

1 [General Obligation Bond Election - Muni Reliability and Street Safety]

2

3 **Ordinance calling and providing for a special election to be held in the City and County**

4 **of San Francisco on Tuesday, June 7, 2022, for the purpose of submitting to**

5 **San Francisco voters a proposition to incur the following bonded indebtedness of the**

6 **City and County: \$400,000,000 to finance the costs of construction, acquisition, and**

7 **improvement of certain transportation, street safety and transit related capital**

8 **improvements, and related costs necessary or convenient for the foregoing purposes;**

9 **authorizing landlords to pass-through 50% of the resulting property tax increase to**

10 **residential tenants under Administrative Code Chapter 37; applying provisions of**

11 **Administrative Code Section 6.27, requiring certain funded projects to be subject to a**

12 **Project Labor Agreement; providing for the levy and collection of taxes to pay both**

13 **principal and interest on such bonds; incorporating the provisions of Administrative**

14 **Code, Sections 5.30 - 5.36, setting certain procedures and requirements for the election;**

15 **finding that the proposed bond is not a project under the California Environmental**

16 **Quality Act (CEQA); and finding that the proposed bond is in conformity with the eight**

17 **priority policies of Planning Code, Section 101.1(b), and with the General Plan**

18 **consistency requirement of Charter, Section 4.105, and Administrative Code, Section**

19 **2A.53.**

20 Note: Additions are *single-underline italics Times New Roman*;

21 deletions are ~~*strike through italics Times New Roman*~~.

22 Board amendment additions are double underlined.

23 Board amendment deletions are ~~strike through normal~~.

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

25 Section 1. Findings.

1 A. This Board of Supervisors ("Board") recognizes the City's current street, transit
2 and transportation infrastructure ("Street, Transit and Transportation System") is unable to
3 meet current and future demands, and that the reliability, efficiency and safety of City streets,
4 transit and transportation infrastructure requires modernization and new investment to
5 maintain a state of good repair and to meet future demands.

6 B. The cost of making the necessary and required improvements to the Street,
7 Transit and Transportation System was estimated by the Mayor's 2030 Transportation Task
8 Force (dated February 2013) at \$10.1 billion over the next 15 years (referred to herein as the
9 "2030 Task Force").

10 C. The work of the 2030 Task Force was supplemented by the Mayor's 2045 Task
11 Force (dated January 2018) which identified additional transportation investment funding
12 needs of \$22 billion.

13 D. Both the 2030 and 2045 Task Force Reports were augmented by the efforts of
14 Transportation 2050 ("Transportation 2050") to update the vision for transportation developed
15 though the City's ConnectSF process, including additional community input received through
16 the SFMTA's 2021 Citywide Community Survey.

17 E. Transportation 2050 outlines the resources needed to achieve a community-
18 driven vision and identify revenue and reliable funding solutions to fund the cost of
19 transportation needs in San Francisco, which includes, among other resources, the issuance
20 of general obligation bonds.

21 F. A significant number of Muni bus yards and facilities were constructed decades
22 ago, with some being over one hundred years old, and are obsolete and need to be repaired,
23 upgraded and rebuilt to allow for Muni buses to be repaired faster, prevent breakdowns to
24 support reliable Muni service.

25

1 G. On-street infrastructure improvements for public transit helps reduce travel times
2 and delays for Muni and enables more reliable and more frequent service.

3 H. Muni's train control system is over 20 years old and is obsolete and needs to be
4 replaced to increase subway capacity, reduce delays and deliver reliable, high-frequency
5 Muni Metro light rail service.

6 I. Redesigning and constructing streets to improve safety, accessibility and
7 visibility for pedestrians and cyclists, and implementing traffic calming and speed reduction
8 tools supports the City's Vision Zero policy goal to eliminate all traffic deaths in San Francisco.

9 J. Strong public transit systems is one of the most important tools the City has to
10 mitigate the adverse effects of climate change, and by improving the reliability and speed of
11 Muni service and creating safer spaces for pedestrians and cyclists, San Francisco will
12 become a more livable and sustainable place to live.

13 K. The Board recognizes the need to make substantial investments in the City's
14 Street, Transit and Transportation System to create a system that is more reliable, safe and
15 efficient and that such investment will meet future demands on the transportation system,
16 while sustaining the economic dynamism and resilience of the City.

17 L. The Muni Reliability and Street Safety General Obligation Bond ("Bond") will
18 provide a portion of the funding necessary to construct, improve and rehabilitate the Street
19 and Transportation System (as further defined in Section 3 below).

20 M. This Board now wishes to describe the terms of a ballot measure seeking
21 approval for the issuance of general obligation bonds to finance all or a portion of the City's
22 improvements to its Street and Transportation System as described below.

23 N. The City's current debt management policy is to keep the property tax rate for
24 City general obligation bonds at or below the 2006 rate by issuing new bonds as older ones
25 are retired and/or the tax base grows, though this property tax rate may vary based on other

1 factors; provided however, the City's debt management policy shall not be construed as
2 impairing or limiting the obligation of the City to levy taxes to pay principal and interest on the
3 bonds authorized under this Ordinance.

4
5 Section 2. A special election is called and ordered to be held in the City on Tuesday,
6 the 7th day of June, 2022, for the purpose of submitting to the electors of the City a
7 proposition to incur bonded indebtedness of the City for the projects described in the amount
8 and for the purposes stated:

9 "MUNI RELIABILITY AND STREET SAFETY GENERAL OBLIGATION BOND.
10 \$400,000,000 of bonded indebtedness to increase Muni's reliability, safety and frequency to,
11 among other things, reduce delays, improve disabled access and equity, increase subway
12 capacity and improve pedestrian, bicycle and traffic safety by repairing, constructing and
13 improving deteriorating Muni bus yards, facilities, transportation infrastructure and equipment,
14 and constructing and redesigning streets and sidewalks, subject to citizen oversight and
15 independent, regular audits; and to pay related costs; with a duration up to 30 years from the
16 time of issuance, an estimated average tax rate of \$0.010/\$100 of assessed property value,
17 and projected average annual revenues of approximately \$30,000,000, subject to
18 independent citizen oversight and regular audits; ~~and~~ authorizing landlords to pass-through to
19 residential tenants in units subject to Chapter 37 of the San Francisco Administrative Code
20 ("Residential Stabilization and Arbitration Ordinance") 50% of the increase in the real property
21 taxes attributable to the cost of the repayment of the bonds; and applying the provisions of
22 Administrative Code Section 6.27, requiring certain funded projects to be subject to a Project
23 Labor Agreement. The City's current debt management policy is to keep the property tax rate
24 for City general obligation bonds at or below the 2006 rate by issuing new bonds as older
25

1 ones are retired and/or the tax base grows, though this property tax rate may vary based on
2 other factors."

3 The special election called and ordered shall be referred to in this ordinance as the
4 "Bond Special Election."

5
6 Section 3. PROPOSED PROGRAM. All contracts that are funded with the proceeds of bonds
7 authorized hereby shall be subject to the provisions of Chapter 83 of the City's Administrative
8 Code ("First Source Hiring Program"), which fosters construction and permanent employment
9 opportunities for qualified economically disadvantaged individuals. In addition, all contracts
10 that are funded with the proceeds of bonds authorized hereby also shall be subject to the
11 provisions of Chapter 14B of the City's Administrative Code ("Local Business Enterprise and
12 Non-Discrimination in Contracting Ordinance"), which assists small and micro local
13 businesses to increase their ability to compete effectively for the award of City contracts, to
14 the extent the Local Business Enterprise and Non-Discrimination Contracting Ordinance does
15 not conflict with applicable state or federal law. Notwithstanding any exclusion applicable to
16 the San Francisco Municipal Transportation Agency contained in Administrative Code Chapter
17 6.27 ("Citywide Project Labor Agreement Ordinance"), contracts funded with proceeds of
18 bonds authorized hereunder, which bonds are issued on or after June 7, 2022, shall be
19 subject to Project Labor Agreements that include all of the required terms set forth in
20 subsection (e) of Administrative Code Section 6.27 and shall be governed by the provisions of
21 Section 6.27, as Section 6.27 may be amended from time to time, unless the application of
22 this requirement would cause the City to violate the conditions of a state, federal, or other
23 funding source. The Board of Supervisors may, by Ordinance, modify the June 7, 2022
24 deadline to accommodate the negotiation of Project Labor Agreements.

1 A. CITIZENS' OVERSIGHT COMMITTEE. A portion of the Bond shall be used to
2 perform audits of the Bond, as further described in Section 15.

3 Projects to be funded under the proposed Bond may include but are not limited to the
4 following (as further described in the Bond Accountability Report, on file with the Clerk in File
5 No. 211290, which is incorporated by reference as set forth in full herein): :

6 B. MAKING TRANSPORTATION SYSTEM WORK BETTER. A portion of the
7 Bond may be allocated to the repair, renovation and modernization of SFMTA bus yards,
8 facilities and equipment through the agency's Building Progress Program to speed up Muni
9 repairs and maintenance.

10 C. MUNI NETWORK IMPROVEMENTS. To enable faster, more frequent, and
11 more reliable Muni service, a portion of the Bond may be allocated to improve certain network
12 improvements, including but not limited to smart signals, wider sidewalks at bus stops, and
13 dedicated traffic lanes.

14 D. MUNI RAIL MODERNIZATION. To improve train operation's speed, reliability
15 and capacity, a portion of the Bond may be allocated to strengthen and expand critical
16 components.

17 E. STREET SAFETY AND TRAFFIC SIGNAL IMPROVEMENTS FOR SAFETY
18 AND FLOW. To improve street safety and traffic signals, a portion of the Bond may be
19 allocated to more effectively manage congestion in the City, improve the overall reliability of
20 the transit system, and improve pedestrian safety by replacing obsolete and deteriorating
21 traffic signal infrastructure, and installing pedestrian countdown signals and audible
22 pedestrian signals to improve visibility and the overall safety and efficiency of the City's
23 transportation network.

24 F. ON-STREET IMPROVEMENTS. To enhance and modernize City streets, a
25 portion of the Bond may be allocated to enhance streets and sidewalks, including but not

1 limited to curb bulb-outs, raised crosswalks, and improved sidewalks at intersection corners;
2 median islands; various bikeways including separated bikeways; bicycle parking; and
3 installing basic infrastructure to decrease the cost of future projects, such as underground
4 signal conduit.

5 G. SPEED MANAGEMENT INVESTMENT. A portion of the Bond may be allocated
6 to fund traffic calming and other speed reduction improvements to make streets safer.

7

8 Section 4. BOND ACCOUNTABILITY MEASURES

9 The Bond shall include the following administrative rules and principles:

10 A. OVERSIGHT. The proposed bond funds shall be subjected to approval
11 processes and rules described in the San Francisco Charter and Administrative Code.
12 Pursuant to S.F. Administrative Code 5.31, the Citizen's General Obligation Bond Oversight
13 Committee shall conduct an annual review of bond spending, and shall provide an annual
14 report of the bond program to the Mayor and the Board.

15 B. TRANSPARENCY. The City shall create and maintain a web page outlining and
16 describing the bond program, progress, and activity updates. The City shall also hold an
17 annual public hearing and reviews on the bond program and its implementation before the
18 Capital Planning Committee and the Citizen's General Obligation Bond Oversight Committee.

19

20 Section 5. The estimated cost of the bond financed portion of the project described in
21 Section 2 above was fixed by the Board by the following resolution and in the amount
22 specified below:

23 Resolution No. _____, \$400,000,000.

24 Such resolution was passed by two-thirds or more of the Board and approved by the
25 Mayor of the City ("Mayor"). In such resolution it was recited and found by the Board that the

1 sum of money specified is too great to be paid out of the ordinary annual income and revenue
2 of the City in addition to the other annual expenses or other funds derived from taxes levied
3 for those purposes and will require expenditures greater than the amount allowed by the
4 annual tax levy.

5 The method and manner of payment of the estimated costs described in this ordinance
6 are by the issuance of bonds of the City not exceeding the principal amount specified.

7 Such estimate of costs as set forth in such resolution is adopted and determined to be
8 the estimated cost of such bond financed improvements and financing, as designed to date.

9
10 Section 6. The Bond Special Election shall be held and conducted and the votes
11 received and canvassed, and the returns made and the results ascertained, determined and
12 declared as provided in this ordinance and in all particulars not recited in this ordinance such
13 election shall be held according to the laws of the State of California ("State") and the Charter
14 of the City ("Charter") and any regulations adopted under State law or the Charter, providing
15 for and governing elections in the City, and the polls for such election shall be and remain
16 open during the time required by such laws and regulations.

17
18 Section 7. The Bond Special Election is consolidated with the General Election
19 scheduled to be held in the City on Tuesday, June 7, 2022. The voting precincts, polling
20 places and officers of election for the June 7, 2022 General Election are hereby adopted,
21 established, designated and named, respectively, as the voting precincts, polling places and
22 officers of election for the Bond Special Election called, and reference is made to the notice of
23 election setting forth the voting precincts, polling places and officers of election for the June 7,
24 2022 General Election by the Director of Elections to be published in the official newspaper of
25 the City on the date required under the laws of the State of California.

1 Section 8. The ballots to be used at the Bond Special Election shall be the ballots to
2 be used at the June 7, 2022 General Election. The word limit for ballot propositions imposed
3 by San Francisco Municipal Elections Code Section 510 is waived. On the ballots to be used
4 at the Bond Special Election, in addition to any other matter required by law to be printed
5 thereon, shall appear the following as a separate proposition:

6 "MUNI RELIABILITY AND STREET SAFETY BOND. To increase Muni's reliability,
7 safety and frequency, reduce delays, improve disabled access and equity, increase subway
8 capacity and improve pedestrian, bicycle, and traffic safety by repairing, constructing and
9 improving deteriorating Muni bus yards, facilities, transportation infrastructure and equipment,
10 and constructing and redesigning streets and sidewalks; and to pay related costs; shall the
11 City and County of San Francisco issue \$400,000,000 in general obligation bonds, with a
12 duration of up to 30 years from the time of issuance, an estimated average tax rate of
13 \$0.010/\$100 of assessed property value, and projected average annual revenues of
14 approximately \$30,000,000, subject to citizen oversight and independent audits? The City's
15 current debt management policy is to keep the property tax rate for City general obligation
16 bonds at or below the 2006 rate by issuing new bonds as older ones are retired and/or the tax
17 base grows, though this property tax rate may vary based on other factors."

18 Each voter to vote in favor of the issuance of the foregoing bond proposition shall mark
19 the ballot in the location corresponding to a "YES" vote for the proposition, and to vote against
20 the proposition shall mark the ballot in the location corresponding to a "NO" vote for the
21 proposition.

22
23 Section 9. If at the Bond Special Election it shall appear that two-thirds of all the voters
24 voting on the proposition voted in favor of and authorized the incurring of bonded
25 indebtedness for the purposes set forth in such proposition, then such proposition shall have

1 been accepted by the electors, and bonds authorized shall be issued upon the order of the
2 Board. Such bonds shall bear interest at a rate not exceeding applicable legal limits.

3 The votes cast for and against the proposition shall be counted separately and when
4 two-thirds of the qualified electors, voting on the proposition, vote in favor, the proposition
5 shall be deemed adopted.

6
7 Section 10. For the purpose of paying the principal and interest on the bonds, the
8 Board shall, at the time of fixing the general tax levy and in the manner for such general tax
9 levy provided, levy and collect annually each year until such bonds are paid, or until there is a
10 sum in the Treasury of said City, or other account held on behalf of the Treasurer of said City,
11 set apart for that purpose to meet all sums coming due for the principal and interest on the
12 bonds, a tax sufficient to pay the annual interest on such bonds as the same becomes due
13 and also such part of the principal thereof as shall become due before the proceeds of a tax
14 levied at the time for making the next general tax levy can be made available for the payment
15 of such principal.

16
17 Section 11. This ordinance shall be published in accordance with any State law
18 requirements, and such publication shall constitute notice of the Bond Special Election and no
19 other notice of the Bond Special Election hereby called need be given.

20
21 Section 12. The Board, having reviewed the proposed legislation, makes the following
22 findings in compliance with the California Environmental Quality Act ("CEQA"), California
23 Public Resources Code Sections 21000 et seq., the CEQA Guidelines, 15 Cal. Code Regs.,
24 Title 14, Sections 15000 et seq., ("CEQA Guidelines"), and San Francisco Administrative
25 Code Chapter 31 ("Chapter 31"):

1 As set forth by the Planning Department, in a determination dated October 21, 2021, a
2 copy of which is on file with the Clerk of the Board in File No. 211290 and incorporated in this
3 ordinance by reference, the Board finds that the bond proposal is not subject to CEQA. As
4 the establishment of a government financing mechanism that does not involve any
5 commitment to specific projects to be constructed with bond funds, it is not a project as
6 defined by CEQA and the CEQA Guidelines. The use of bond proceeds to finance any
7 specific project or portion of any specific project will be subject to approval of the applicable
8 decision-making body at that time,-upon completion of planning and any further required
9 environmental review under CEQA.

10
11 Section 13. The Board finds and declares that the proposed Bond is (i) in conformity
12 with the priority policies of Section 101.1(b) of the San Francisco Planning Code, (ii) in
13 accordance with Section 4.105 of the San Francisco Charter and Section 2A.53(f) of the
14 San Francisco Administrative Code, and (iii) consistent with the City's General Plan, and
15 adopts the findings of the Planning Department, as set forth in the General Plan Referral
16 Report dated November 18, 2021, a copy of which is on file with the Clerk of the Board in File
17 No. 211290 and incorporates such findings by reference.

18
19 Section 14. Under Section 53410 of the California Government Code, the bonds shall
20 be for the specific purpose authorized in this ordinance and the proceeds of such bonds will
21 be applied only for such specific purpose. The City will comply with the requirements of
22 Sections 53410(c) and 53410(d) of the California Government Code.]

23
24 Section 15. The Bonds are subject to, and incorporate by reference, the applicable
25 provisions of San Francisco Administrative Code Sections 5.30 – 5.36 ("Citizens' General

1 Obligation Bond Oversight Committee"). Under Section 5.31 of the Citizens' General
2 Obligation Bond Oversight Committee, to the extent permitted by law, one-tenth of one
3 percent (0.1%) of the gross proceeds of the Bonds shall be deposited in a fund established by
4 the Controller's Office and appropriated by the Board of Supervisors at the direction of the
5 Citizens' General Obligation Bond Oversight Committee to cover the costs of such committee.

6

7 Section 16. The time requirements specified in Section 2.34 of the San Francisco
8 Administrative Code are waived.

9

10 Section 17. The City hereby declares its official intent to reimburse prior expenditures
11 of the City incurred or expected to be incurred prior to the issuance and sale of any series of
12 bonds in connection with the Project (collectively, the "Future Bonds"). The Board hereby
13 declares the City's intent to reimburse the City with the proceeds of the Future Bonds for the
14 expenditures with respect to the Project ("Expenditures" and each, an "Expenditure") made on
15 and after that date that is no more than 60 days prior to adoption of this Resolution. The City
16 reasonably expects on the date hereof that it will reimburse the Expenditures with the
17 proceeds of the Future Bonds.

18 Each Expenditure was and will be either (a) of a type properly chargeable to a capital
19 account under general federal income tax principles (determined in each case as of the date
20 of the Expenditure), (b) a cost of issuance with respect to the Future Bonds, (c) a nonrecurring
21 item that is not customarily payable from current revenues, or (d) a grant to a party that is not
22 related to or an agent of the City so long as such grant does not impose any obligation or
23 condition (directly or indirectly) to repay any amount to or for the benefit of the City. The
24 maximum aggregate principal amount of the Future Bonds expected to be issued for the
25 Project is \$400,000,000. The City shall make a reimbursement allocation, which is a written

1 allocation by the City that evidences the City’s use of proceeds of the applicable series of
2 Future Bonds to reimburse an Expenditure, no later than 18 months after the later of the date
3 on which the Expenditure is paid or the Project is placed in service or abandoned, but in no
4 event more than three years after the date on which the Expenditure is paid. The City
5 recognizes that exceptions are available for certain “preliminary expenditures,” costs of
6 issuance, certain de minimis amounts, expenditures by “small issuers” (based on the year of
7 issuance and not the year of expenditure) and expenditures for construction projects of at
8 least 5 years.

9

10 Section 18. The appropriate officers, employees, representatives and agents of the
11 City are hereby authorized and directed to do everything necessary or desirable to accomplish
12 the calling and holding of the Bond Special Election, and to otherwise carry out the provisions
13 of this ordinance.

14 APPROVED AS TO FORM:
15 DAVID CHIU, City Attorney

16 By: MARK D. BLAKE
17 MARK D. BLAKE
Deputy City Attorney

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