

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

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January 16, 2014

TO: Budget and Finance Committee *aw*
FROM: Budget and Legislative Analyst
SUBJECT: January 22, 2014 Budget and Finance Committee Meeting

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<p>Items 1 and 2 Files 13-1190 and 13-1189</p>	<p>Departments: Department of Public Works (DPW) Public Utilities Commission (PUC) Controller’s Office of Public Finance</p>
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EXECUTIVE SUMMARY

Legislative Objectives

- File 13-1190: Ordinance calling and providing for a special election to be held on June 3, 2014 for in order to submit to San Francisco voters a proposition to incur \$400,000,000 of Earthquake Safety and Emergency Response (ESER) General Obligation bonded debt to finance the construction, acquisition, improvement and seismic retrofitting of Neighborhood Fire and Police Stations, the Auxiliary Water Supply System (AWSS), seismically secure facilities for the Medical Examiner, the Police Department’s Traffic Company and the Police Department’s Forensic Services Division and other critical infrastructure and facilities.
- File 13-1189: Resolution determining and declaring the public interest and necessity demand the construction, acquisition, improvement and retrofitting of Neighborhood Fire and Police Stations, the AWSS, seismically secure facilities for the Medical Examiner, the Police Department’s Traffic Company, the Police Department’s Forensic Services Division and other critical infrastructure and facilities for earthquake safety and the payment of costs necessary or convenient for the foregoing purposes.

Key Points

- On June 8, 2010, San Francisco voters approved Proposition B, a \$412,300,000 ESER General Obligation Bond to construct and improve Fire Stations, a new Public Safety Building, the AWSS, and other firefighting infrastructure and facilities related to earthquake safety.
- The proposed \$400 million GO bond includes (a) \$70 million for renovations to Fire Stations, (b) \$70 million for additional AWSS improvements, (c) \$30 million for renovations to nine of the ten Police Stations, (d) \$165 million for a new 110,000 square foot Police Department Forensic Services and Traffic Division facility, and (e) \$65 million for a new 43,000 square foot Medical Examiner facility. The 2014 ESER Bond does not specify which Fire Stations, Police Stations or AWSS projects which would be renovated or the scope or specific work that would be completed for each station or project.

Fiscal Impacts

- The \$165,000,000 cost for the Police Department’s Traffic Company and Forensic Services Facility includes \$16,200,000 to purchase the site at 1995 Evans Avenue and includes potential expansion to accommodate growth of the Police Department’s staff over the next 15-20 years. The Capital Planning Committee is working to identify such potential additional operating costs, which would be included in the City’s Five Year Financial Plan.
- The \$165,000,000 cost for the Police Department’s Traffic and Forensics facility does not include \$11.9 million and the \$65,000,000 cost for the Medical Examiner facility does not include \$10.7 million for the costs for furniture, fixtures or equipment, which cannot be paid from the proposed GO bond. The additional furniture, fixtures and equipment costs will likely need to be funded with General Fund monies, subject to future appropriation approval by the Board of Supervisors.

- The proposed \$400,000,000 in ESER GO Bonds will have a projected annual interest rate of 6.0 percent over approximately 20 years, with four issuances, resulting in estimated total debt service payments of \$688,978,400, including \$288,978,400 in interest and \$400,000,000 in principal, with estimated average annual debt service payments of \$26,499,169. Debt service would be paid from increased Property Taxes, such that an owner of a single family residence with an assessed value of \$500,000 would pay average annual additional Property Taxes to the City of \$48.06 per year.
- As of December 31, 2013, there was \$1,889,683,269 of General Obligation Bonds outstanding, or approximately 1.1% of the total assessed value of property in the City. If the \$400,000,000 of ESER General Obligation Bonds are issued, the total outstanding General Obligation Bonds would total \$2,289,683,269, or approximately 1.3% of the total assessed value of property.

Recommendations

- Approve the proposed ordinance (File 13-1190) and resolution (File 13-1189).
- Request that the City (Ballot Simplification Committee) include language in the subject bond measure to be placed before the San Francisco voters stating that there was an initial \$412,300,00 General Obligation bond authorization approved for public safety facilities in 2010, the subject \$400,000,000 General Obligation bond would be the second ESER General Obligation bond measure and that, in accordance with the City's Ten-Year Capital Plan, there is likely to be another ESER General Obligation bond measure submitted to the San Francisco voters.

MANDATE STATEMENT / BACKGROUND

Mandate Statement

According to Article 16, Section 18(a) of the State of California Constitution, no county, city, town, township, board of education, or school district, shall incur any indebtedness or liability for any purpose exceeding in any year the income and revenue provided for such year, without the approval of two-thirds of the voters of the public entity voting at an election to be held for that purpose.

Section 9.105 of the City's Charter provides that the Board of Supervisors is authorized to approve the issuance and sale of General Obligation bonds in accordance with State law or local procedures adopted by ordinance.

Background

On June 8, 2010, the voters of San Francisco approved Proposition B, which authorized the issuance of \$412,300,000 of Earthquake Safety and Emergency Response (ESER) General Obligation Bonds to finance the construction, acquisition, improvement, and retrofitting of 19 Fire Stations, a new Public Safety Building, repair, replacement and expansion of the City's Auxiliary Water Supply System (AWSS) and other firefighting infrastructure and facilities related to earthquake safety, as summarized in Table 1 below.

Table 1: 2010 Earthquake Safety and Emergency Response General Obligation Bond Budget

Description	Total Budget
Neighborhood Fire Stations ¹	\$64,000,000
Public Safety Building	239,000,000
DPW Subtotal	\$303,000,000
Auxiliary Water Supply System (AWSS) ²	\$34,400,000
Firefighting Cisterns	36,000,000
Firefighting Pipes and Tunnels	32,000,000
PUC Subtotal	102,400,000
Oversight and Cost of Bond Issuance	6,900,000
Total ESER Budget	\$412,300,000
Source: San Francisco Department of Public Works	

The Fire Stations and the new Public Safety Building projects totaling \$303,300,000 are being managed by the Department of Public Works (DPW). The City's AWSS, firefighting cisterns, and

¹ Renovations were planned for Fire Stations # 2, 5, 6, 13, 15, 17, 18, 22, 28, 31, 38, 40, 41, 42, 36, 43, 44, Fire Boat Headquarters #35 at the Port, and the Equipment Logistics Center #45.

² The Auxiliary Water Supply System is an independent fire protection system, also referred to as the Emergency Firefighting Water System which was designed as a secondary defense against fires in the event the domestic water system fails and includes a reservoir, two storage tanks, two pump stations, approximately 135 miles of pipes with approximately 1,600 hydrants and 52 connection along the waterfront to allow fire engines to pump water from the Bay. The AWSS also includes 153 underground cisterns throughout the City, which store water available for firefighting.

firefighting projects, pipes and tunnels totaling \$102,400,000 are being managed by the Public Utilities Commission (PUC). In addition, as shown in Table 1 above, an estimated \$6,900,000 is budgeted to provide bond oversight, including 0.1% allocation for the Citizens' General Obligation Bond Oversight Committee and 0.2% for the City Services Auditor and to fund the various costs to issue the General Obligation bonds.

As shown in Table 2 below, a total of \$332,135,000 ESER Bonds have been sold and appropriated to date, leaving a remaining balance of \$80,165,000 to be sold and appropriated of the total \$412,300,000 authorized. According to Mr. Charles Higuera, Program Manager for the ESER Bond Program, the remaining ESER Bonds are anticipated to be sold by the summer of 2014.

Table 2: Earthquake Safety and Emergency Response General Obligation Bond Total Budget, and Bond Sales and Appropriations to date

Project Description	Total Project Budget	First Bond Sale and Appropriation	Second Bond Sale and Appropriation	Third Bond Sale and Appropriation	Fourth Bond Sales and Appropriation	Total
Public Safety Building	\$239,000,000	\$63,096,285	\$164,120,973	0	0	\$227,217,258
Fire Stations	64,000,000	7,148,344	17,616,196	0	5,765,572	30,530,112
Auxiliary Water Supply System	102,400,000	8,396,928	0	37,999,848	25,000,000	71,396,776
Oversight/ Issuance	6,900,000	878,443	1,592,831	265,152	254,428	2,990,854
ESER Budget	\$412,300,000	\$79,520,000	\$183,330,000	\$38,265,000	\$31,020,000	\$332,135,000

Source: San Francisco Department of Public Works

The single largest project under the current ESER General Obligation Bonds is the construction of a new \$239,000,000 Public Safety Building, on City-owned land on Third Street between China Basin and Mission Rock in the Mission Bay Area, which will include (a) a new Police Headquarters and a new Southern District Police Station, which are both currently located in the Hall of Justice and (b) a new Mission Bay Fire Station. Construction began in January of 2012 and is anticipated to be completed during the summer of 2014, with a move-in date of November of 2014.

In addition, \$64 million of the current ESER Bonds are being used to complete improvements on 23 Fire Stations located throughout the City, including (a) replacement of two stations (Station 5 in Western Addition and Station 16 in Cow Hollow), (b) comprehensive renovations at two stations (Station 36 at 109 Oak Street and Station 44 at 129 Grand Street), seismic work at four stations, installation of emergency backup generators at five stations and more limited, focused scope replacement and reconstruction work at the remaining stations. All of these projects are anticipated to be completed by 2016.

The current 2010 ESER bonds are funding \$102.4 million of the AWSS project, including construction of 30 new cisterns, specific repairs to Pumping Stations 1 and 2, both AWSS water tanks (Ashbury and Jones) and the Twin Peaks Reservoir, and more limited repairs to the 135 miles of high-pressure underground connecting pipes. These projects are expected to be completed by 2018.

In addition to the above-described previously authorized 2010 \$412,300,000 ESER General Obligation Bond, the City's 2014-2023 Ten-Year Capital Plan, approved by the Board of Supervisors in April of 2013 (File 13-0228), identifies the need for a 2014 ESER \$428 million GO Bond. This \$428 million bond includes (a) \$70 million for additional Fire Stations, (b) \$70 million for additional AWSS improvements, (c) \$30 million for Police Stations, (d) \$165 million for a new Police Department Forensic Services and Traffic Division facility, (e) \$65 million for a new Medical Examiner facility, and (f) \$28 million to seismically improve or relocate the City's Animal Shelter. According to Mr. Brian Strong, Director of the Capital Planning Program, the \$28 million to seismically improve or relocate the City's Animal Shelter was removed from the \$428 million ESER Bond proposal, resulting in a need for \$400 million bond, because more time was needed to fully evaluate the needs for the facility, estimated detailed costs and to obtain CEQA certification and clearances.

DETAILS OF PROPOSED LEGISLATION

File 13-1190: The proposed ordinance would call and provide for a special election to be held in San Francisco on June 3, 2014 in order to submit to San Francisco voters a proposition to incur \$400,000,000 of General Obligation bonded indebtedness to finance the construction, acquisition, improvement and seismic retrofitting of Neighborhood Fire and Police Stations, the Emergency Firefighting Water System, seismically secure facilities for the Medical Examiner, the Police Department's Traffic Company and the Police Department's Forensic Services Division and other critical infrastructure and facilities.

File 13-1189: The proposed resolution would determine and declare that the public interest and necessity demand the construction, acquisition, improvement and retrofitting of Neighborhood Fire and Police Stations, the Emergency Firefighting Water System, seismically secure facilities for the Medical Examiner, the Police Department's Traffic Company, the Police Department's Forensic Services Division and other critical infrastructure and facilities for earthquake safety and the payment of costs necessary or convenient for the foregoing purposes.

In addition, both the proposed ordinance (File 13-1190) and proposed resolution (File 13-1189):

- find that the estimated cost of the proposed capital improvement projects are too great to be paid out of the ordinary annual income and revenue of the City and County of San Francisco and will therefore require expenditures greater than the amount allowed in the existing annual tax levy;
- fix the maximum rate of interest on the bonds and provide for the levy and collection of property taxes to pay both the principal and interest on the bonds;

- authorize landlords to pass-through 50% of the property tax increases to residential tenants in accordance with Chapter 37 of the Administrative Code;
- find that a portion of the proposed bond is not subject to the California Environmental Quality Act (CEQA) and adopt finding under CEQA for the remaining portion of the proposed bond;
- find that the proposed bond is in conformity with the eight priority policies of Planning Code, Section 101.1(b) and consistent with the General Plan;
- fix the date of June 3, 2014 and the manner of the election, procedures for voting on the proposition, notice of such election and consolidate the special election with the general election;
- waive the ballot proposition word limit imposed by Municipal Elections Code Section 510;
- comply with Section 53410 of the California Government Code regarding restrictions on the use of bond proceeds;
- incorporate (a) Administrative Code Chapter 83, authorizing all contracts funded with the proceeds of these bonds be subject to the City's First Source Hiring Program, and (b) Chapter 14B, requiring the Local Business Enterprise and Non-Discrimination in Contracting Ordinance provisions;
- waive Administrative Code Section 2.34 time requirement provisions; and
- incorporate Administrative Code Section 5.30-5.36 provisions regarding the Citizen's General Obligation Bond Oversight Committee annual review and report to the Mayor and the Board of Supervisors.

Regarding CEQA, both the proposed ordinance and resolution include the following findings:

- Planning Department's November 25, 2013 letter determined that funds for the Emergency Firefighting Water System (EFWS) Project and Critical Firefighting Facilities and Infrastructure are not subject to CEQA because the proposed legislation only establishes a proposed government financing mechanism which would enable potential projects to be constructed with these funds. However the proposed ordinance states that, upon completion of the necessary planning, any further required environmental review under CEQA for such individual projects would be required and subject to approval by the Board of Supervisors;
- Planning Department's determination on May 30, 2013 finds that the Medial Examiner Facility is categorically exempt, as an infill development project;
- Planning Department's November 18, 2013 Final Mitigated Negative Declaration for the Traffic Company and Forensic Services Division Facility finds that this project would not have a significant effect on the environment with the mitigation measures, monitoring and reporting program to be imposed as conditions on the implementation of this project approved by this ordinance.

Approval of the proposed \$400,000,000 of General Obligation Bond (GO Bond) would require approval by two-thirds of San Francisco voters. The use of GO Bond proceeds to finance any project or portion of any project would also be subject to future appropriation approval by the Board of Supervisors, subsequent to completion of planning and any further required environmental review under CEQA for individual projects.

If the proposed \$400,000,000 ESER 2014 General Obligation Bond is approved by at least two-thirds of the San Francisco voters, the funds would be used as shown in Table 3 below.

Table 3: Summary of Projects and Costs for the Proposed 2014 ESER Bond

Projects	2014 Bond	Explanation
Fire Stations	\$70,000,000	The ESER 2010 Bond Report identifies up to \$327 million of various renovations needed to correct all deficiencies and rehabilitate and upgrade all 42 Fire Stations and Bureau of Equipment at 2501 25 th Street and Emergency Medical Services at 1415 Evans Avenue ³ .
Auxiliary Water Supply System (AWSS)	70,000,000	PUC spent 1.5 years assessing and appraising the AWSS system and identified a \$294 million (2013 dollars) need to upgrade, replace, repair and improve the City's cisterns and water system pipe and tunnel network to withstand potential earthquake.
Police Stations and Infrastructure	30,000,000	A March 2013 comprehensive facility report identifies up to \$250 million of various mechanical, electrical and other renovation and seismic upgrades needed to correct all deficiencies at 9 of 10 police district stations ⁴
Police Department's Traffic Company ⁵ and Forensic Services Facility ⁶	165,000,000	-The Police Department's Traffic and Forensic services would be consolidated in a new 110,000 square foot (90,000 sf for Forensics + 20,000 sf for Traffic) building at 1995 Evans Avenue with separate 42,000 sf parking structure. City currently has lease with purchase option for the site, approved in November 2013.
Medical Examiner Facility ⁷	65,000,000	-The Medical Examiner would be relocated from 18,000 square feet in the Hall of Justice at 850 Bryant Street to an existing City-owned 29,000 square foot industrial warehouse at 1 Newhall Street currently used for City and County storage to add a second floor for a total 43,000 square foot Medical Examiner facility, including labs, medical/autopsy and office space.
Total	\$400,000,000	

³ Bureau of Equipment is the Department's Corporation Yard which repairs all Fire Department vehicles and equipment. Emergency Medical Services is where the Fire Department locates and manages all City ambulances.

⁴ The tenth Police District Station is currently being constructed under the 2010 ESER Bond in the Mission Bay Area, which will include a new Police Headquarters and a new Southern District Police Station.

⁵ SFPD's Traffic Company is located in the Hall of Justice at 850 Bryant Street and is primarily Police Officers on motorcycles providing traffic enforcement, accident investigations and traffic and pedestrian safety measures, including for parades and demonstrations.

⁶ SFPD's Forensic Services Facilities are also known as the crime labs that examine evidence, including DNA, photo lab and fingerprint records, with staff to provide expert testimony to support criminal cases, including crime scene investigators. Forensic Services are located in (a) the Hall of Justice, (b) vehicle impound lot at 450 7th Street, and (c) Hunters Point Shipyard.

⁷ The Medical Examiner is charged with coordinating investigations and certifications of deaths, determining the cause, circumstances and manner of fatalities in San Francisco.

FISCAL IMPACTS**Rationale for Proposed Costs**

According to Mr. Brian Strong, Director of the Capital Planning Program, the request for \$70 million for Fire Stations, \$70 million for AWSS and \$30 million for the Police Stations and Infrastructure under the proposed \$400 million 2014 ESER Bond, which were included in the 2014-2023 City 10-Year Capital Plan, is based on forecasting models of the amount of funds needed to improve and maintain these critical public safety facilities over the next six years, coupled with the restraint of not wanting to increase property taxes over existing levels, such that additional General Obligation Bonds would only be issued as existing debt is retired.

As noted in Table 3 above:

- the identified total Police Station needs are up to \$250 million, with the proposed 2014 Bond to fund \$30 million;
- the identified total Fire Station needs are up to \$327 million, the first ESER Bond funded \$64 million of improvements at 23 Fire Stations and the proposed 2014 ESER Bond would fund an additional \$70 million; and
- the identified total AWSS needs are up to \$294 million, the first ESER Bond funded \$102.4 million and the proposed 2014 ESER Bond would fund an additional \$70 million. In addition, the AWSS capital plan assumes leveraging of the City's potable water system to maximize the benefits of both PUC water systems.

The proposed 2014 ESER Bond does not specify which Fire Stations, Police Stations or AWSS projects which would be renovated or the scope or specific work that would be completed for each station or project. Both Mr. Higuera and Mr. David Myerson, Project Manager for the PUC note that if specific projects are detailed, each project would be subject to CEQA review and clearance, prior to approval by the voters. Therefore, Mr. Higuera and Mr. Myerson advise that, if the proposed \$400 million ESER Bond is approved by the voters, Police and Fire Department staff would work with DPW staff and PUC staff would work with Fire Department and DPW staff to prioritize the needs of each specific facility, station and project and then focus the scope of the individual projects. All issuances of the bonds and appropriations of the bond fund proceeds would be subject to Board of Supervisors approval, at which time CEQA review and approval of the specific projects would be detailed and the costs identified.

As shown in Attachment I provided by Mr. Higuera, the \$165,000,000 estimated cost for the Police Department's Traffic Company and Forensic Services Facility and the \$65,000,000 estimated cost for the Medical Examiner Facility are based on more detailed planning and initial design work conducted by consultant Harley Ellis Deveraux dba Crime Lab Design. This upfront work was funded with General Fund monies, including \$1,626,289 for the Medical Examiner facility and \$2,550,000 for the Traffic Company and Forensics Services facility, which would be reimbursed by the proposed 2014 ESER Bond funds, if approved by the voters. These upfront General Fund monies were previously appropriated in the FY 2011-12 and FY 2012-13 budgets.

As shown in Attachment I, the \$165,000,000 estimated cost for the Police Department's Traffic Company and Forensic Services Facility includes \$16,200,000 to purchase the site at 1995 Evans Avenue. In November, 2013, the Board of Supervisors approved a lease with an option to purchase this site (File 13-1038). In addition, the proposed size of the Traffic and Forensic Facility includes potential expansion to accommodate growth of the Police Department's staff over the next 15-20 years. For example, the Forensic Services Division currently has approximately 90 FTE staff and the proposed facility would accommodate approximately 130 FTE staff. Mr. Strong advises that the Capital Planning Committee is working with the Mayor and Controller's Office to identify such potential additional operating costs, which would be included in the City's Five Year Financial Plan.

In addition, the \$165,000,000 cost for the Police Department's Traffic and Forensics facility and the \$65,000,000 cost for the Medical Examiner facility do not include the costs for furniture, fixtures or equipment, which cannot be paid from the proposed GO bond. Such costs are estimated at \$11.9 million for the Police's Traffic and Forensics facilities and \$10.7 million for the Medical Examiner's facility. Mr. Strong advises that these additional furniture, fixtures and equipment costs are included in the City's 5-Year Financial Plan and would likely need to be funded with General Fund monies, subject to future appropriation approval by the Board of Supervisors.

Proposed Bond Financing Costs

If the proposed \$400,000,000 ESER General Obligation Bonds are approved by the San Francisco voters in June of 2014, Ms. Nadia Sesay, Director of the Office of Public Finance anticipates that these bonds would be sold in four issuances between 2015 and 2021, as shown in Attachment II. According to Ms. Sesay, the \$400,000,000 of ESER General Obligation Bonds are projected to have an annual interest rate of 6.0 percent over approximately 20 years, with annual debt service payments extending from 2015 through 2040, depending on the issuance. Overall, these bonds will result in estimated total debt service payments of \$688,978,400, including \$288,978,400 in interest and \$400,000,000 in principal, with estimated average annual debt service payments of \$26,499,169.

Repayment of such annual debt service will be recovered through increases to the annual Property Tax rate. As summarized in Attachment II, a single family residence with an assessed value of \$500,000, assuming a homeowners exemption of \$7,000, would pay average annual additional Property Taxes to the City of \$48.06 per year to cover the debt service on the proposed \$400,000,000 ESER General Obligation Bonds. As shown in Attachment II, the actual amount of additional Property Taxes for such a homeowner from the proposed \$400 million bond would range from \$3.28 to \$74.53 per year.

All of the oversight and bond issuance costs are included in the project estimated costs reflected in Table 3 above. Ms. Sesay estimates the total oversight and bond issuance cost would be approximately \$7,185,629 or 1.8%, which would be separately charged to each of the DPW and PUC projects, based on the actual cost of each project.

The City's Charter imposes a three percent limit on the amount of General Obligation Bonds that can be outstanding at any given time, relative to the total assessed value of property in the City. The FY 2013-14 total assessed value of property in the City is \$173,136,510,972, such that the three percent limit is currently \$5,194,095,329. According to Ms. Sesay, as of December 31, 2013, there was \$1,889,683,269 of General Obligation Bonds outstanding, or approximately 1.1% of the total assessed value of property in the City.

If the subject \$400,000,000 of ESER General Obligation Bonds are issued as proposed, the outstanding General Obligation Bonds would total \$2,289,683,269, or approximately 1.3% of the total assessed value of property. Ms. Sesay notes that the proposed issuances are consistent with the City's approved Ten-Year Capital Plan, which states that General Obligation bonds will be issued such that Property Tax rates will not increase above the FY 2006 Property Tax rates. Therefore, new General Fund bonds would only be issued as outstanding General Fund bonds are retired.

POLICY CONSIDERATIONS

It should be noted that the previously authorized 2010 ESER bond and the proposed 2014 ESER bond address the need to relocate City departments from the Hall of Justice, which has been determined to be seismically unsafe. A new Police Headquarters and a new Southern District Police Station, both currently located in the Hall of Justice, are being funded with the 2010 ESER bond, and will be completed in 2014. If the proposed \$400 million ESER bond is approved, the Police Department's Forensics Services and Traffic Company as well as the Medical Examiner would also be relocated into new facilities from the Hall of Justice. However, the District Attorney, Adult Probation, Police Investigations and Jail #3 and 4, as well as the Superior Court would still be located in the Hall of Justice. A proposed subsequent ESER General Obligation Bond would relocate the City's remaining functions. Mr. Higuera notes that the Superior Court are under the jurisdiction and responsibility of the State. Jails #3 and 4 will be a General Fund debt-financed project and is being addressed separately with the Sheriff's Department.

The proposed 2014 ESER General Obligation bond proposal references the previously authorized ESER 2010 General Obligation Bond indicating that the 2010 General Obligation bonds reflected the first phase of funding for improvements to essential public safety facilities. In addition, the City's 2014-2023 Capital Improvement Plan, as recently approved by the Board of Supervisors, addresses the need for multiple ESER General Obligation Bond measures to be approved by San Francisco voters to address the City's additional public safety facility needs. As noted in the City's Ten Year Capital Plan, a third ESER General Obligation Bond is anticipated to be submitted to the San Francisco voters for approximately \$290 million in 2021, to address additional Police, Fire, AWSS, Hall of Justice and other City needs.

However, a review of the 2010 ESER bond indicates that the Voter Information Pamphlet did not report to the voters that there were anticipated to be additional ESER General Obligation bond measures to further improve San Francisco's public safety facilities. While the City's Ten-Year Capital Plan are public documents, for full disclosure and transparency purposes, if the

proposed \$400 million bond is presented to the voters, the voters should be fully apprised of the previously authorized ESER GO bonds approved in 2010 and the likelihood of additional future subsequent ESER bonds.

RECOMMENDATIONS

1. Approve the proposed ordinance (File 13-1190) and resolution (File 13-1189).
2. Request that the City (Ballot Simplification Committee) include language in the subject bond measure to be placed before the San Francisco voters stating that there was an initial \$412,300,00 General Obligation bond authorization approved for public safety facilities in 2010, the subject \$400,000,000 General Obligation bond would be the second ESER General Obligation bond measure and that, in accordance with the City's Ten-Year Capital Plan, there is likely to be another ESER General Obligation bond measure submitted to the San Francisco voters.

GSF	
Bldgs	Garage
109,682	42,246

Div. #		%	TOTAL	\$/SF
01	FOUNDATIONS	4.63%	2,873,967	\$ 26.20
02	BASEMENT CONSTRUCTION	0.00%	0	\$ -
03	SUPERSTRUCTURE	12.70%	7,878,336	\$ 71.83
05	EXTERIOR CLOSURE	11.95%	7,417,683	\$ 67.63
06	ROOFING	1.61%	1,001,582	\$ 9.13
07	INTERIOR CONSTRUCTION	7.13%	4,426,425	\$ 40.36
08	STAIRS	0.61%	379,400	\$ 3.46
09	INTERIOR FINISHES	5.07%	3,148,645	\$ 28.71
10	CONVEYING	0.69%	430,000	\$ 3.92
11	PLUMBING	5.02%	3,116,466	\$ 28.41
12	HVAC	15.87%	9,851,555	\$ 89.82
13	FIRE PROTECTION	1.06%	658,410	\$ 6.00
14	ELECTRICAL	11.18%	6,939,812	\$ 63.27
15	EQUIPMENT	2.31%	1,433,650	\$ 13.07
16	FURNISHINGS	3.55%	2,205,632	\$ 20.11
17	SPECIAL CONSTRUCTION	0.64%	400,000	\$ 3.65
18	SELECTIVE BUILDING DEMOLITION	0.90%	560,000	\$ 5.11
19	SITE PREPARATION	0.35%	217,970	\$ 1.99
20	SITE IMPROVEMENTS	2.63%	1,630,379	\$ 14.86
21	SITE MECHANICAL UTILITIES	0.46%	287,600	\$ 2.62
22	SITE ELECTRICAL UTILITIES	0.27%	167,760	\$ 1.53
23	OTHER SITE CONSTRUCTION	0.96%	596,550	\$ 5.44
24	PARKING STRUCTURE	10.37%	6,435,657	\$ 58.68
	TOTAL DIRECT CONSTRUCTION COSTS	100.0%	62,057,479	\$ 565.79

GC CONSTRUCTION CONTINGENCY	3.00%	1,861,724
DESIGN CONTINGENCY	15.00%	9,587,881
ESCALATION	20.00%	14,701,417

midpoint - June 18, 2018

Subtotal 26,151,022

DIRECT COSTS ESCALATED		88,208,501
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JOBSITE MANAGEMENT	7.00%	6,174,595
INSURANCE + BONDING	2.50%	2,359,577
FEE	3.00%	2,831,493
CONSTRUCTION CONTINGENCY	10.00%	6,205,748
CM/GC CONTINGENCY	2.00%	1,241,150
ART ENRICHMENT	2.00%	1,241,150

\$246,984/month; 25 months

CM/GC

% of construction direct cost

% of construction direct cost

% of construction direct cost

Subtotal 20,053,712

TOTAL CONSTRUCTION COSTS		108,262,213
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PROJECT CONTROL

Client Department Services	0.50%	541,311
DPW Project Management	4.00%	4,330,489
City Administrative Services	0.75%	811,967
Regulatory Agency Approvals	2.25%	2,435,900
A/E Services	12.50%	13,532,777
Environmental Services	1.00%	1,082,622
CM Services	9.00%	9,743,599
Geotech, Surveys, & Data Collection	0.25%	270,656
Move Management	0.50%	541,311
Partnering Allowance	0.10%	108,262
Reserve	0.85%	920,229

Total Project Control 30.75% 34,319,122

Site Control

Site Purchase	16,200,000
Division of Real Estate Services	300,000

Total Site Control 16,500,000

Finance Costs

DPW Estimate of Cost of Issuance	1.50%	1,623,933
City Services Audits	0.20%	216,524
CGOBOC	0.10%	108,262

Total Finance Costs 1.80% 1,948,720

Other Misc. Indirect Costs

1 Preliminary Project Planning - 1600 Owens	1,830,000
2 Interior Signage	164,523
3 Telecom/Data Wiring & Devices	658,092
4 Security/Fire Alarm Wiring & Devices	643,181
5 AV Wiring	284,523
6 Escalation	369,317

3,949,636

Total Project Budget	164,979,690
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OCME @ 1 Newhall Street

Based on the TBD Consultants Estimate dated 1/30/2013

100%

1/16/2014
Attachment I - Page 2 of 2

				GSF
				42,575
Div. #	%	TOTAL	\$/SF	
01	GENERAL REQUIREMENTS	2.91%	814,241	\$ 19.12
02	SITE CONSTRUCTION	1.85%	516,606	\$ 12.13
03	CONCRETE	3.88%	1,084,059	\$ 25.46
05	METALS	11.53%	3,224,631	\$ 75.74
06	WOOD, PLASTIC + COMPOSITE	0.08%	23,416	\$ 0.55
07	THERMAL + MOISTURE PROTECTION	2.24%	627,419	\$ 14.74
08	OPENINGS	1.93%	540,116	\$ 12.69
09	FINISHES	9.38%	2,623,006	\$ 61.61
10	SPECIALITIES	0.89%	248,411	\$ 5.83
11	EQUIPMENT	9.76%	2,728,477	\$ 64.09
12	FURNISHINGS	3.71%	1,036,816	\$ 24.35
13	SPECIAL CONSTRUCTION	8.11%	2,267,476	\$ 53.26
14	CONVEYING EQUIPMENT	1.00%	280,000	\$ 6.58
21	FIRE SUPPRESSION	1.22%	342,307	\$ 8.04
22	PLUMBING	5.04%	1,409,931	\$ 33.12
23	HVAC	16.56%	4,629,715	\$ 108.74
26	ELECTRICAL	11.90%	3,326,031	\$ 78.12
27	COMMUNICATIONS	1.58%	442,026	\$ 10.38
28	ELECTRICAL SAFETY + SECURITY	0.08%	21,288	\$ 0.50
31	EARTHWORK	2.43%	678,739	\$ 15.94
32	EXTERIOR IMPROVEMENTS	2.85%	796,436	\$ 18.71
33	UTILITIES	1.05%	294,460	\$ 6.92
	TOTAL DIRECT CONSTRUCTION COSTS	100.0%	27,955,607	\$ 656.62

SUB BIDDING CONTINGENCY	3.50%	978,446
DESIGN CONTINGENCY	8.50%	2,459,395
ESCALATION	12.50%	3,924,181

midpoint - Jan. 16, '15

Subtotal **7,362,022**

DIRECT COSTS ESCALATED		35,317,629
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JOBSITE MANAGEMENT	5.50%	1,942,470
INSURANCE + BONDING	1.30%	484,381
FEE	3.00%	1,117,803
CONSTRUCTION CONTINGENCY	12.00%	3,354,673
CM/GC CONTINGENCY	2.00%	559,112
ART ENRICHMENT	2.00%	559,112

\$123,790/month - 14-month schedule

CM/GC

% of construction direct cost

% of construction direct cost

% of construction direct cost

Subtotal **8,017,551**

TOTAL CONSTRUCTION COSTS		43,335,180
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PROJECT CONTROL

Client Department Services	1.00%	433,352
DPW Project Management	6.00%	2,600,111
City Administrative Services	1.00%	433,352
Regulatory Agency Approvals	2.50%	1,083,379
A/E Services	13.00%	5,633,573
Environmental Services	1.50%	650,028
CM Services	9.00%	3,900,166
Geotech, Surveys, & Data Collection	0.50%	216,676
Move Management	1.00%	433,352
Partnering Allowance	0.50%	216,676
Reserve	6.25%	2,708,449
Total Project Control	35.50%	18,309,113

Site Control

Site Purchase		-
Division of Real Estate Services		-
Total Site Control		-

Finance Costs

DPW Estimate of Cost of Issuance	1.50%	650,028
City Services Audits	0.20%	86,670
CGOBOC	0.10%	43,335
Total Finance Costs	1.80%	780,033

Other Misc. Costs

1.	Preliminary Planning - 1600 Owens	1,220,000
2.	Interior Signage	63,863
3.	Telecom/Data Wiring & Devices	255,450
4.	Security/Fire Alarm Wiring & Devices	336,544
5.	AV Wiring	103,863
6.	Escalation	507,202
		2,486,922

allowance

Total Project Budget		64,911,248
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City and County of San Francisco
 Earthquake Safety & Emergency Response 2 (ESER 2)
 Proposed General Obligation Bonds
 Summary of Tax Levy

Fiscal Year	Assessed Valuation	Aggregate Debt Service	Levy Rate	Total Levy Amount	Existing & Outstanding GO Bonds + SFGH 2014A**					Earthquake Safety and Emergency Response 2, Election 2014					Existing + ESER 2		
					2015	2017	2019	2021	Agg D/S	Levy Rate	Total Levy Amount	2016 Levy Rate	Total Levy Amount	Levy Rate	Total Levy Amount		
2015	180,235,107,922	209,416,918	0.1162%	572.82	\$ 3,625,000				3,625,000	0.0020%	9.92	0.1201%	9.92	0.1182%	582.74		
2016	188,706,157,994	165,988,868	0.0880%	433.65	12,995,000				12,995,000	0.0069%	33.95	0.1201%	33.95	0.0948%	467.60		
2017	197,197,935,104	157,567,352	0.0799%	393.92	12,997,300	5,245,750			18,243,050	0.0093%	45.61	0.1201%	45.61	0.0892%	439.53		
2018	205,085,852,508	153,728,995	0.0750%	369.54	12,994,000	12,597,400			25,591,400	0.0125%	61.52	0.1201%	61.52	0.0874%	431.06		
2019	212,263,857,346	147,803,645	0.0696%	343.29	12,994,500	12,597,500	2,948,000		28,540,000	0.0134%	66.29	0.1201%	66.29	0.0789%	409.57		
2020	219,693,092,353	140,723,495	0.0641%	315.79	12,992,600	12,597,600	7,077,800		32,668,400	0.0149%	73.31	0.1201%	73.31	0.0742%	389.10		
2021	227,382,350,585	134,843,407	0.0593%	292.36	12,997,400	12,596,800	7,077,800	1,211,250	33,883,250	0.0149%	73.46	0.1201%	73.46	0.0716%	365.83		
2022	235,340,732,856	132,977,070	0.0565%	278.57	12,997,400	12,594,200	7,079,000	2,907,600	35,578,200	0.0151%	74.53	0.1201%	74.53	0.0684%	337.16		
2023	243,577,658,506	131,004,908	0.0538%	265.15	12,996,700	12,593,900	7,076,200	2,910,000	35,576,800	0.0146%	72.01	0.1201%	72.01	0.0647%	319.15		
2024	252,102,876,553	127,627,014	0.0506%	249.58	12,994,100	12,594,700	7,079,100	2,908,800	35,576,700	0.0141%	69.57	0.1201%	69.57	0.0526%	298.26		
2025	260,926,477,233	122,284,417	0.0469%	231.05	12,993,400	12,595,400	7,076,800	2,909,000	35,575,600	0.0132%	67.22	0.1201%	67.22	0.0505%	268.75		
2026	270,058,903,936	111,639,737	0.0413%	203.80	12,993,100	12,594,800	7,079,000	2,910,300	35,577,200	0.0127%	64.95	0.1201%	64.95	0.0470%	231.55		
2027	279,510,965,574	111,468,734	0.0399%	196.61	12,996,700	12,596,700	7,074,800	2,907,400	35,575,600	0.0127%	62.75	0.1201%	62.75	0.0422%	208.22		
2028	289,293,849,369	110,812,037	0.0383%	188.84	12,992,400	12,594,600	7,078,900	2,910,300	35,576,200	0.0123%	60.63	0.1201%	60.63	0.0331%	163.09		
2029	299,419,134,097	105,058,902	0.0351%	172.98	12,994,000	12,592,300	7,075,100	2,908,400	35,569,800	0.0119%	58.57	0.1201%	58.57	0.0298%	157.84		
2030	309,898,803,790	95,309,402	0.0308%	151.62	12,994,400	12,593,300	7,078,100	2,911,700	35,577,500	0.0115%	56.60	0.1201%	56.60	0.0229%	124.9		
2031	320,745,261,923	70,528,304	0.0220%	108.41	12,996,800	12,595,800	7,076,700	2,909,600	35,578,900	0.0111%	54.69	0.1201%	54.69	0.0198%	97.64		
2032	331,971,346,090	70,714,275	0.0213%	105.02	12,994,100	12,593,400	7,078,000	2,907,100	35,574,800	0.0104%	52.82	0.1201%	52.82	0.0166%	57.08		
2033	343,590,343,203	32,475,800	0.0095%	46.60	12,994,500	12,594,900	7,078,600	2,909,400	35,578,500	0.0100%	49.32	0.1201%	49.32	0.0124%	37.74		
2034	355,616,005,215	5,595,250	0.0016%	7.76	12,995,600	12,595,900	7,076,200	2,908,300	35,578,900	0.0061%	30.24	0.1201%	30.24	0.0059%	29.22		
2035	368,062,565,398	5,596,500	0.0015%	7.50	12,995,600	12,595,900	7,076,200	2,908,300	35,578,900	0.0059%	29.22	0.1201%	29.22	0.0025%	12.49		
2036	380,944,755,187	-	-	-	12,995,600	12,595,900	7,076,200	2,908,300	35,578,900	0.0024%	12.06	0.1201%	12.06	0.0007%	3.40		
2037	394,277,821,618	-	-	-	12,995,600	12,595,900	7,076,200	2,908,300	35,578,900	0.0007%	3.40	0.1201%	3.40	0.0007%	3.28		
2038	408,077,545,375	-	-	-	12,995,600	12,595,900	7,076,200	2,908,300	35,578,900	0.0007%	3.40	0.1201%	3.40	0.0007%	3.28		
2039	422,360,259,463	-	-	-	12,995,600	12,595,900	7,076,200	2,908,300	35,578,900	0.0007%	3.40	0.1201%	3.40	0.0007%	3.28		
2040	437,142,868,544	-	-	-	12,995,600	12,595,900	7,076,200	2,908,300	35,578,900	0.0007%	3.40	0.1201%	3.40	0.0007%	3.28		
Total Debt Service					\$250,529,000	\$244,530,250	\$137,414,700	\$56,484,450	\$688,978,400								
Total Principal					145,000,000	142,230,000	79,920,000	32,850,000	400,000,000								
Annual Levy Per \$500K A.V.																	
2014 AV		173,136,510,972	Average	\$234.99					\$26,499,169	Average	\$48.06			Average	\$237.86		
2014 Debt Capacity		5,194,095,329	Maximum	\$572.82					0.0097%	Maximum	\$74.53			Maximum	\$582.74		
			Minimum	\$7.50					0.0151%	Minimum	\$3.28			Minimum	\$3.28		

** SFGH Series 2014A Expected to be issued January 2014