

File No. 180448

Committee Item No. 9

Board Item No. 14

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date May 24, 2018

Board of Supervisors Meeting

Date 6/5/18

Cmte Board

- | | | |
|-------------------------------------|-------------------------------------|--|
| <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 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 checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <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 |

OTHER (Use back side if additional space is needed)

<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____

Completed by: Linda Wong Date May 18, 2018
 Completed by: Linda Wong Date 5/29/18

1 [Appropriation - Proceeds from Revenue Bonds, State Loan or Grant Funds, Water Revenues
2 and Water Capacity Fees of \$483,137,393 - FYs 2018-2019 and 2019-2020 - Re-
3 Appropriation of \$15,958,031 for Water Capital Improvements - FY 2018-2019]

4 **Ordinance appropriating a total of \$483,137,393 of proceeds from Revenue Bonds,**
5 **State of California Water Resources Control Board's revolving loan funds (State Loan**
6 **Funds) or grant funds (State Grant Funds), water revenues and water capacity fees for**
7 **the San Francisco Public Utilities Commission (SFPUC) Water Enterprise's Capital**
8 **Improvement Program for FY2018-2019 at \$276,222,393 and for FY2019-2020 at**
9 **\$206,915,000; and re-appropriating Water Capital Project appropriations of \$15,958,031**
10 **in FY2018-2019 and placing \$376,251,393 of Revenue Bond and State Loan Funds or**
11 **State Grant Funds proceeds by project on Controller's reserve subject to the**
12 **Controller's certification of funds availability, including proceeds of indebtedness, and**
13 **for construction related expenditures (excluding program management, planning and**
14 **design) for these projects, as applicable, also subject to the prior occurrence of the**
15 **SFPUC's and the Board of Supervisors' discretionary adoption of California**
16 **Environmental Quality Act (CEQA) findings for projects, following review and**
17 **consideration of completed project related environmental analysis, where required.**

18
19 **Note:** **Unchanged Code text and uncodified text** are in plain Arial font.
20 **Additions to Codes** are in *single-underline italics Times New Roman font*.
21 **Deletions to Codes** are in *strikethrough-italics Times New Roman font*.
22 **Board amendment additions** are in double-underlined Arial font.
23 **Board amendment deletions** are in ~~strikethrough Arial font~~.
24 **Asterisks (* * *)** indicate the omission of unchanged Code
25 subsections or parts of tables.

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

Section 1. The sources of funding outlined below are herein appropriated to reflect the funding available for Fiscal Year 2018-2019.

SOURCES Appropriation

Fund / Department ID	Project & Activity / Authority	Account	Description	Amount
Water Capital Bond Fund (New) / 232396 WTR01 Administration	10026501-0001 / 17731 UB Non-WSIP Water Bond-CP Exp	480111 Proceeds from Sale of Bonds- Face Amount	Proceeds from Sale of Bonds	\$222,651,393
26570 WTR CPF Other Fund / 232396 WTR01 Administration	10026501-0001 / 15680 UW WTR Revenue Transfer	495030 ITI Fr 5W-Water Department Fd	Water Enterprise Revenue	\$14,000,000
26600 WTR CPF Wholesale Customer / 232396 WTR01 Administration	10026501-0001 / 15680 UW WTR Revenue Transfer	495030 ITI Fr 5W-Water Department Fd	Water Enterprise Revenue	\$ 26,000,000

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	25960 WTR Revenue	10026501-0001 /	495030	Water	\$11,804,000
4	Continuing /	15680 UW WTR	ITI Fr 5W-Water	Enterprise	
5	232396 WTR01	Revenue Transfer	Department Fd	Revenue	
6	Administration				
7					
8	26510 WTR CPF	10015134_0001 /	479993	Water Capacity	\$1,767,000
9	Capacity Fee Prog /	15526 UW Local Water	Capacity Fees	Fees	
10	232396 WTR01	Conveyance			
11	Administration				
12					
13	Total SOURCES Appropriation				\$276,222,393

15 Section 2. The uses of funding outlined below are herein appropriated in Accounts 567000
16 (Buildings, Structures, and Improvements), 581130 (CON-Internal Audits), and 573110 (Bond
17 Issuance Cost-Unamortized), and reflects the projected uses of funding to support the Water
18 Capital Improvement Program at the San Francisco Public Utilities Commission for Fiscal Year
19 2018-2019.

20
21
22
23
24
25

1 **USES Appropriation**

2	Fund /	Project & Activity /	Account	Description	Amount
3	Department ID	Authority			
4	Water Capital Bond	10015056-0001 /	567000	Regional Water	\$15,314,000
5	Fund (New) /	15479 UW Regional	Blds; Structures	Treatment Program	
6	232421 WTR0501	Water Treatment	& Improvements		
7	WST Admin	Program			
8					
9	26570	10015070-0001 /	584030	Water Transmission	\$4,407,200
10	Revenue Local /	15483 UW Water	Capital Renewal	Program	
11	232421 WTR0501	Transmission Program	Projects		
12	WST Admin				
13					
14	26600	10015070-0001 /	584030	Water Transmission	\$8,184,800
15	Revenue Wholesale /	15483 UW Water	Capital Renewal	Program	
16	232421 WTR0501	Transmission Program	Projects		
17	WST Admin				
18					
19	Water Capital Bond	10015070-0001 /	567000	Water Transmission	\$27,373,000
20	Fund (New) /	15483 UW Water	Blds; Structures	Program	
21	232421 WTR0501	Transmission Program	& Improvements		
22	WST Admin				

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	26570	10015089-0001 /	584030	Water Supply &	\$5,383,700
4	Revenue Local /	15492 UW Water Supply	Capital Renewal	Storage	
5	232421 WTR0501	& Storage	Projects		
6	WST Admin				
7					
8	26600	10015089-0001 /	584030	Water Supply &	\$9,998,300
9	Revenue Wholesale /	15492 UW Water Supply	Capital Renewal	Storage	
10	232421 WTR0501	& Storage	Projects		
11	WST Admin				
12					
13	26570	10015102-0001 /	584030	Watershed & Land	\$350,000
14	Revenue Local /	15499 UW Watershed &	Capital Renewal	Management	
15	232421 WTR0501	Land Management	Projects		
16	WST Admin				
17					
18	26600	10015102-0001 /	584030	Watershed & Land	\$650,000
19	Revenue Wholesale /	15499 UW Watershed &	Capital Renewal	Management	
20	232421 WTR0501	Land Management	Projects		
21	WST Admin				
22					
23					
24					
25					

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	26570	10015233-0001 /	584030	Long Term	\$3,526,600
4	Revenue Local /	15499 UW Watershed &	Capital Renewal	Monitoring & Permit	
5	232421 WTR0501	Land Management	Projects	Program	
6	WST Admin				
7					
8	26600	10015233-0001 /	584030	Long Term	\$6,549,400
9	Revenue Wholesale	15549 UW Long Term	Capital Renewal	Monitoring & Permit	
10	232421 WTR0501	Monitoring & Perm	Projects	Program	
11	WST Admin				
12					
13	26570	10015102-0001 /	584030	Communication &	\$332,500
14	Revenue Local	15513 UW	Capital Renewal	Monitoring Program	
15	232421 WTR0501	Communication &	Projects		
16	WST Admin	Monitoring			
17					
18	26600	10015102-0001 /	584030	Communication &	\$617,500
19	Revenue Wholesale	15513 UW	Capital Renewal	Monitoring Program	
20	232421 WTR0501	Communication &	Projects		
21	WST Admin	Monitoring			
22					
23					
24					
25					

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	Water Capital Bond	10015123-0001 /	567000	Buildings & Grounds	\$35,586,000
4	Fund (New)	15516 UW Buildings &	Blds; Structures	Regional	
5	232421 WTR0501	Grounds - Regional	& Improvements		
6	WST Admin				
7					
8	Water Capital Bond	10015241-0001 /	567000	Regional	\$7,000,000
9	Fund (New)	15557 UW Regional	Blds; Structures	Groundwater	
10	232421 WTR0501	Groundwater Storage	& Improvements		
11	WST Admin				
12					
13	Water Capital Bond	10015281-0001 /	567000	Alameda Creek	\$3,000,000
14	Fund (New)	15566 UW Upper	Blds; Structures	Recapture	
15	232421 WTR0501	Alameda Creek Filter	& Improvements		
16	WST Admin				
17					
18	Water Capital Bond	10015317-0001 /	567000	Alameda Creek	\$5,000,000
19	Fund (New)	15586 UW Calaveras	Blds; Structures	Diversion Dam	
20	232421 WTR0501	Dam Replacement	& Improvements		
21	WST Admin				
22					
23					
24					
25					

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	Water Capital Bond	10015317-0001 /	567000	Calaveras Dam	\$18,041,969
4	Fund (New)	15586 UW Calaveras	Blds; Structures		
5	232421 WTR0501	Dam Replacement	& Improvements		
6	WST Admin				
7					
8	Water Capital Bond	10015484-0001 /	567000	WSIP Closeout	\$2,000,000
9	Fund (New)	15672 UW Bay Division	Blds; Structures	Bay Division	
10	232421 WTR0501	Pipeline Upgrade	& Improvements		
11	WST Admin				
12					
13	Water Capital Bond	10015486-0001 /	567000	WSIP Closeout	\$7,000,000
14	Fund (New)	15673 UW Peninsula	Blds; Structures	Peninsula	
15	232421 WTR0501	Water System	& Improvements		
16	WST Admin	Improvements			
17					
18	Water Capital Bond	10015487-0001 /	567000	WSIP Closeout	\$2,000,000
19	Fund (New)	15674 UW San Joaquin	Blds; Structures	San Joaquin	
20	232421 WTR0501	Water System	& Improvements		
21	WST Admin	Improvements			
22					
23					
24					
25					

	Fund /	Project & Activity /	Account	Description	Amount
	Department ID	Authority			
3	Water Capital Bond	10015492-0001 /	567000	WSIP Closeout	\$2,000,000
4	Fund (New)	15679 UW Sunol Valley	Blds; Structures	Sunol Valley	
5	232421 WTR0501	Water System	& Improvements		
6	WST Admin				
7					
8	26510 Capacity Fees /	10015134-0001 /	584030	Local Water	\$1,767,000
9	232406 WTR0304	15531 UW Pipeline	Capital Renewal	Conveyance/	
10	CDD Engineering	Replacement	Projects	Distribution	
11					
12	25960 Revenue	10015134-0001 /	584030	Local Water	\$11,804,000
13	Continuing /	15531 UW Pipeline	Capital Renewal	Conveyance/	
14	232406 WTR0304	Replacement	Projects	Distribution	
15	CDD Engineering				
16					
17	Water Capital Bond	10015134-0001 /	567000	Local Water	\$42,529,000
18	Fund (New) /	15531 UW Pipeline	Blds; Structures	Conveyance/	
19	232406 WTR0304	Replacement	& Improvements	Distribution	
20	CDD Engineering				
21					
22	Water Capital Bond	XXXXXXXX-XXXX /	567000	Sunset Pipeline	\$2,000,000
23	Fund (New) /	15531 UW Pipeline	Blds; Structures	Potable AWSS	
24	232406 WTR0304	Replacement	& Improvements		
25	CDD Engineering				

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	Water Capital Bond	10015425-0001 /	567000	Automated Water	\$1,800,000
4	Fund (New) /	15612 UW Automated	Blds; Structures	Meter Program	
5	232406 WTR0304	Meter Reading System	& Improvements		
6	CDD Engineering				
7					
8	Water Capital Bond	XXXXXXXX-XXXX /	567000	520John Muir Drive	2,441,000
9	Fund (New) /	XXXXXX New Authority	Blds; Structures	Site Rehabilitation	
10	232406 WTR0304		& Improvements		
11	CDD Engineering				
12					
13	Water Capital Bond	10015218-0001 /	567000	System Monitoring	\$200,000
14	Fund (New) /	15534 UW Systems	Blds; Structures	and Control	
15	232406 WTR0304	Monitoring & Control	& Improvements		
16	CDD Engineering				
17					
18	Water Capital Bond	10015222-0001 /	567000	Local Tanks &	\$10,100,000
19	Fund (New) /	15538 UW Local	Blds; Structures	Reservoirs	
20	232406 WTR0304	Reservoir	& Improvements		
21	CDD Engineering				
22					
23					
24					
25					

	Fund /	Project & Activity /	Account	Description	Amount
	Department ID	Authority			
3	Water Capital Bond	10015227-0001 /	567000	Pump Station	\$932,000
4	Fund (New) /	155543 UW Pump	Blds; Structures	Upgrades	
5	232406 WTR0304	Station Improvements	& Improvements		
6	CDD Engineering				
7					
8	Water Capital Bond	10015242-0001 /	567000	SF Westside	\$6,500,000
9	Fund (New) /	15558 UW Recycled	Blds; Structures	Recycled Water	
10	232406 WTR0304	Water Project	& Improvements	Project	
11	CDD Engineering				
12					
13	Water Capital Bond	10015427-0001 /	567000	Buildings & Ground	\$260,000
14	Fund (New) /	15617 UW Building &	Blds; Structures	Improvements	
15	232406 WTR0304	Grounds Improvement	& Improvements		
16	CDD Engineering				
17					
18	Water Capital Bond	XXXXXXXX-XXXX /	567000	New Services	\$968,000
19	Fund (New) /	15527 UW New	Blds; Structures	Connection Program	
20	232406 WTR0304	Services	& Improvements		
21	CDD Engineering				
22					
23					
24					
25					

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	Water Capital Bond	XXXXXXXX-XXXX /	567000	Town of Sunol	\$2,700,000
4	Fund (New) /	15531 UW Pipeline	Blds; Structures	Pipeline	
5	232406 WTR0304	Replacement	& Improvements		
6	CDD Engineering				
7					
8	Water Capital Bond	XXXXXXXX-XXXX /	567000	Lombard	\$75,000
9	Fund (New) /	15538 UW Local	Blds; Structures	Geotechnical	
10	232406 WTR0304	Reservoir	& Improvements	Improvements	
11	CDD Engineering				
12					
13	Water Capital Bond	10026501-0001 /	573110	Financing Cost	\$27,330,458
14	Fund (New) /	17731 UB Non-WSIP	Bond Issuance		
15	232406 WTR0304	Water Bond-CP Exp	Cost-		
16	CDD Engineering		Unamortized		
17					
18	Water Capital Bond	10026501-0001 /	581130	CSA 0.2%	\$389,640
19	Fund (New) /	17731 UB Non-WSIP	GF-CON-Internal	Controller's Audit	
20	232406 WTR0304	Water Bond-CP Exp	Audits	Fund	
21	CDD Engineering				
22					
23					
24					
25					

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	Water Capital Bond	10026501-0001 /	567000	Revenue Bond	\$111,326
4	Fund (New) /	17731 UB Non-WSIP	Blds; Structures	Oversight	
5	232406 WTR0304	Water Bond-CP Exp	& Improvements	Committee 0.05%	
6	CDD Engineering				
7					
8	Total USES Appropriation				\$276,222,393

10 Section 3. Of the above appropriated amount, \$389,640, representing 0.2% of the expenditure
11 budget net of bond financing and audit costs, is to be allocated and available to support the
12 Controller's Audit Fund, pursuant to Charter Appendix F1.113; and \$111,326, representing
13 0.05% of gross bond proceeds is to be allocated and available to support the Public Utilities
14 Commission Revenue Bond Oversight Committee, pursuant to Administrative Code Section
15 5A.31. These appropriations may be increased or decreased by the Controller based on
16 changes to expenditure appropriations or actual gross bond proceeds to conform to the
17 applicable Charter and Administrative Code formulas.

19 Section 4: \$222,651,393 of the appropriation is hereby placed on Controller's Appropriation
20 Reserve by project. Release of appropriation reserves by the Controller is subject to the
21 Controller's certification of funds availability, including proceeds of indebtedness, and for
22 construction related expenditures (excluding program management, planning and design) for
23 these projects, as applicable, is also subject to the prior occurrence of the SFPUC's and the
24 Board of Supervisors' discretionary adoption of California Environmental Quality Act (CEQA)

1 Findings for projects, following review and consideration of completed project related
2 environmental analysis, where required.

3
4 Section 5. Associated Bond financing costs up to \$27,330,458 is also hereby appropriated,
5 including but not limited to, issuance costs, debt service reserve, capitalized interest, rating
6 agency, and disclosure costs, all on Controller's reserve pending receipt of bond proceeds. To
7 the extent that net available bond proceeds after financing costs are more than budgeted, the
8 Department may use such surplus bond proceeds as a substitute for other sources budgeted
9 in this appropriation.

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

14
15 Section 7. The sources of funding outlined below are herein appropriated to reflect the funding
16 available for Fiscal Year 2019-2020.

17
18 **SOURCES Appropriation**

19	Fund /	Project & Activity /	Account	Description	Amount
20	Department ID	Authority			
21	Water Capital Bond	10026501-0001 /	480111	Proceeds from Sale	\$153,600,000
22	Fund (New) /	17731 UB Non-WSIP	Proceeds from Sale	of Bonds	
23	232396 WTR01	Water Bond-CP Exp	of Bonds- Face		
24	Administration		Amount		

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	26570 WTR CPF	10026501-0001/	495030	Water Enterprise	\$14,000,000
4	Other Fund /	15680 UW WTR	ITI Fr 5W-Water	Revenue	
5	232396 WTR01	Revenue Transfer	Department Fd		
6	Administration				
7					
8	26600 WTR CPF	10026501-0001 /	495030	Water Enterprise	\$ 26,000,000
9	Wholesale Customer	15680 UW WTR	ITI Fr 5W-Water	Revenue	
10	/ 232396 WTR01	Revenue Transfer	Department Fd		
11	Administration				
12					
13	25960 WTR Revenue	10026501-0001 /	495030	Water Enterprise	\$11,804,000
14	Continuing /	15680 UW WTR	ITI Fr 5W-Water	Revenue	
15	232396 WTR01	Revenue Transfer	Department Fd		
16	Administration				
17					
18	26510 WTR CPF	10015134_0001 /	479993	Water Capacity	\$1,511,000
19	Capacity Fee Prog /	15526 UW Local	Capacity Fees	Fees	
20	232396 WTR01	Water Conveyance			
21	Administration				
22	Total SOURCES Appropriation				\$206,915,000
23					
24					
25					

1 Section 2. The uses of funding outlined below are herein appropriated in Accounts 567000
 2 (Buildings, Structures, and Improvements), 581130 (CON-Internal Audits), and 573110 (Bond
 3 Issuance Cost-Unamortized), and reflects the projected uses of funding to support the Water
 4 Capital Improvement Program at the San Francisco Public Utilities Commission for Fiscal Year
 5 2019-2020.

6
 7 **USES Appropriation**

Fund /	Project & Activity /	Account	Description	Amount
Department ID	Authority			
Water Capital Bond	10015056-0001 /	567000	Regional Water	\$14,533,000
Fund (New) /	15479 UW Regional	Blds;	Treatment Program	
232421 WTR0501	Water Treatment	Structures &		
WST Admin	Program	Improvements		
26570	10015070-0001 /	584030	Water Transmission	\$6,975,150
Revenue Local /	15483 UW Water	Capital	Program	
232421 WTR0501	Transmission Program	Renewal		
WST Admin		Projects		
26600	10015070-0001 /	584030	Water Transmission	\$12,953,850
Revenue Wholesale /	15483 UW Water	Capital	Program	
232421 WTR0501	Transmission Program	Renewal		
WST Admin		Projects		

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	Water Capital Bond	10015070-0001 /	567000	Water Transmission	\$25,126,000
4	Fund (New) /	15483 UW Water	Bids;	Program	
5	232421 WTR0501	Transmission Program	Structures &		
6	WST Admin		Improvements		
7					
8	26570	10015089-0001 /	584030	Water Supply &	\$2,467,500
9	Revenue Local /	15492 UW Water Supply	Capital	Storage	
10	232421 WTR0501	& Storage	Renewal		
11	WST Admin		Projects		
12					
13	26600	10015089-0001 /	584030	Water Supply &	\$4,582,500
14	Revenue Wholesale /	15492 UW Water Supply	Capital	Storage	
15	232421 WTR0501	& Storage	Renewal		
16	WST Admin		Projects		
17					
18	26570	10015102-0001 /	584030	Watershed & Land	\$350,000
19	Revenue Local /	15499 UW Watershed &	Capital	Management	
20	232421 WTR0501	Land Management	Renewal		
21	WST Admin		Projects		
22					
23					
24					
25					

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	26600	10015102-0001 /	584030	Watershed & Land	\$650,000
4	Revenue Wholesale /	15499 UW Watershed &	Capital	Management	
5	232421 WTR0501	Land Management	Renewal		
6	WST Admin		Projects		
7					
8	26570	10015233-0001 /	584030	Long Term Monitoring	\$4,032,350
9	Revenue Local /	15499 UW Watershed &	Capital	& Permit Program	
10	232421 WTR0501	Land Management	Renewal		
11	WST Admin		Projects		
12					
13	26600	10015233-0001 /	584030	Long Term Monitoring	\$7,488,650
14	Revenue Wholesale	15549 UW Long Term	Capital	& Permit Program	
15	232421 WTR0501	Monitoring & Perm	Renewal		
16	WST Admin		Projects		
17					
18	26570	10015102-0001 /	584030	Communication &	\$175,000
19	Revenue Local	15513 UW	Capital	Monitoring Program	
20	232421 WTR0501	Communication &	Renewal		
21	WST Admin	Monitoring	Projects		
22					
23					
24					
25					

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Fund / Department ID	Project & Activity / Authority	Account	Description	Amount
26600 Revenue Wholesale	10015102-0001 / 15513 UW	584030 Capital	Communication & Monitoring Program	\$325,000
232421 WTR0501 WST Admin	Communication & Monitoring	Renewal Projects		
Water Capital Bond Fund (New)	10015123-0001 / 15516 UW Buildings &	567000 Blds;	Buildings & Grounds Regional	\$33,545,000
232421 WTR0501 WST Admin	Grounds - Regional	Structures & Improvements		
26510 Capacity Fees /	10015134-0001 /	584030	Local Water	\$1,511,000
232406 WTR0304 CDD Engineering	15531 UW Pipeline Replacement	Capital Renewal Projects	Conveyance/ Distribution	
25960 Revenue Continuing /	10015134-0001 / 15531 UW Pipeline	584030 Capital	Local Water Conveyance/	\$11,804,000
232406 WTR0304 CDD Engineering	Replacement	Renewal Projects	Distribution	

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	Water Capital Bond	10015134-0001 /	567000	Local Water	\$42,785,000
4	Fund (New) /	15531 UW Pipeline	Blds;	Conveyance/	
5	232406 WTR0304	Replacement	Structures &	Distribution	
6	CDD Engineering		Improvements		
7					
8	Water Capital Bond	XXXXXXXX-XXXX /	567000	Sunset Pipeline	\$10,000,000
9	Fund (New) /	15531 UW Pipeline	Blds;	Potable AWSS	
10	232406 WTR0304	Replacement	Structures &		
11	CDD Engineering		Improvements		
12					
13	Water Capital Bond	10015218-0001 /	567000	System Monitoring	\$209,000
14	Fund (New) /	15534 UW Systems	Blds;	and Control	
15	232406 WTR0304	Monitoring & Control	Structures &		
16	CDD Engineering		Improvements		
17					
18	Water Capital Bond	10015222-0001 /	567000	Local Tanks &	\$3,000,000
19	Fund (New) /	15538 UW Local	Blds;	Reservoirs	
20	232406 WTR0304	Reservoir	Structures &		
21	CDD Engineering		Improvements		
22					
23					
24					
25					

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	Water Capital Bond	10015227-0001 /	567000	Pump Station	\$2,250,000
4	Fund (New) /	155543 UW Pump	Blds;	Upgrades	
5	232406 WTR0304	Station Improvements	Structures &		
6	CDD Engineering		Improvements		
7					
8	Water Capital Bond	10015242-0001 /	567000	SF Westside Recycled	\$500,000
9	Fund (New) /	15558 UW Recycled	Blds;	Water Project	
10	232406 WTR0304	Water Project	Structures &		
11	CDD Engineering		Improvements		
12					
13	Water Capital Bond	10015427-0001 /	567000	Buildings & Ground	\$200,000
14	Fund (New) /	15617 UW Building &	Blds;	Improvements	
15	232406 WTR0304	Grounds Improvement	Structures &		
16	CDD Engineering		Improvements		
17					
18	Water Capital Bond	XXXXXXXX-XXXX /	567000	New Services	\$1,377,000
19	Fund (New) /	15527 UW New	Blds;	Connection Program	
20	232406 WTR0304	Services	Structures &		
21	CDD Engineering		Improvements		
22					
23					
24					
25					

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	Water Capital Bond	XXXXXXXX-XXXX /	567000	Town of Sunol	\$700,000
4	Fund (New) /	15531 UW Pipeline	Blds;	Pipeline	
5	232406 WTR0304	Replacement	Structures &		
6	CDD Engineering		Improvements		
7					
8	Water Capital Bond	XXXXXXXX-XXXX /	567000	Lombard Geotechnical	\$175,000
9	Fund (New) /	15538 UW Local	Blds;	Improvements	
10	232406 WTR0304	Reservoir	Structures &		
11	CDD Engineering		Improvements		
12					
13	Water Capital Bond	10026501-0001 /	573110	Financing Cost	\$18,854,400
14	Fund (New) /	17731 UB Non-WSIP	Bond Issuance		
15	232406 WTR0304	Water Bond-CP Exp	Cost-		
16	CDD Engineering		Unamortized		
17					
18	Water Capital Bond	10026501-0001 /	581130	CSA 0.2% Controller's	\$268,800
19	Fund (New) /	17731 UB Non-WSIP	GF-CON-	Audit Fund	
20	232406 WTR0304	Water Bond-CP Exp	Internal Audits		
21	CDD Engineering				
22					
23					
24					
25					

Fund /	Project & Activity /	Account	Description	Amount
Department ID	Authority			
Water Capital Bond	10026501-0001 /	567000	Revenue Bond	\$76,800
Fund (New) /	17731 UB Non-WSIP	Blds;	Oversight Committee	
232406 WTR0304	Water Bond-CP Exp	Structures &	0.05%	
CDD Engineering		Improvements		
Total USES Appropriation				<u>\$206,915,000</u>

Section 9: Of the above appropriated amount, \$268,800, representing 0.2% of the expenditure budget net of bond financing and audit costs, is to be allocated and available to support the Controller's Audit Fund, pursuant to Charter Appendix F1.113; and \$76,800, representing 0.05% of gross bond proceeds is to be allocated and available to support the Public Utilities Commission Revenue Bond Oversight Committee, pursuant to Administrative Code Section 5A.31. These appropriations may be increased or decreased by the Controller based on changes to expenditure appropriations or actual gross bond proceeds to conform to the applicable Charter and Administrative Code formulas.

Section 10: \$153,600,000 of the appropriation is hereby placed on Controller's Appropriation Reserve by project. Release of appropriation reserves by the Controller is subject to the Controller's certification of funds availability, including proceeds of indebtedness, and for construction related expenditures (excluding program management, planning and design) for these projects, as applicable, is also subject to the prior occurrence of the SFPUC's and the Board of Supervisors' discretionary adoption of California Environmental Quality Act (CEQA)

1 Findings for projects, following review and consideration of completed project related
2 environmental analysis, where required.

3
4 Section 11: Associated Bond financing costs up to \$18,854,400 is also hereby appropriated,
5 including but not limited to, issuance costs, debt service reserve, capitalized interest, rating
6 agency, and disclosure costs, all on Controller's reserve pending receipt of bond proceeds. To
7 the extent that net available bond proceeds after financing costs are more than budgeted, the
8 Department may use such surplus bond proceeds as a substitute for other sources budgeted
9 in this appropriation.

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

14
15 Section 13. - De-appropriating and Re-appropriating of \$15,958,031 in the Water Enterprise
16 Capital Improvement Program for FY 2018-19: The uses of funding outlined below are herein
17 de-appropriated and re-appropriated in account 567000 (Buildings, Structures, and
18 Improvements) and reflect the projected uses to fund the Water Enterprise Capital Budget for
19 Fiscal Year 2018-2019.

1 USES – De-Appropriation

2	Fund /	Project & Activity /	Account	Description	Amount
3	Department ID	Authority			
4	26230 WTR CPF 2002	10015236-0001 /	567000	WSIP Financing	\$15,958,031
5	Prop E Bonds /	15552 UW WSIP Bond-	Blds; Structures &	Cost	
6	232396 WTR01	commercial Paper	Improvements		
7	Administration				
8	Total USES De-Appropriation				\$206,915,000

11 USES – Re-Appropriation

12	Fund /	Project & Activity /	Account	Description	Amount
13	Department ID	Authority			
14	26230 WTR CPF 2002	10015317-0001 /	567000	Calaveras Dam	\$15,958,031
15	Prop E Bonds /	15586 UW Calaveras	Blds;		
16	232396 WTR01	Dam Replacement	Structures &		
17	Administration		Improvements		
18	Total USES Re-Appropriation				\$206,915,000

21 Section 14. This Board, by Ordinance No. 3-16, authorized the SFPUC to enter into one or
 22 more State of California State Water Resources Control Board Installment Sale Agreements
 23 under the Clean Water State Revolving Fund (State Loan Funds), and amended and
 24 supplemented Ordinance No. 89-10 to authorize, in addition to the issuance of Water revenue
 25 bonds, the execution and delivery of State Loan Funds to finance projects, provided that any

1 such indebtedness shall not exceed in an aggregate principal amount \$1,737,724,038.
2 Ordinance No. 3-16 also authorized the SFPUC to accept State Water Resources Control Board
3 Grant funds (State Grant Funds) to be applied to pay for the costs of the San Francisco
4 Westside Recycled Water Project, as approved by SFPUC Commission Resolution No. 15-
5 0196, adopted September 22, 2015. The Board is concurrently considering with this Ordinance
6 a SFPUC Water Revenue Bond issuance, including authorization to obtain State Loan Funds
7 and State Grant Funds, not to exceed \$478,440,136. The Sources of Funds herein
8 appropriated in Section 1 and Section 7 of this Ordinance, or previously appropriated by
9 Ordinance 103-14, may include State Loan Funds or State Grant Funds when available, subject
10 to compliance with the terms of the authorizing legislation for such Funds. The Controller is
11 authorized to record substitution of the source of funds appropriated with State Loan Funds or
12 State Grant Funds, as necessary to conform to Generally Accepted Accounting Principles.

13
14
15
16 APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

17
18 By:


BUCK E. DELVENTHAL
Deputy City Attorney

FUNDS AVAILABLE
BEN ROSENFELD, Controller

19 By:


BEN ROSENFELD
Controller

<p>Items 9 and 12 Files 18-0448 and 18-0451</p>	<p>Department: Public Utilities Commission</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p>	
<p>File 18-0448 is an ordinance appropriating \$483,137,393 in Water Revenue Bond proceeds and other financing sources to water capital projects.</p>	
<p>File 18-0451 is an ordinance authorizing \$478,440,136 in taxable and tax-exempt Water Revenue Bonds and other forms of debt to finance water capital projects.</p>	
<p style="text-align: center;">Key Points</p>	
<ul style="list-style-type: none"> • The San Francisco voters approved Proposition E in 2002, authorizing the SFPUC to sell future Water Revenue Bonds subject to approval by ordinance of two-thirds of the Board of Supervisors. As of June 30, 2017, the Board of Supervisors authorized \$3,756,000,000 in Water Revenue Bonds. To date, \$2,938,466,847 of the Proposition E bonds have been sold with \$817,533,154 in authorized and unsold bonds. • The Public Utilities Commission approved the SFPUC 10-Year Capital Plan for 2019 to 2028 in January 2018. The 10-Year Capital Plan provides for \$1.7 billion in Water Enterprise projects, of which \$893 million are regional water projects, \$743.6 million are local water projects, and \$90 million is for the Auxiliary Water Supply System supporting fire suppression. • The proposed ordinance (File 18-0448) appropriates \$483,137,393 to regional water projects (\$277,518,969), city projects (\$146,587,000), auxiliary water supply system (\$12,000,000), and financing costs (\$47,031,424). 	
<p style="text-align: center;">Fiscal Impact</p>	
<ul style="list-style-type: none"> • According to the SFPUC’s 10-Year Financial Plan for FY 2018-19 to FY 2027-28, annual debt service on Water Revenue Bonds and other Water Enterprise debt is within the SFPUC’s debt service coverage policy requirements. • The SFPUC 10 Year Financial Plan estimates that the average monthly residential water bill will increase by \$4 in FY 2018-19, from \$48 in FY 2017-18 to \$52 in FY 2018-19; and by \$5 in FY 2019-20, from \$52 in FY 2018-19 to \$57 in FY 2019-20. 	
<p style="text-align: center;">Policy Consideration</p>	
<ul style="list-style-type: none"> • The SFPUC currently has more than \$1.0 billion in previously authorized and unsold Water Revenue Bonds. The SFPUC’s policy is to request authorization for bonds and other form of debt to fund new capital appropriations. Because water capital projects occur over a long period of time, projects and project financing change, which may result in previously authorized bonds no longer being needed. 	
<p style="text-align: center;">Recommendations</p>	
<ul style="list-style-type: none"> • Amend the proposed ordinance (File 18-0451) to request the SFPUC General Manager to provide a written report to the Board of Supervisors as part of the two year budget review detailing the total amount of Water Revenue Bonds authorized under Proposition E, the total amount sold, the total amount authorized and unsold, and the amount of authorized bonds that are no longer needed due to changes in projects and project financing, beginning in May 2020. • Approve File 18-0451 as amended, and File 18-0448. 	

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) owns and operates a municipal water supply, storage, and distribution system that provides drinking water to (1) retail customers in the City, (2) certain retail customers that are located outside of the City, and (3) wholesale customers in Alameda County, Contra Costa County, and Santa Clara County.

The SFPUC water system is divided into two geographic groups including (1) the regional water conveyance system and the (2) in-city (local) distribution system. The regional water conveyance system includes: (a) the Hetch Hetchy System, comprised of the Hetch Hetchy Reservoir and associated pipelines; (b) the Alameda System, comprised of the San Antonio and Calaveras Reservoirs and associated pipelines including the Irvington Tunnel; and (c) the Peninsula System, comprised of the San Andreas and Crystal Springs Reservoirs and associated pipelines that connect the regional water conveyance system to the in-city distribution system. The in-city distribution system is a series of pipelines that distributes water from the regional water conveyance system to residences and retail businesses in the City.

DETAILS OF PROPOSED LEGISLATION

File 18-0448 is an ordinance (1) appropriating \$483,137,393 of Water Revenue Bond proceeds, State Water Resources Control Board revolving loan funds or grant funds, water revenues, and water capacity fees to the SFPUC Water Enterprise's capital improvement program, of which \$276,222,393 is appropriated in FY 2018-19 and \$206,915,000 is appropriated in FY 2019-20; (2) re-appropriating water capital project appropriations of \$15,958,031; and (3) placing \$376,251,393 on Controller's Reserve pending receipt of revenues and/or adoption of California Environmental Quality Act (CEQA) findings for specified projects.

File 18-0451 is an ordinance (1) authorizing the issuance and sale of tax-exempt or taxable Water Revenue Bonds and other forms of indebtedness in an amount not to exceed \$478,440,136 to finance water capital projects; (2) authorizing the issuance of Water Revenue Refunding Bonds; (3) declaring the Official Intent of the Commission to reimburse itself; and (4) ratifying prior actions.

File 18-0451: Water Revenue Bonds

The San Francisco voters approved Proposition E in 2002, authorizing the SFPUC to sell future Water Revenue Bonds subject to approval by ordinance of two-thirds of the Board of Supervisors. According to SFPUC’s Comprehensive Annual Financial Report, SFPUC had \$4.6 billion in outstanding Water Revenue Bonds as of June 30, 2017.

Approval of the proposed ordinance (File 18-0468) would:

- Authorize SFPUC to sell \$478,440,136 in Water 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 Water 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, 2020.
- Authorize SFPUC to enter into future agreements with the State Water Resources Control Board to obtain State Revolving Fund Loans in lieu of selling Water 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 Water Revenue Bonds.

The allocation of bond proceeds is shown in Table 1 below.

Table 1: Allocation of \$478,440,135 in Water Revenue Bonds

Use	Water Enterprise (File 18-0451)	Hetchy Hetchy Water (File 18-0450)	Total
Capital Project Appropriation	\$329,219,969	89,415,150	418,635,119
Financing Costs (14%)	46,184,858	12,543,668	58,728,526
City Services Auditor (0.2%)	658,440	178,830	837,270
Revenue Bond Oversight Committee (0.05%)	188,126	51,094	239,220
Total	\$376,251,393	\$102,188,742	\$478,440,135

Financing costs of \$58,728,526, equal to 14 percent of the bond allocation to capital projects, are for issuance costs, debt service reserve, capitalized interest¹, bond counsel, and other costs.

File 18-0448: Appropriation to Water Capital Improvement Program

The Public Utilities Commission approved the SFPUC 10-Year Capital Plan for 2019 to 2028 in January 2018. The 10-Year Capital Plan provides for \$1.7 billion in Water Enterprise projects, of which \$893 million are regional water projects, \$743.6 million are local water projects, and \$90 million is for the Auxiliary Water Supply System supporting fire suppression.

¹ Capitalized interest is the accrual of interest prior to the receipt of revenues to repay the bonds.

The total appropriation to Water Enterprise capital projects in FY 2018-19 and FY 2019-20 is \$483,137,393, as shown in Table 2 below.

Table 2: Capital Appropriation FY 2018-19 and FY 2019-20

	FY 2018-19	FY 2019-20	Two Year Total
Source of Funds			
<u>Appropriation</u>			
Water Revenue Bonds (Table 1)	\$222,651,393	\$153,600,000	\$376,251,393
Water Enterprise Revenue	51,804,000	51,804,000	103,608,000
Capacity Fees ^a	1,767,000	1,511,000	3,278,000
Total Sources	\$276,222,393	\$206,915,000	\$483,137,393
Uses of Funds			
<u>Regional Water</u>			
Regional Water Treatment	\$15,314,000	\$14,533,000	29,847,000
Water Transmission Program	39,965,000	45,055,000	85,020,000
Water Supply and Storage	15,382,000	7,050,000	22,432,000
Watershed and Land Management	1,000,000	1,000,000	2,000,000
Long Term Monitoring & Permit Program	10,076,000	11,521,000	21,597,000
Communication & Monitoring Program	950,000	500,000	1,450,000
Buildings and Grounds Regional	35,586,000	33,545,000	69,131,000
Regional Groundwater	7,000,000		7,000,000
Alameda Creek Projects	8,000,000		8,000,000
Calaveras Dam	18,041,969		18,041,969
Close Out of Water System Improvement Program			
Bay Division	2,000,000		2,000,000
Peninsula	7,000,000		7,000,000
San Joaquin	2,000,000		2,000,000
Sunol Valley	2,000,000		2,000,000
Subtotal Regional Projects	164,314,969	113,204,000	277,518,969
<u>City Water Projects</u>			
Local Water Distribution	56,100,000	56,100,000	112,200,000
Automated Water Meter Program	1,800,000		1,800,000
John Muir Drive Site Rehabilitation	2,441,000		2,441,000
System Monitoring and Control	200,000	209,000	409,000
Local Tanks and Reservoirs	10,100,000	3,000,000	13,100,000
Pump Station Upgrades	932,000	2,250,000	3,182,000
Westside Recycled Water	6,500,000	500,000	7,000,000
City Buildings and Grounds	260,000	200,000	460,000
New Services Connection Program	968,000	1,377,000	2,345,000
Sunol Pipeline	2,700,000	700,000	3,400,000
Lombard Geotechnical	75,000	175,000	250,000
Subtotal City Projects	82,076,000	64,511,000	146,587,000
Sunset Potable Auxiliary Water Supply System	2,000,000	10,000,000	12,000,000
Subtotal Capital Projects	248,390,969	187,715,000	436,105,969
Financing Cost	27,831,424	19,200,000	47,031,424
Total Uses	\$276,222,393	\$206,915,000	\$483,137,393

\$222,651,393 of the FY 2018-19 appropriation and \$153,600,000 of the FY 2018-19 appropriation are placed on Controller's Reserve pending receipt of the Water Revenue Bond proceeds.

Descriptions of the proposed projects are included in the attachment.

FISCAL IMPACT

SFPUC Debt Service Coverage Policy and Financial Plan

According to the SFPUC's CAFR, as of June 30, 2017 the SFPUC's Water Enterprise had \$4.7 billion in outstanding debt, including \$4.6 billion in Water Revenue Bonds and \$109.7 million in Certificates of Participation. The Water Enterprise's annual debt payments in FY 2017-18 through FY 2019-20 are \$256 million, increasing to \$284 million in FY 2018-19 and \$306 million in FY 2019-20.

According to SFPUC's bond covenants with bondholders and debt service coverage policy, the ratio of net revenues to annual debt service must meet the following minimum coverage:

- Indenture coverage²: net revenues equal to a minimum of 1.35 times annual debt service
- Current coverage³: net revenues equal to a minimum of 1.10 times annual debt service

According to the SFPUC's 10-Year Financial Plan for FY 2018-19 to FY 2027-28, annual debt service on Water Revenue Bonds and other Water Enterprise debt is within the SFPUC's debt service coverage policy requirements.

Water Rate Increases in FY 2018-19 and FY 2019-20

The SFPUC bills residential customers for a combined water and sewer bill. The average monthly residential combined water and sewer bill in FY 2017-18 is \$106, of which \$48 is water and \$58 is sewer. According to the FY 2018-19 to FY 2027-28 Financial Plan, adopted by Commission on February 13, 2018, the SFPUC planned a 9 percent increase in water rates in FY 2018-19 and 8 percent increase in water rates in FY 2019-20 to cover the Water Enterprise's operating and capital costs. The SFPUC 10 Year Financial Plan estimates that the average monthly residential water bill will increase by \$4 in FY 2018-19, from \$48 in FY 2017-18 to \$52 in FY 2018-19; and by \$5 in FY 2019-20, from \$52 in FY 2018-19 to \$57 in FY 2019-20.

On April 10, 2018, the SFPUC adopted water rate increases that were consistent with the planned rate increases included in the adopted 10 Year Financial Plan. 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.

² Indenture coverage is the ratio of Net Revenues + Unappropriated Fund Balance to Annual Debt Service; indenture = 1.25x; SFPUC policy is 1.35x

³ Current coverage is the ratio of Net Revenues to Annual Debt Service; indenture = 1.00x; SFPUC policy is 1.25x

POLICY CONSIDERATION

San Francisco voters approved Proposition A in 2002, authorizing \$21,628,000,000 in Water Revenue Bonds. To date, \$1,348,335,000 of the Proposition A bonds have been sold with \$279,665,000 in authorized and unsold bonds.

San Francisco voters also approved Proposition E in 2002, authorizing the SFPUC to sell future Water Revenue Bonds subject to approve by ordinance of two-thirds of the Board of Supervisors. Proposition E did not set a maximum amount of the Water Revenue Bonds that could be authorized. As of June 30, 2017, the Board of Supervisors authorized \$3,756,000,000 in Water Revenue Bonds. To date, \$2,938,466,847 of the Proposition E bonds have been sold with \$817,533,154 in authorized and unsold bonds.⁴ According to the SFPUC, the \$817,533,153 in authorized and unsold bonds will be used to finance the remainder of the Calaveras Dam project and other remaining projects in the Water System Improvement Program.

The SFPUC currently has more than \$1.0 billion in previously authorized and unsold Water Revenue Bonds. The proposed ordinance (File 18-0451) authorizes an additional \$478.4 million in Water Revenue Bonds, as well as entering into future agreements with the State Water Resources Control Board for funds to be used in lieu of the bonds. The SFPUC's policy is to request authorization for bonds and other form of debt to fund new capital appropriations. Because water capital projects occur over a long period of time, projects and project financing change, which may result in previously authorized bonds no longer being needed. In order for the Board of Supervisors to have full information on the total amount of authorized bonds that have been sold, have not been sold but are needed to complete the projects for which the bonds were authorized, or have not been sold but are no longer needed due to other financing sources or changes in the projects, the SFPUC should provide a written report to the Board of Supervisors with the two-year budget on the status of the bonds, beginning in May 2020.

RECOMMENDATIONS

1. Amend the proposed ordinance (File 18-0451) to request the SFPUC General Manager to provide a written report to the Board of Supervisors as part of the two year budget review detailing the total amount of Water Revenue Bonds authorized under Proposition E, the total amount sold, the total amount authorized and unsold, and the amount of authorized bonds that are no longer needed due to changes in projects and project financing, beginning in May 2020.
2. Approve File 18-0451 as amended, and File 18-0448.

⁴ According to the SFPUC's Comprehensive Annual Financial Report, the Water Enterprise had \$145,000 in outstanding commercial paper (short term interim debt) as of June 30, 2017 that will be repaid by future Water Revenue Bond proceeds.

Project	Description
Local Water Conveyance	<ul style="list-style-type: none"> The long term program funds management of all linear assets in the local water distribution system between transmission or storage and customer connection. Funding is approved for 1.5 miles per year pipe line replaced or upgraded.
Water Transmission	<ul style="list-style-type: none"> Upgrades to the Transmission System including pipeline improvements and replacements, valve replacements, metering upgrades, cathodic protection, pump station upgrades and vault upgrades.
Calaveras Dam	<ul style="list-style-type: none"> Replacement of original dam; project budget increased by more than 200% from the baseline budget of \$265.2 million in 2004 to the total projected budget of \$810 million due to unanticipated subsurface conditions. Construction is now 76% complete.
Westside and Local Recycled Water	<ul style="list-style-type: none"> Funding request due to additional pipeline costs, engineering and environmental review for recommendation of a new alternative site.
Alameda Creek Projects	<ul style="list-style-type: none"> Diversion of water from Alameda Creek to Calaveras Reservoir and restoration of watershed
Regional Building and Grounds	<ul style="list-style-type: none"> Project replaces existing facilities with LEED facilities, adds storage and reconfigures the yard. Upgrades and functional restoration at Millbrae Headquarters including administrative offices, shops and laboratory facilities.
Supply and Storage	<ul style="list-style-type: none"> Upgrades to structures to meet State Division of Safety of Dams requirements. Includes Potable Reuse project to identify opportunities for direct and indirect potable water reuse and the Daly City Recycled Water Expansion Project providing 3.4 mgd recycled water to customers of the Regional Water System.
Long Term Monitoring	<ul style="list-style-type: none"> Meeting monitoring and permitting requirements of the water supply system and watershed
Regional Water Treatment	<ul style="list-style-type: none"> Major upgrades to Sunol Valley and Harry Tracy Water Treatment Plants to achieve higher level of performance and reliability.
Sunol Pipeline	<ul style="list-style-type: none"> Repairs and improvements to pipelines along fault crossings in Sunol Valley
John Muir Drive	<ul style="list-style-type: none"> EIR and other costs for recreational site development
New Service Connections	<ul style="list-style-type: none"> Added capacity for City growth and streamlined processes for new customers.
Pump Station Upgrades	<ul style="list-style-type: none"> Provides long term funding for renewal and rehabilitation of major water pump stations and hydroneumatic tanks that boost pressure within the San Francisco distribution system.
Watershed and Land Management	<ul style="list-style-type: none"> Program supports projects that improve and/or protect the water quality and/or ecological resources affected by the operation of the SFPUC. Project includes the repair, replacement, maintenance, and construction of road, fences, trails, and other ecosystem restoration.

Project	Description
Automated Water Meter Program	<ul style="list-style-type: none"> Funding complete final phase of installation of automated water meter.
Lombard Geotechnical	<ul style="list-style-type: none"> Design and construction of geotechnical improvements to the north slope of Lombard Street
Communications and Monitoring	<ul style="list-style-type: none"> Program includes a microwave project to provided critical redundant communication and funding for security improvements.
Building and Grounds	<ul style="list-style-type: none"> Funding for capital improvements at CDD facilities and structures. Projects include yard improvements to increase efficiency and reliability, a fueling station and CDD Control Center to house all systems in a single seismically reliable building.
Regional Groundwater Storage	<ul style="list-style-type: none"> Project replaces existing facilities with LEED facilities, adds storage and reconfigures the yard. Upgrades and functional restoration at Millbrae Headquarters including administrative offices, shops and laboratory facilities.
Systems Monitoring and Control	<ul style="list-style-type: none"> Improvements to facilities for controlling and monitoring San Francisco's water distribution system. Enhancements to SCADA system for remote monitoring of pressure, flow, and valve position, fiber optic and security system upgrades to improve safety and reliability.

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
President, District 5
BOARD of SUPERVISORS
2018 MAY 17 PM 4:59



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-7630
Fax No. 554-7634
TDD/TTY No. 544-5227

BY _____

London Breed

PRESIDENTIAL ACTION

Date: 5/17/18

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,

Pursuant to Board Rules, I am hereby:

Waiving 30-Day Rule (Board Rule No. 3.23)

File No. 180448 Mayor
(Primary Sponsor)

Title. Appropriation - Proceeds from Revenue Bonds, State Loan or Grant Funds, Water Revenues and Water Capacity Fees of \$483,137,393 - FYs.

Transferring (Board Rule No 3.3)

File No. _____
(Primary Sponsor)

Title. _____

From: _____ Committee

To: _____ Committee

Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor _____

Replacing Supervisor _____

For: _____ Meeting
(Date) (Committee)

London Breed, President
Board of Supervisors

OFFICE OF THE MAYOR
SAN FRANCISCO



MARK E. FARRELL
MAYOR

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2018 MAY -1 PM 12:05
BY [Signature]

May 1, 2018

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 an Interim Exception letter, a budget memo for the Municipal Transportation Agency (MTA) from the Controller, and the following ten pieces of legislation:

- 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 Accept and Expend Grant from the Friends of San Francisco Public Library (LIB)
- One Resolution transferring unclaimed, overpaid parking tickets to the General Fund (MTA)
- One Resolution authorizing the MTA to issue Commercial Paper Notes with the concurrence of the Board of Supervisors (MTA)
- One Proposition J Contract/Certification resolution of Specified Contracted-Out Services Previously Approved for Enterprise Departments (MTA, PUC, Airport, and Port)

If you have any questions please feel free to contact me at 554-6125.

Sincerely,

A handwritten signature in black ink, appearing to read "Kelly Kirkpatrick".

Kelly Kirkpatrick
Acting Mayor's Budget Director

cc: Members of the Board of Supervisors
Harvey Rose
Controller



OFFICE OF THE MAYOR
SAN FRANCISCO



180448
MARK FARRELL
MAYOR RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2018 MAY -1 PM 12:07

BY _____

TO:  Angela Calvillo, Clerk of the Board of Supervisors
FROM:  Mayor Farrell
RE: Appropriation - Proceeds from Revenue Bonds, State Loan or Grant Funds, Water Revenues and Water Capacity Fees of \$483,137,393 - Re-Appropriation of \$15,958,031 for Water Capital Improvements - FYs 2018-2019 and 2019-2020
DATE: May 1, 2018

Attached for introduction to the Board of Supervisors is an Ordinance appropriating a total of \$483,137,393 of proceeds from Revenue Bonds, State of California Water Resources Control Board's revolving loan funds (State Loan Funds) or grant funds (State Grant Funds), water revenues and water capacity fees for the San Francisco Public Utilities Commission (SFPUC) Water Enterprise's Capital Improvement Program for FY2018-2019 at \$276,222,393 and for FY2019-2020 at \$206,915,000; and re-appropriating Water Capital Project appropriations of \$15,958,031 in FY2018-19 and placing \$376,251,393 of Revenue Bond and State Loan Funds or State Grant Funds proceeds by project on Controller's reserve subject to the Controller's certification of funds availability, including proceeds of indebtedness, and for construction related expenditures (excluding program management, planning and design) for these projects, as applicable, is also subject to the prior occurrence of the SFPUC's and the Board of Supervisors' discretionary adoption of California Environmental Quality Act (CEQA) Findings for projects, following review and consideration of completed project related environmental analysis, where required.

Should you have any questions, please contact Andres Power (415) 554-5168.

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