine the timing, amount and manner of sale (e.g., whether the sale is competitive or negotiated). According to Michael Brown, of PUC Capital Finance, the first revenue bond sale of approximately \$54.0 million, including previously authorized bonds, is scheduled to occur in October, 2014, and is anticipated to be sold on a negotiated basis because these bonds are a new and unique credit for the PUC. According to Mr. Brown, the PUC anticipates selling the remaining \$69.3 million in revenue bonds in FY 2015-16.

¹ The Raker Act is a federal law passed in 1913 allowing San Francisco to build a dam in the Hetch Hetchy Valley.

The anticipated interest rate for the bond payments is 6%. Total estimated debt service over the 30-year term of the bonds is \$235,959,556, consisting of \$111,326,842 in principal and \$124,632,714 in interest. The estimated average annual debt service payment is \$8,427,127.

Debt service payments will be covered by Hetch Hetchy Enterprise revenues from the sale of electricity. The electricity rate charged to the City's enterprise departments and other non-General Fund agencies is currently \$.13/kWH. This rate will remain flat through FY 2014-15, and will be increased by 3% annually starting in FY 2015-16. The City's General Fund departments pay a subsidized rate of \$.0475/kWH in FY 13-14; this rate will increase by \$.01/kWH in FY 2014-15, FY 2015-16, and FY 2016-17, and by \$.005/kWH annually thereafter.

Consultants for the first bond issuance will be selected from the Controller's Underwriter and Financial Advisor Pool. The PUC will issue a two-page mini-solicitation to consultants in the pool and then will select a winner based on the submissions.

File 14-0480:

The proposed ordinance appropriates \$234,608,836 in various Hetch Hetchy revenues for project and bond financing and oversight costs, as shown in Table 1 below.

These Hetch Hetchy revenues include \$19.5 million which was previously appropriated by the Board of Supervisors and placed on Budget and Finance Committee reserve for CleanPowerSF. The proposed ordinance de-appropriates from that project the \$19.5 million and re-appropriates these monies to pay for the other projects listed in Table 1.

Table 1: Sources and Uses of Funds

Sources	FY 2014-15	FY 2015-16	Total
Power Bonds (File 14-0482)	\$41,984,314	\$69,342,528	\$111,326,842
Water Bonds (Files 14-0479 and 14-0484)	38,204,088	23,204,448	61,408,536
Subtotal Bonds	80,188,402	92,546,976	172,735,378
De-appropriation CleanPowerSF	19,500,000	0	19,500,000
Continuing Capital Projects	21,901,796	17,353,662	39,255,458
Hetch Hetchy Cap and Trade Allowance	1,418,000	1,700,000	3,118,000
Subtotal Hetch Hetchy Funds	\$123,008,198	\$111,600,638	\$234,608,836
Uses	FY 2014-15	FY 2015-16	Total
Streetlight Improvement Program	\$14,070,000	\$11,946,000	\$26,016,000
Transbay Transit Center	0	1,250,000	1,250,000
Load meter program	1,000,000	0	1,000,000
Small renewables generation	1,000,000	1,000,000	2,000,000
Small hydro generation	200,000	200,000	400,000
SF Go Solar	5,000,000	5,000,000	10,000,000
Civic Center energy efficiency	162,000	162,000	324,000
General Fund energy efficiency	500,000	500,000	1,000,000
All other energy efficiency	338,000	338,000	676,000
Treasure Island	3,050,000	2,950,000	6,000,000
Lower Cherry Aqueduct	18,100,000	0	18,100,000
Power only projects	36,008,000	31,578,000	67,586,000
Water and power	26,422,000	34,000,000	60,422,000
Water projects	1,720,000	3,960,000	5,680,000
Subtotal Projects	107,570,000	92,884,000	200,454,000
Bond Financing Costs	15,182,964	18,484,597	33,667,561
City Services Auditor	215,140	185,768	400,908
Revenue Bond Oversight Committee	40,094	46,273	86,367
Subtotal Financing and Oversight	15,438,198	18,716,638	34,154,836
TOTAL	\$123,008,198	\$111,600,638	\$234,608,836

Source: Public Utilities Commission

The Public Utilities Commission approved the 10-year Hetch Hetchy Enterprise Capital Plan in May 2014. The Hetch Hetchy Capital Plan has \$1.25 billion in total capital expenditures over 10 years, of which \$750 million are power projects and \$500 million are water projects. Most of the projects in the Capital Plan are ongoing renovation or replacement projects.

Four of the largest projects are described below.

Power Projects

Streetlight Improvement Program

The Capital Plan calls for \$31 million, including the \$26 million listed in Table 1 above, to be expended on the Streetlight Improvement Program over a three-year period. Projects to be funded include: 3rd Street Rehabilitation; Holiday and Festivity Pole Use; the Pedestrian Lighting Project, and the Rehabilitation of Streetlight Poles, among others.

Transbay Transit Center

The Transbay Transit Center project is scheduled to receive \$1.25 million in FY 2015-16. For this project, the PUC will provide construction and permanent electric services to the new Transbay Transit Center, including adjacent bus ramps, and the new bus storage facility at Stillman Street. The PUC, pursuant to an agreement with the Transbay Joint Powers Authority, will provide electric service to the Transit Center by installing two 12-kilovolt (kV) electric circuits, 12-kV switchgear, transformers, and other electrical equipment. According to Brown, PUC will charge the Transbay Joint Powers Authority electricity rates sufficient to recover the costs.

Treasure Island

The \$6 million requested for the Treasure Island plan is consistent with the Hetch Hetchy Enterprise's prior ten-year capital plans. The funds will be spent on the installation of a new underground 12-kV electric distribution system that replaces the existing overhead 12-kV system. The PUC, as the electric utility provider, will be responsible for installing the wires in the conduits, transformers, switches, and metering equipment and connecting the existing electrical distribution with the new system. According to Brown, PUC will charge the Treasure Island Development Authority rates sufficient to recover the costs.

Water ProjectLower Cherry Aqueduct

The \$18.1 million request for the Lower Cherry Aqueduct was not previously budgeted in the Hetch Hetchy Enterprise's prior ten-year capital plan. The Lower Cherry Aqueduct system consists of a low head, gated diversion structure and a series of tunnels, open canals and enclosed pipes that are used to convey water from Cherry Creek to Early Intake Reservoir. The primary purpose of the Lower Cherry Aqueduct system is to convey a water supply that can supplement the primary Hetchy Reservoir supply during a drought year. Due to its age, and the damage caused by the Rim Fire, the Lower Cherry Aqueduct is unable to reliably convey the supplemental water supply from Cherry Creek to Early Intake Reservoir, thus necessitating the Lower Cherry Aqueduct Rehabilitation Project.

POLICY CONSIDERATION**The proposed appropriation ordinance de-appropriates \$19.5 million previously appropriated by the Board of Supervisors for CleanPowerSF**

On September 18, 2012, the Board of Supervisors approved Ordinance 11-1340, which appropriated \$19.5 million from Hetch Hetchy's fund balance for the San Francisco Community Choice Aggregation (CCA) program, also known as CleanPowerSF. The appropriation designated required reserves of \$13 million for PUC, of which \$11.5 million is for the proposed contract with Shell Energy North America (Shell); \$6 million for local sustainability services, and \$500,000 for related start-up costs.

The purpose of CleanPowerSF was to allow San Francisco residents and businesses to purchase electricity from 100% renewable sources. Ordinance 11-1340 authorized the General Manager

of the PUC to enter into a four-and-a-half year contract with Shell to provide customers with clean power. It was estimated that participation in the program would lead to an \$18 or 23.3% total increase in the average combined gas and electricity bill to San Francisco residents and businesses.

The proposed ordinance (File 14-0480) de-appropriates the \$19.5 million originally allocated to CleanPowerSF and re-appropriates these funds as a source of revenues for the proposed capital projects listed in Table 1 above.

The PUC has provided the Budget and Legislative Analyst's Office with alternative scenarios, in which the PUC would fund the proposed projects with \$19.5 million in operating or bond revenues, rather than de-appropriating the subject \$19.5 million. According to the PUC analysis, each of these scenarios would result in an electricity rate surcharge to the City's General Fund and enterprise departments and other PUC customers as discussed below.

If the PUC were to fund the requested capital projects with \$19.5 million in Hetch Hetchy operating revenues, the PUC would generate the \$19.5 million over several years, depending on the amount of the surcharge. As shown in Table 2 below, if the surcharge is \$0.01 per Kwh, PUC would generate \$19.3 million over six years, and if the surcharge is \$0.04 per Kwh, PUC would generate \$19.5 million over two years.

Table 2: Scenarios for Raising the \$19.5 Million through Rate Surcharges

Year	Electricity Rate Surcharge per Kwh			
	\$0.01	\$0.02	\$0.03	\$0.04
Revenues Generated (\$million)				
1	\$3.2	\$7.8	\$12.4	\$17
2	\$3.5	\$8.4	\$7.1	\$2.5
3	\$3.8	\$3.2		
4	\$4.1			
5	\$4.4			
6	\$3			
Total	\$19.30	\$19.40	\$19.50	\$19.50

Source: PUC

As shown in Table 3 below, if the PUC were to fund these projects with \$19.5 million in revenue bonds, annual debt service would range from approximately \$1,765,000 to \$2,000,000, depending on interest rates, and total debt service would range from approximately \$35.3 million to \$40.0 million. The PUC would charge an electricity rate surcharge to repay the bonds, ranging from \$0.0041 to \$0.0047 per Kwh, as shown in Table 3 below.

Table 3: Scenarios for Raising the \$19.5 Million through Rate Surcharges

Interest Rate	4.5%	5.0%	5.5%	6.0%
Annual Debt Service Over 20 Years	\$1,765,000	\$1,840,000	\$1,920,000	\$2,000,000
Total Debt Service	\$35,300,000	\$36,800,000	\$38,400,000	\$40,000,000
Electricity Rate Surcharge	\$0.0041	\$0.0043	\$0.0045	\$0.0047

Source: PUC

In order to retain sufficient funds to implement CleanPowerSF, the Board of Supervisors could:

- (1) Appropriate on-going annual savings of approximately \$800,000 and one-time savings of \$388,263, identified by the Budget and Legislative Analyst in the FY 2014-15 and FY 2015-16 PUC budgets and allocated to Hetch Hetchy Enterprise power projects, to CleanPowerSF; and/or
- (2) Increase the issuance of power bonds by up to approximately \$8.8 million, from the requested amount of \$111,326,842 to an estimated amount of \$120,126,842, thus reducing the de-appropriation and re-appropriation of the \$19.5 million on reserve for the CleanPowerSF program by \$8.8 million. Ongoing debt service for the additional \$8.8 million would be funded by the approximate \$800,000 in annual savings identified by the Budget and Legislative Analyst.

The amount of funds required to implement CleanPowerSF could potentially be less than the \$19.5 million if a future contract to implement CleanPowerSF requires a lower amount of reserves than the \$11.5 million in reserves required under the proposed contract with Shell.

RECOMMENDATIONS

1. Approve the proposed ordinance authorizing the issuance of revenue bonds (File 14-0482).
2. Approve \$215,108,836 of the requested appropriation of \$234,608,836 (File 14-0480), which represents a reduction of \$19,500,000.
3. Approval of the balance of \$19,500,000, which has been previously appropriated by the Board of Supervisors for CleanPowerSF, is a policy matter for the Board of Supervisors.

OFFICE OF THE MAYOR
SAN FRANCISCO



RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
EDWIN M. LEE
MAYOR
MAY 1 10 3: 13
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TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *rs* Mayor Edwin M. Lee *le*
RE: Appropriation - Proceeds from Revenue Bonds, Hetch Hetchy Revenue, Cap and Trade Allowance of \$215,108,836 for Hetch Hetchy Water and Power Capital Improvements and Amending - Ordinances 110-12, 123-12, and 200-12 - FY2014-2015 and FY2015-2016
DATE: May 1, 2014

Attached for introduction to the Board of Supervisors is the ordinance appropriating \$215,108,836 of Hetch Hetchy revenue, Cap and Trade Allowance, Power and Water Revenue Bonds for the San Francisco Public Utilities Commission (SFPUC) Hetch Hetchy Capital Improvement Program for Fiscal Year 2014-2015 at \$103,508,198 and Fiscal Year 2015-2016 at \$111,600,638; and placing \$172,735,378 on Controller's reserve by project, subject to SFPUC and Board of Supervisors' approval following completion of project-related analysis pursuant to the California Environmental Quality Act (CEQA), where required, and receipt of proceeds of indebtedness and loan funds.

Ordinance amending adopted capital appropriation ordinances 110-12, 123-12, and 200-12 for the San Francisco Public Utilities Commission including de-appropriation and re-appropriation \$16,269,463 of Bond Proceeds and Cap and Trade Allowance Revenue; de-appropriating and re-appropriating \$18,769,463 of the Hetch Hetchy Capital Improvement Program projects; and de-appropriating and re-appropriating \$19,500,000 of the CleanPowerSF Community Choice Aggregation program.

I request that this item be calendared in Budget and Finance Committee.

Should you have any questions, please contact Jason Elliott (415) 554-5105.

