

# TEXT OF PROPOSED ORDINANCE

## PROPOSITION A

Resolution calling and providing for a special election to be held in the City and County of San Francisco for the purpose of submitting to the qualified voters of said City and County on November 5, 2002 a proposition for the issuance of revenue bonds and/or other forms of revenue financing by the Public Utilities Commission in a principal amount not to exceed \$1,628,000,000 to finance the acquisition and construction of improvements to the City's water system; making issuance of the bonds subject to the requirement that San Francisco Administrative Code Chapter 37 (Residential Rent Stabilization and Arbitration Ordinance) be amended to provide that (1) 50% of the costs resulting from increased water rates may be passed through from landlords to residential tenants where a unit is in compliance with any applicable laws requiring water conservation devices, and (2) tenants may file hardship applications with the Rent Board for relief from all or part of the cost passthrough and their affected landlords may utilize any available Public Utilities Commission low-income rate discount program or similar program for water bill reduction based on the tenants' hardship status; and for the possible imposition of a surcharge on retail water customers; complying with Article 83 of the San Francisco Administrative Code (First Source Hiring Program); and consolidating said special election with the General Municipal Election to be held on November 5, 2002; complying with Section 53410 of the California Government Code; finding the proposed project is in conformity with the priority policies of Planning Code Section 101.1(b) and the City's General Plan.

Note: Additions are single-underline italics.  
Deletions are ~~strikethrough italics~~.

WHEREAS, The Board of Supervisors (the "Board") of the City and County of San Francisco (the "City") is authorized to provide for the issuance of revenue bonds subject to the revenue bond voter approval requirements of Section 9.107 of the City Charter; and,

WHEREAS, This Board hereby finds and determines that it is in the best interests of the City to submit to the qualified voters of the City, at an election to be held for that purpose on November 5, 2002, a proposition for the issuance of revenue bonds and/or other forms of revenue financing by the Public Utilities Commission, or any successor thereto, in the principal amount not to exceed \$1,628,000,000 to finance the acquisition and construction of improvements to the City's water system; now, therefore, be it,

RESOLVED, By the Board of the City, as follows:

Section 1. A special election is hereby called and ordered to be held by the City on Tuesday, November 5, 2002, at which election there shall

be submitted to the qualified voters of the City the following proposition:

### WATER SYSTEM IMPROVEMENT REVENUE BONDS AND IMPOSITION OF SURCHARGE ON RETAIL WATER CUSTOMERS.

Shall the Public Utilities Commission, or any successor thereto, issue revenue bonds and/or other forms of revenue financing in a principal amount not to exceed \$1,628,000,000 (the "Bonds"), to finance the acquisition and construction of improvements to the City's water system; provided that the bonds may not be issued unless Administrative Code Chapter 37 (Residential Rent Stabilization and Arbitration Ordinance) is amended to provide that landlords may pass through to residential tenants 50% of the water bill costs attributable to water rate increases resulting from issuance of the Bonds where a unit is in compliance with any applicable laws requiring water conservation devices, tenants may file hardship applications with the Rent Board for relief from all or part of the cost passthrough and their affected landlords may utilize any available Public Utilities Commission low-income rate discount program or similar program for water bill reduction based on the tenants' hardship status; and further provided that the principal amount of the Bonds may be reduced if the City's Board of Supervisors determines the greatest economic value to San Francisco ratepayers will derive from having the San Francisco Bay Area Regional Water System Financing Authority finance, in whole or in part, those projects designed and intended in substantial part to improve the reliability of the City's regional water system, and if the Authority does finance such projects, shall the Public Utilities Commission be authorized to impose a surcharge on retail water rates for San Francisco customers' to pay the retail water customer's share of the debt service on bonds issued by the Authority and the operating expenses of the Authority?

For purposes of this Resolution and the proposition, the following terms shall have the following respective meanings: "improvements" shall mean improvements that will restore, rehabilitate and enhance the ability of the Public Utilities Commission to deliver water to users of the City's water system, such improvements to include, but are not limited to, water delivery and seismic improvements, water quality improvements, water supply improvements, and watershed and environmental improvements as set forth in the San Francisco Public Utilities Commission's Capital Improvement Program (the "CIP"), as such CIP may be amended from time to time; the "City's water system" shall mean the entire water supply, storage, treatment and distribution system and auxiliary and related facilities under the jurisdiction of the Public Utilities Commission, as such system may be modified and extended from time to time; "other forms

of revenue financing" shall include notes, debentures, commercial paper, variable rate demand notes and bonds, auction rate securities, lease revenue bonds, installment sale agreements and other forms of similar financial products which may be created from time to time; and the "City's regional water system" shall mean facilities for the storage, treatment, and transmission of water operated and maintained by San Francisco in the Counties of Tuolumne, Stanislaus, San Joaquin, Alameda, Santa Clara, San Mateo, and three terminal reservoirs in San Francisco.

Section 2. The Bonds are proposed to be issued to finance improvements to the enterprise consisting of the City's water system (the "Enterprise"). The City's water system and the proposed improvements thereto shall constitute a single, unified, integrated enterprise, and the revenue therefrom shall be pledged to the repayment of the Bonds. The Board hereby finds and determines that the City's water system is necessary and desirable to enable the City to exercise its municipal powers and functions, namely to furnish water supply, storage, treatment and distribution services for any present or future beneficial use of the City. The purpose for which the Bonds are proposed to be issued is to finance the acquisition and construction of improvements to the City's water system, including without limitation capitalized interest on the Bonds and any other expenses incidental thereto or connected therewith. The estimated cost of the improvements is \$1,628,000,000. Said estimated costs includes all costs and expenses incidental thereto or connected therewith, including, but not limited to, engineering, inspection, auditing, legal and fiscal agent fees, cost of the revenue bond election and costs of the issuance of the Bonds. The maximum principal amount of the Bonds proposed to be issued is \$1,628,000,000.

Section 3. The City shall comply with the provisions of Article 83 of the City's Administrative Code (First Source Hiring Program) in connection with the construction of the improvements to the City's water system. Proceeds of the Bonds, if authorized and issued, shall be used to pay actual and verifiable costs directly associated with the administrative costs of implementing and monitoring such contractors' compliance with the City's First Source Hiring Program.

Section 4. The Board hereby submits to the qualified voters of the City at such special election the proposition set forth in Section 1 of this Resolution, and designates and refers to such proposition in the form of ballot hereinafter prescribed for use at said election. The special election hereby called and ordered to be held shall be held and conducted and votes thereat received and canvassed, and the returns thereof made and the results thereof ascertained, deter-

(Continued on next page)

## LEGAL TEXT OF PROPOSITION A (CONTINUED)

mined and declared as herein provided, and in all particulars not herein recited said election shall be held and the votes canvassed according to the applicable laws of the State of California and the Charter of the City and any regulations adopted pursuant thereto, providing for and governing elections in the City, and the polls for such election shall be and remain open during the time required by said laws and regulations.

Section ~~4.5~~. The special election hereby called shall be and hereby is consolidated with the General Election of the City to be held Tuesday, November 5, 2002, and the voting precincts, polling places and officers of election for said General Election are hereby adopted, established, designated and named, respectively, as the voting precincts, polling places and officers of elections for such special election hereby called. The ballots to be used at the special election shall be the ballots to be used at the General Election.

Section ~~5.6~~. In addition to any other matter required by law to be printed on the ballots, there shall appear thereon the proposition set forth in Section 1 of this Resolution.

Each voter to vote for the proposition hereby submitted and in favor of the issuance of the Bonds shall mark the ballot card in the location corresponding to a "YES" vote for the proposition, and to vote against the proposition and against the issuance of the Bonds shall mark the ballot card in the location corresponding to a "NO" vote for the proposition.

On absentee voter ballots, the voter to vote for the proposition and in favor of the issuance of the Bonds shall mark the ballot card in the location corresponding to a "YES" vote for the proposition, and to vote against said proposition and against the issuance of the Bonds shall mark the ballot card in the location corresponding to a "NO" vote for the proposition.

Section ~~6.7~~. If at such special election it shall appear that a majority of all the voters voting on the proposition voted in favor of and approve the issuance of the Bonds for the purposes set forth in this Resolution, then such proposition shall have been authorized by the electors, and the Bonds may be issued and sold for the purpose set forth in this Resolution. The rate of interest on such bonds shall not exceed the maximum rate allowed by law, may be fixed or variable, and shall be payable at such times and in such manner as the Public Utilities Commission shall hereafter determine.

Section ~~7.8~~. The Bonds, if authorized, shall be special, limited obligations of the City, payable exclusively from and secured by a lien on the revenues of the Enterprise and such other funds as may be legally available and pledged for such purpose. The Bonds shall not be secured by the taxing power of the City, and shall be issued under Section 9.107 of the Charter of the City and any state law or any procedure provided for by ordinance. The principal of and interest on the Bonds and any premiums upon the redemption thereof shall not constitute or evidence a debt of the City, nor a

legal or equitable pledge, charge, lien or encumbrance upon any of its property, or upon any of its income, receipts or revenues, except the revenues of the Enterprise and such other funds as may be legally available and pledged for such purpose.

Section ~~8.9~~. This Resolution shall be published in accordance with any state law requirements, and such publication shall constitute notice of said election and no other notice of the election hereby called need be given.

Section ~~9.10~~. The appropriate officers, employees, agents and representatives of the City are hereby authorized and directed to do everything necessary or desirable to the calling and holding of said special election, and to otherwise carry out the provisions of this Resolution.

Section ~~10.11~~. Pursuant to Section 53410 of the California Government Code, the Bonds shall be for the specific purpose authorized herein and the proceeds of such Bonds shall be applied only to the project described herein. The Public Utilities Commission will comply with the requirements of Sections 53410(c) and 53410(d) of the California Government Code.

Section ~~11.12~~. The Board having reviewed the proposed legislation, finds and declares that the proposed Bond special election is in conformity with the priority policies of Section 101.1(b) of the City Planning Code and with the City's General Plan, and hereby adopts the findings of the City Planning Department, as set forth in the General Plan Referral.