

File No. 1160469

Committee Item No. 20

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date May 25, 2016

Board of Supervisors Meeting

Date _____

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 type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input 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 type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
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| <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 |
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Completed by: Linda Wong Date May 20, 2016

Completed by: Linda Wong Date _____

1 [Appropriation - Revenue Bonds, State Loans or Grants, Wastewater Revenues and
2 Capacity Fees of \$1,215,201,280 - Re-Appropriation of \$7,000,000, and De-
3 Appropriation of \$10,750,000 - Wastewater Capital Improvements - FYs 2016-2017 and
4 2017-2018]

4 **Ordinance appropriating a total of \$1,215,201,280 of proceeds from revenue**
5 **bonds, State of California Water Resources Control Board's revolving loan funds**
6 **(State Loan Funds) or grant funds (State Grant Funds), wastewater revenue and**
7 **capacity fees for the San Francisco Public Utilities Commission (SFPUC)**
8 **Wastewater Enterprise's Capital Improvement Program for FY2016-2017 at**
9 **\$312,852,320 and for FY2017-2018 at \$902,348,960; re-appropriation of \$7,000,000**
10 **and de-appropriation of \$10,750,000 Wastewater Revenue Bond projects in**
11 **FY2016-2017; and placing \$1,112,601,280 in Revenue Bonds or State Loan or**
12 **Grant Funds and \$14,600,000 in capacity fees by project on Controller's reserve**
13 **subject to the Controller's certification of funds availability, including proceeds of**
14 **indebtedness, and for construction related expenditures (excluding program**
15 **management, planning, and design) for these projects, as applicable, is also**
16 **subject to the prior occurrence of the SFPUC's and the Board of Supervisors'**
17 **discretionary adoption of California Environmental Quality Act (CEQA) Findings**
18 **for projects, following review and consideration of completed project related**
19 **environmental analysis, where required.**

20 Note: **Unchanged Code text and uncodified text** are in plain Arial font.
21 **Additions to Codes** are in *single-underline italics Times New Roman font*.
22 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
23 **Board amendment additions** are in double-underlined Arial font.
24 **Board amendment deletions** are in ~~strikethrough Arial font~~.
25 **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 Fiscal Year 2016-2017.

5
6 **SOURCES Appropriation**

Fund	Index Code / Project Code	Subobject	Description	Amount
5C CPF 17A - WWE- Capital Projects-2017A Bond Fund	*CWP5CCPF17A / WWE30001	80111	Proceeds Sale of Bonds	\$257,752,320
5C CPF RNR – WWE Renewal & Replacement Fund	*CWWPZZZC505C / CWWRNRC500	9505C	Wastewater Enterprise Revenue	\$43,000,000
5C CPF CAP – Wastewater Capacity Fee	*CWP5CCPFCAP / CWWRNRC500	79993	Wastewater Capacity Fee	\$12,100,000
Total SOURCES Appropriation				<u><u>\$312,852,320</u></u>

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23 Section 2. The uses of funding outlined below are herein appropriated in Subobject
24 06700 Buildings Structures and Improvements, 06R00 Capital Renewal Projects, 081C4
25 Internal Audits and 06700 Revenue Bond Oversight Committee, 07311 Financing Costs

1 and reflects the projected uses of funding to support the Wastewater Capital
 2 Improvement Program at the San Francisco Public Utilities Commission for Fiscal Year
 3 2016-2017.

4
 5 **USES Appropriation**

Fund	Index Code / Project Code	Subobject	Description	Amount
5C CPF 17A - WWE- Capital Projects- 2017A Bond Fund	CWPX5CCPF17A / CWWSIPRPL00	06700 Buildings, Structures, and Improvements	SSIP – Program- Wide Management	\$6,000,000
5C CPF 17A - WWE- Capital Projects- 2017A Bond Fund	CWPX5CCPF17A / CWWSIPRPL00	06700 Buildings, Structures, and Improvements	SSIP – Land Reuse	\$28,108,000
5C CPF 17A - WWE- Capital Projects- 2017A Bond Fund	CWPX5CCPF17A / CWWSIPDP00	06700 Buildings, Structures, and Improvements	Biosolids/Digester Project	\$89,976,000
5C CPF 17A - WWE- Capital Projects- 2017A Bond Fund	CWPX5CCPF17A / CWWSIPSE00	06700 Buildings, Structures, and Improvements	Treatment Plant Improvements – Headworks	\$34,198,000

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Fund	Index Code / Project Code	Subobject	Description	Amount
5C CPF 17A - WWE- Capital Projects- 2017A Bond Fund	CWPX5CCPF17A / CWWSIPSE00	06700 Buildings, Structures, and Improvements	Treatment Plant Improvements - Southeast	\$5,881,000
5C CPF 17A - WWE- Capital Projects- 2017A Bond Fund	CWPX5CCPF17A / CWWSIPFR00	06700 Buildings, Structures, and Improvements	Flood Resilience/Hydrauli c Improvements	\$10,438,000
5C CPF 17A - WWE- Capital Projects- 2017A Bond Fund	CWPX5CCPF17A / CWWSIPFCDB00	06700 Buildings, Structures, and Improvements	Green Infrastructure Projects	\$1,320,000
5C CPF 17A - WWE- Capital Projects- 2017A Bond Fund	CWPX5CCPF17A / CWWRNRCS00	06700 Buildings, Structures, and Improvements	Renewal & Replacement - Collection System	\$42,215,000
5C CPF RNR - WWE Renewal & Replacement Fund	WWECS5CPFRNR / CWWRNRCS00	06R00 Capital Renewal Projects	Renewal & Replacement - Collection System	\$29,285,000
5C CPF CAP - Capacity Fee	CWPX5CCPFCAP / CWWRNRCS00	06R00 Capital Renewal Projects	Renewal & Replacement - Collection System	\$12,100,000

	Fund	Index Code / Project Code	Subsubject	Description	Amount
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2					
3	5C CPF RNR – WWE	WWETF5CPFRNR	06R00 Capital	Renewal &	\$13,715,000
4	Renewal &	/ CWWRNRTF00	Renewal Projects	Replacement –	
5	Replacement Fund			Treatment Facilities	
6					
7	5C CPF 17A - WWE-	CWPX5CCPF17A/	06700 Buildings,	Ocean Beach	\$2,000,000
8	Capital Projects-	CWWFAC01	Structures, and	Projects	
9	2017A Bond Fund		Improvements		
10					
11	5C CPF 17A - WWE-	CWPX5CCPF17A /	06700 Buildings,	Southeast	\$5,000,000
12	Capital Projects-	CWWFAC03	Structures, and	Community Center	
13	2017A Bond Fund		Improvements	Improvements	
14					
15	5C CPF 17A - WWE-	CWPX5CCPF17A /	06700 Buildings,	Islais Creek Outlet	\$5,000,000
16	Capital Projects-	CWWFAC04	Structures, and		
17	2017A Bond Fund		Improvements		
18					
19	5C CPF 17A - WWE-	CWPX5CCPF17A /	07311 Bond	Financing Costs	\$26,916,972
20	Capital Projects-	CWW30001	Issuance Cost		
21	2017A Bond Fund				
22					
23	5C CPF 17A - WWE-	CWPX5CCPF17A /	081C4 Internal	City Services	\$570,472
24	Capital Projects-	CWW30001	Audits	Auditor	
25	2017A Bond Fund				

1	Fund	Index Code /	Subobject	Description	Amount
2		Project Code			
3	5C CPF 17A - WWE-	CWPX5CCPF17A /	06700 Buildings,	Revenue Bond	\$128,876
4	Capital Projects-	CWW30001	Structures, and	Oversight	
5	2017A Bond Fund		Improvements	Committee	
6					
7	Total USES Appropriation				\$312,852,320

8

9 Section 3. Of the above appropriated amount, \$570,472 representing 0.2% of the

10 expenditure budget net of bond financing and audit costs, is to be allocated and

11 available to support the Controller's Audit Fund, pursuant to Charter Appendix F1.113;

12 and \$128,876 representing 0.05% of gross bond proceeds is to be allocated and

13 available to support the Public Utilities Commission Revenue Bond Oversight

14 Committee, pursuant to Administrative Code Section 5A.31. These appropriations may

15 be increased or decreased by the Controller based on changes to expenditure

16 appropriations or actual gross bond proceeds to conform to the applicable Charter and

17 Administrative Code formulas.

18

19 Section 4. \$269,852,320 of the total appropriation is hereby placed on Controller's

20 Appropriation Reserve by project. Release of appropriation reserves by the Controller

21 is subject to the Controller's certification of funds availability, including proceeds of

22 indebtedness, and for construction related expenditures (excluding program

23 management, planning and design) for these projects, as applicable, is also subject to

24 the prior occurrence of the SFPUC's and the Board of Supervisors' discretionary

25 adoption of California Environmental Quality Act (CEQA) Findings for projects, following

1 review and consideration of completed project related environmental analysis, where
2 required.

3
4 Section 5. Associated Bond financing costs up to \$26,916,972 is also hereby
5 appropriated, including but not limited to, issuance costs, debt service reserve,
6 capitalized interest, rating agency, and disclosure costs, all on Controller's reserve
7 pending receipt of bond proceeds. To the extent that net available bond proceeds after
8 financing costs are more than budgeted, the Department may use such surplus bond
9 proceeds as a substitute for other sources budgeted in this appropriation.

10
11 Section 6. The Controller is authorized to record transfers between funds and adjust
12 the accounting treatment of sources and uses appropriated in this ordinance as
13 necessary to conform to Generally Accepted Accounting Principles.

14
15 Section 7. The sources of funding outlined below are herein appropriated to reflect the
16 funding available for Fiscal Year 2017-2018.

17
18 **SOURCES Appropriation**

Fund	Index Code / Project Code	Subobject	Description	Amount
5C CPF 17A - WWE- Capital Projects- 2017A Bond Fund	*CWP5CCPF17A / WWE30001	80111	Proceeds Sale of Bonds	\$854,848,960

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Fund	Index Code / Project Code	Subobject	Description	Amount
5C CPF RNR – WWE Renewal & Replacement Fund	*CWWPZZZC505C / CWWRNRC00	9505C	Wastewater Enterprise Revenue	\$45,000,000
5C CPF CAP – Wastewater Capacity Fee	*CWP5CCPFCAP / CWWRNRC00	79993	Wastewater Capacity Fee	\$2,500,000
Total SOURCES Appropriation				<u><u>\$902,348,960</u></u>

Section 8. The uses of funding outlined below are herein appropriated in Subobject 06700 Buildings Structures and Improvements, 06R00 Capital Renewal Projects, 081C4 Internal Audits, 06700 Revenue Bond Oversight Committee and 07311 Financing Costs, and reflects the projected uses of funding to support the Wastewater Capital Improvement Program at the San Francisco Public Utilities Commission for Fiscal Year 2017-2018.

1 **USES Appropriation**

2	Fund	Index Code /	Subobject	Description	Amount
3		Project Code			
4	5C CPF 17A -	CWPX5CCPF17A /	06700 Buildings,	SSIP – Program-	\$6,000,000
5	WWE-Capital	CWWSIPRPL00	Structures, and	wide Management	
6	Projects-2017A		Improvements		
7	Bond Fund				
8					
9	5C CPF 17A -	CWPX5CCPF17A /	06700 Buildings,	Biosolids/Digester	\$257,552,000
10	WWE-Capital	CWWSIPDP00	Structures, and	Project	
11	Projects-2017A		Improvements		
12	Bond Fund				
13					
14	5C CPF 17A -	CWPX5CCPF17A /	06700 Buildings,	Treatment Plant	\$76,427,000
15	WWE-Capital	CWWSIPSE00	Structures, and	Improvements -	
16	Projects-2017A		Improvements	Headworks	
17	Bond Fund				
18					
19	5C CPF 17A -	CWPX5CCPF17A /	06700 Buildings,	Treatment Plant	\$95,433,000
20	WWE-Capital	CWWSIPSE00	Structures, and	Improvements -	
21	Projects-2017A		Improvements	Southeast	
22	Bond Fund				

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Fund	Index Code / Project Code	Subsubject	Description	Amount
5C CPF 17A - WWE-Capital Projects-2017A Bond Fund	CWPX5CCPF17A / CWWSIPTPNP00	06700 Buildings, Structures, and Improvements	Treatment Plant Improvements – North Point	\$57,287,000
5C CPF 17A - WWE-Capital Projects-2017A Bond Fund	CWPX5CCPF17A / CWWSIPTPOP00	06700 Buildings, Structures, and Improvements	Treatment Plant Improvements – Oceanside	\$86,309,000
5C CPF 17A - WWE-Capital Projects-2017A Bond Fund	CWPX5CCPF17A / CWWSIPTCT00	06700 Buildings, Structures, and Improvements	Central Bayside System Improvements	\$38,069,000
5C CPF 17A - WWE-Capital Projects-2017A Bond Fund	CWPX5CCPF17A / CWWSIPCS00	06700 Buildings, Structures, and Improvements	Collection System Improvements	\$4,407,000

1	Fund	Index Code /	Subobject	Description	Amount
2		Project Code			
3	5C CPF 17A -	CWPX5CCPF17A /	06700 Buildings,	Reliability Program	\$7,738,000
4	WWE-Capital	CWWSIPCSCD00	Structures, and		
5	Projects-2017A		Improvements		
6	Bond Fund				
7					
8	5C CPF 17A -	CWPX5CCPF17A /	06700 Buildings,	Pump	\$20,105,000
9	WWE-Capital	CWWSIPCSPS00	Structures, and	Stations/Bayside &	
10	Projects-2017A		Improvements	Westside	
11	Bond Fund				
12					
13	5C CPF 17A -	CWPX5CCPF17A /	06700 Buildings,	Flood	\$18,776,000
14	WWE-Capital	CWWSIPFR00	Structures, and	Resilience/Hydrauli	
15	Projects-2017A		Improvements	c Improvements	
16	Bond Fund				
17					
18	5C CPF 17A -	CWPX5CCPF17A /	06700 Buildings,	Green	\$1,158,000
19	WWE-Capital	CWWSIPFCDB00	Structures, and	Infrastructure	
20	Projects-2017A		Improvements	Projects	
21	Bond Fund				
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1	Fund	Index Code /	Subobject	Description	Amount
2		Project Code			
3	5C CPF 17A -	CWPX5CCPF17A /	06700 Buildings,	Advanced Rainfall/	\$1,299,000
4	WWE-Capital	CWWSIPFCRP00	Structures, and	Operating Decision	
5	Projects-2017A		Improvements	System	
6	Bond Fund				
7					
8	5C CPF 17A -	CWPX5CCPF17A /	06700 Buildings,	Renewal &	\$53,235,000
9	WWE-Capital	CWWRNRCS00	Structures, and	Replacement -	
10	Projects-2017A		Improvements	Collection System	
11	Bond Fund				
12					
13	5C CPF RNR -	WWECS5CPFRNR /	06R00 Capital	Renewal &	\$30,598,000
14	WWE Renewal &	CWWRNRCS00	Renewal Projects	Replacement -	
15	Replacement			Collection System	
16	Fund				
17					
18	5C CPF CAP -	CWPX5CCPFCAP /	06R00 Capital	Renewal &	\$2,500,000
19	Capacity Fee	CWWRNRCS00	Renewal Projects	Replacement -	
20				Collection System	
21					
22	5C CPF RNR -	WWE5CPFRNR /	06R00 Capital	Renewal &	\$14,402,000
23	WWE Renewal &	CWWRNR00	Renewal Projects	Replacement -	
24	Replacement			Treatment Facilities	
25	Fund				

	Fund	Index Code / Project Code	Subobject	Description	Amount
1					
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3	5C CPF 17A -	CWPX5CCPF17A /	06700 Buildings,	Treasure Island	\$20,463,000
4	WWE-Capital	CWP11001	Structures, and		
5	Projects-2017A		Improvements		
6	Bond Fund				
7					
8	5C CPF 17A -	CWPX5CCPF17A /	06R00 Capital	Ocean Beach	\$4,000,000
9	WWE-Capital	CWWFAC01	Renewal Projects	Projects	
10	Projects-2017A				
11	Bond Fund				
12					
13	5C CPF 17A -	CWPX5CCPF17A /	06700 Buildings,	Southeast	\$5,000,000
14	WWE-Capital	CWWFAC03	Structures, and	Community Center	
15	Projects-2017A		Improvements	Improvements	
16	Bond Fund				
17					
18	5C CPF 17A -	CWPX5CCPF17A /	06700 Buildings,	Islais Creek Outlet	\$10,000,000
19	WWE-Capital	CWWFAC04	Structures, and		
20	Projects-2017A		Improvements		
21	Bond Fund				
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1	Fund	Index Code /	Subsubject	Description	Amount
2		Project Code			
3	5C CPF 17A -	CWPX5CCPF17A /	07311 Bond	Financing Costs	\$89,542,020
4	WWE-Capital	CWW30001	Issuance Cost		
5	Projects-2017A				
6	Bond Fund				
7					
8	5C CPF 17A -	CWPX5CCPF17A /	081C4 Internal	City Service Auditor	\$1,621,516
9	WWE-Capital	CWW30001	Audits		
10	Projects-2017A				
11	Bond Fund				
12					
13	5C CPF 17A -	CWPX5CCPF17A /	06700 Buildings,	Revenue Bond	\$427,424
14	WWE-Capital	CWW30001	Structures, and	Oversight	
15	Projects-2017A		Improvements	Committee	
16	Bond Fund				
17					
18	Total USES Appropriation				\$902,348,960

20 Section 9. Of the above appropriated amount, \$1,621,516 representing 0.2% of the
21 expenditure budget net of bond financing and audit costs, is to be allocated and
22 available to support the Controller's Audit Fund, pursuant to Charter Appendix F1.113;
23 and \$427,424, representing 0.05% of gross bond proceeds is to be allocated and
24 available to support the Public Utilities Commission Revenue Bond Oversight
25 Committee, pursuant to Administrative Code Section 5A.31. These appropriations may

1 be increased or decreased by the Controller based on changes to expenditure
2 appropriations or actual gross bond proceeds to conform to the applicable Charter and
3 Administrative Code formulas.

4
5 Section 10. \$857,348,960 of the total appropriation is hereby placed on Controller's
6 Appropriation Reserve by project. Release of appropriation reserves by the Controller is
7 subject to the Controller's certification of funds availability, including proceeds of
8 indebtedness, and for construction related expenditures (excluding program
9 management, planning and design) for these projects, as applicable, is also subject to
10 the prior occurrence of the SFPUC's and the Board of Supervisors' discretionary
11 adoption of California Environmental Quality Act (CEQA) Findings for projects, following
12 review and consideration of completed project related environmental analysis, where
13 required..

14
15 Section 11. Associated Bond financing costs up to \$89,542,020 is also hereby
16 appropriated, including but not limited to, issuance costs, debt service reserve,
17 capitalized interest, rating agency, and disclosure costs, all on Controller's reserve
18 pending receipt of bond proceeds. To the extent that net available bond proceeds after
19 financing costs are more than budgeted, the Department may use such surplus bond
20 proceeds as a substitute for other sources budgeted in this appropriation.

21
22 Section 12. The Controller is authorized to record transfers between funds and adjust
23 the accounting treatment of sources and uses appropriated in this ordinance as
24 necessary to conform to Generally Accepted Accounting Principles.

1 Section 13. The funding below was previously appropriated and no additional funding is
 2 requested in this supplemental appropriation ordinance.

3
 4 **Sources De - Appropriation**

Fund	Index Code /	Subobject	Description	Amount
	Project Code			
5C CPF 12A - WWE-	*CWP5CCPF12A /	80111	Proceeds from Sale	\$2,000,000
Capital Projects-	CWWBAE00	Sale of	of Bonds	
2012A Bond Fund		Bonds		
5C CPF 13A - WWE-	*CWP5CCPF13A /	80111	Proceeds from Sale	\$5,000,000
Capital Projects-	WWE30001	Sale of	of Bonds	
2013A Bond Fund		Bonds		
Total Sources De - Appropriation				\$7,000,000

17 **Sources Re - Appropriation**

Fund	Index Code /	Subobject	Description	Amount
	Project Code			
5C CPF 12A - WWE-	*CWP5CCPF12A /	80111	Proceeds from	\$2,000,000
Capital Projects-	CWWSIPRPL00	Sale of	Sale of Bonds	
2012A Bond Fund		Bonds		

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Fund	Index Code / Project Code	Subobject	Description	Amount
5C CPF 13A - WWE- Capital Projects- 2013A Bond Fund	*CWP5CCPF13A / CWWSIPRPL00	80111 Sale of Bonds	Proceeds from Sale of Bonds	\$5,000,000
Total Sources Re - Appropriation				\$7,000,000

Section 14. The uses of funding outlined below are herein re-appropriated in Subobject 06700 (Buildings, Structures, and Improvement Project-Budget) and reflects the use of funds to support the Wastewater Capital Improvement Program at the San Francisco Public Utilities Commission for FY 2016-2017.

Uses De - Appropriation

Fund	Index Code / Project Code	Subobject	Description	Amount
5C CPF 12A - WWE- Capital Projects- 2012A Bond Fund	*CWP5CCPF12A / CWWBAE00	06700 Buildings, Structures, and Improvements	SSIP -Biosolids / Digester Project	\$2,000,000

1	Fund	Index Code /	Subobject	Description	Amount
2		Project Code			
3	5C CPF 13A - WWE-	CWPX5CCPF13A	06700	SSIP -Biosolids /	\$5,000,000
4	Capital Projects-	/ CWWBAE00	Buildings,	Digester Project	
5	2013A Bond Fund		Structures, and		
6			Improvements		
7					
8	Total Uses De – Appropriation				<u><u>\$7,000,000</u></u>
9					
10	Uses Re - Appropriation				
11	Fund	Index Code /	Subobject	Description	Amount
12		Project Code			
13	5C CPF 12A - WWE-	*CWP5CCPF12A /	06700 Buildings,	SSIP – Program	\$2,000,000
14	Capital Projects-	CWWSIPPRPL00	Structures, and	Wide Efforts	
15	2012A Bond Fund		Improvements		
16					
17	5C CPF 13A - WWE-	CWPX5CCPF13A	06700 Buildings,	SSIP – Program	\$5,000,000
18	Capital Projects-	/ CWWSIPPRPL00	Structures, and	Wide Efforts	
19	2013A Bond Fund		Improvements		
20					
21	Total Uses Re – Appropriation				<u><u>\$7,000,000</u></u>
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1 Section 15. De-Appropriation of \$10,750,000 of Wastewater Revenue Bond funds.

3 **Sources De-Appropriation**

Fund	Index Code /	Subobject	Description	Amount
Project Code				
5C CPF LOC – CWP	*CWP5CCPFLOC /	80111	Proceeds from Sale of	\$7,088,685
-Capital Projects-	CWW10000		Bonds	
Local Fund				
5C CPF 11A - WWE-	*CWP5CCPF11A /	80111	Proceeds from Sale of	\$3,661,315
Capital Projects-	CWW10000		Bonds	
2011A Bond Fund				
Total Sources De-Appropriation				<u>\$10,750,000</u>

16 Section 16. De-Appropriation of uses \$10,750,000 in 06C00 Capital Projects Budget
 17 Carryforward and requesting release of \$10,750,000 of Wastewater Enterprise Bond
 18 Funds on Controllers Reserve.

20 **Uses De-Appropriation**

Fund	Index Code /	Subobject	Description	Amount
Project Code				
5C CPF LOC – CWP	*CWP5CCPFLOC /	06C00	Property Purchase	\$7,088,685
-Capital Projects-	CWW10000			
Local Fund				

1	Fund	Index Code /	Subobject	Description	Amount
2		Project Code			
3	5C CPF 11A - WWE-	*CWP5CCPF11A /	06C00	Property Purchase	\$3,661,315
4	Capital Projects-	CWW10000			
5	2011A Bond Fund				
6	Total Uses De-Appropriation				\$10,750,000

7

8 Section 17. PUC Capital Improvements for the Sewer System Improvement Program
9 shall be budgeted and approved by program (Program Wide Management, Treatment
10 Facilities, Sewer/Collection System, Storm Water/Flood Control Management), and may
11 be defined based on functional improvements, and may contain sub-projects to further
12 define components of capital improvements. Appropriations to capital improvements
13 shall be monitored and controlled by the Controller at the program level. The PUC is
14 authorized to transfer funds within sub-projects with approval of the Controller.

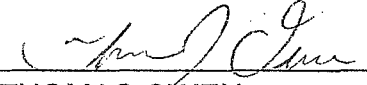
15

16 Section 18. This Board, by Ordinance No. 89-15, authorized the SFPUC to enter into
17 one or more State of California State Water Resources Control Board Installment Sale
18 Agreements under the Clean Water State Revolving Fund (State Loan Funds), and
19 amended and supplemented Ordinance No. 107-14 to authorize, in addition to the
20 issuance of Waste Water revenue bonds, the execution and delivery of State Loan
21 Funds to finance projects, provided that any such indebtedness shall not exceed in an
22 aggregate principal amount \$819,035,941. The Board is concurrently considering with
23 this Ordinance a SFPUC Waste Water Revenue Bond issuance, including authorization
24 to obtain State Loan Funds and State Grant Funds, not to exceed \$1,112,601,280. The
25 Sources of Funds herein appropriated in Section 1 and Section 7 of this Ordinance, or

1 previously appropriated by Ordinance 105-14, may include State Loan Funds or State
2 Grant Funds when available, subject to compliance with the terms of the authorizing
3 legislation for such Funds. The Controller is authorized to record substitution of the
4 source of funds appropriated with State Loan Funds or State Grant Funds, as
5 necessary to conform to Generally Accepted Accounting Principles.

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

FUNDS AVAILABLE
BEN ROSENFELD, Controller

10 By: 
11 THOMAS OWEN
12 Deputy City Attorney

By: 
13 BEN ROSENFELD
14 Controller

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

MANDATE STATEMENT

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

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

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

BACKGROUND

The San Francisco Public Utilities Commission (SFPUC) Wastewater Enterprise provides wastewater treatment, sewer, and storm water collection to residents in the City as well as residents of north San Mateo County. The service area encompasses 29,773 acres and provides a level of service that can accommodate approximately 990,449 people using approximately 40 billion gallons of water per year.

DETAILS OF PROPOSED LEGISLATION

File 16-0471 is an ordinance authorizing SFPUC to issue and sell tax-exempt or taxable Wastewater Revenue Bonds and other forms of indebtedness (such as commercial paper¹ or State Revolving Fund loans) in an aggregate principal amount not to exceed \$1,112,601,280.

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

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

File 16-0471: Wastewater Revenue Bonds

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

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

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

File 16-0469 Appropriation to Wastewater Capital Improvement Program

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

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

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

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

^a Placed on Controller's Reserve

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

Descriptions of the proposed projects are included in the attachment.

FISCAL IMPACT

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

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

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

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

POLICY CONSIDERATION

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

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

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

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

RECOMMENDATIONS

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

Attachment

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

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE
MAYOR

May 2, 2016

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

Dear Ms. Calvillo:

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

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

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

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

Sincerely,

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

Melissa Whitehouse
Mayor's Budget Director, Acting

cc: Members of the Board of Supervisors
Harvey Rose
Controller

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

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