CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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TO: Budget and Appropriations Committee

FROM: Budget and Legislative Analyst

SUBJECT: June 14, 2023 Rescheduled Budget and Appropriations Committee Meeting

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Item 4 File 23-0664	Department: Treasurer-Tax Collector (TTX)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed ordinance would amend the Business Regulations and Tax Code to codify the First Year Free fee waivers and extend them through June 2028. Shared Space program permit and license fees are not waived.

Key Points

- In July 2021, the Board of Supervisors approved an ordinance waiving first-year permit, license, and business registration fees for certain small businesses (File 21-0741). The goal of the waiver program, referred to as the "First Year Free Program," was to provide relief to small businesses during the City's recovery from the COVID-19 pandemic. In November 2022, the fee waivers were expanded to all business types and extended through June 2023 (File 22-0970). The Treasurer-Tax Collector administers the First Year Free Program, which has enrolled 4,122 businesses as of June 5, 2023.

Fiscal Impact

- According to the Treasurer-Tax Collector's Office staff, in FY 2022-23 the First Year Free program waived $1,192,643 in fees through April 2023. Using a straight-line projection, this would amount to $1.4million for the entire fiscal year. TTX staff do not expect the changes in the proposed legislation to significantly change the cost of the fee waivers.
- Funding for the projected cost of the fee waivers is included in the proposed FY 2023-24 – FY 2024-25 budget for the Treasurer-Tax Collector.

Recommendation

- Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

MANDATE STATEMENT

City Charter Section 2.105 states that all legislative acts shall be by ordinance, approved by a majority of the members of the Board of Supervisors.

BACKGROUND

First Year Free Program

In July 2021, the Board of Supervisors approved an ordinance waiving first-year permit, license, and business registration fees for certain small businesses (File 21-0741). The goal of the waiver program, referred to as the "First Year Free Program," was to provide relief to small businesses during the City's recovery from the COVID-19 pandemic. In November 2022, the fee waivers were expanded to all business types and extended through June 2023 (File 22-0970). The Treasurer-Tax Collector administers the First Year Free Program, which has enrolled 4,122 businesses as of June 5, 2023.

Program Eligibility

Both new small businesses and existing small businesses with new locations are eligible for fee waivers through June 2023 and have up to $5 million or less in gross receipts in San Francisco. Any non-residential business qualifies for fee waivers.

In addition, fee waivers may be revoked if a business that originally qualified for a fee waiver had more than $15 million in gross receipts in San Francisco in the calendar year of or in any of the three calendar years following the date the business commenced or opened a new location.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would amend the Business Regulations and Tax Code to codify the First Year Free fee waivers and extend them through June 2028. Shared Space program permit and license fees are not waived.

The Treasurer Tax Collector would have to provide an annual report to the Board of Supervisors on the program regarding the business types, location, and fee waived.

FISCAL IMPACT

According to the Treasurer-Tax Collector's Office staff, in FY 2022-23 the First Year Free program waived $1,192,643 in fees through April 2023. Using a straight-line projection, this would amount to $1.4 million for the entire fiscal year. TTX staff do not expect the changes in the proposed legislation to significantly change the cost of the fee waivers.

Funding for the projected cost of the fee waivers is included in the proposed FY 2023-24 – FY 2024-25 budget for the Treasurer-Tax Collector.

RECOMMENDATION

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Items 9 and 10 Files 23-0684 & 23-0685	Department: Controller

MANDATE STATEMENT/DETAILS OF PROPOSED LEGISLATION

File 23-0684: Administrative Provisions of the Annual Appropriation Ordinance

The proposed FY 2023-24 and FY 2024-25 Annual Appropriation Ordinance (AAO) contains the administrative provisions governing the appropriation ordinance. The proposed AAO for FY 2023-24 and FY 2024-25 contain the following significant changes to the administrative provisions:

Section 7.2- Equipment Purchases

The proposed ordinance increases the value from $5,000 to $20,000 for items of equipment that must be purchased from appropriations specifically provided for equipment or leased-purchased equipment, including equipment from capital projects. The language of the section was also changed from "*over* $5,000" to "*under* $20,000," but we believe this is a technical error and should be corrected to state "*over* $20,000" [emphasis added] so that equipment over $20,000, including passenger vehicles, will still be subject to tighter appropriation authority while equipment under that threshold would no longer be required to be budgeted on a line-item basis.

Section 7.4- Public Utilities Commission Debt Service

The proposed ordinance adds Section 7.4, which codifies that the San Francisco Public Utilities Commission, in coordination with the Controller's Office, should record and report the use of debt service appropriations in their respective debt service funds consistent with the Schedule of Bond Redemption and Interest Statement and as required pursuant to Government Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP). Section 7.4 also authorizes the Controller to make all associated net-zero appropriation transfers to ensure compliant financial reporting.

Section 10.1- Positions, Funds, and Transfers for Specific Purposes

The proposed ordinance removes subsection (j) under Section 10.1, which was added during the COVID-19 pandemic to reflect the Board's decision to zero-out all General Fund supported travel costs in FY 2020-21. This subsection has required department travel budgets to be considered as line-item appropriations for the purposes of administration for Administrative Code Section 3.18 and Charter Section 9.113(c) governing limitations on transfer of appropriated funds. This subsection is no longer relevant as travel expenses are again being budgeted in the General Fund.

Section 11.15- FEMA, OES, Other Reimbursements

The proposed ordinance adds additional language to Section 11.15, which stipulates that whenever the City and County is required to designate agents authorized to obtain state and federal disaster and emergency assistance funding for all open and future disasters, the Mayor and Board of Supervisors designate the Executive Director of the Department of Emergency

Management, the Controller, and the Deputy Controller to be the agents authorized to execute agreements for and on behalf of the City and County.

Section 11.22- Health Care Security Ordinance Agency Fund

The proposed ordinance adds Section 11.22, which stipulates that irrevocable health care expenditures made to the City by employers on behalf of their employees pursuant to the provisions of the Administrative Code Chapter 14, are maintained in the Health Care Security Ordinance Fund. This codifies the City's decision to place such funds in an interest-bearing account. The new section also stipulates that interest earnings in the fund are hereby appropriated for the administrative costs incurred to manage participant accounts. This will provide funding for a third-party administrator to administer participant accounts, including providing monies owed to participants who have not made use of their funds.

Section 12.10- Closure of Special Funds, Projects, and Accounts

The proposed ordinance adds language to Section 12.10 (Closure of Special Funds, Projects, and Accounts), which authorizes the Controller to close completed projects and appropriates fund balance from active project closeouts in continuing funds as follows:

- $99.6 million in the General Fund;
- $77.4 million in the Homeless Gross Receipts Tax Fund;
- $6.6 million in the Our City, Our Home Prop C Advance Fund;
- $10.7 million in the Building Inspection Fund;
- $3.5 million in the Building Inspection Repair and Demolition Fund;
- $4.2 million in the Zuckerberg San Francisco General Hospital enterprise fund;
- $2.6 million in the Cable TV Access Fund; and
- $2.4 million in the Assessor's State Authorized Special Revenue Fund

The added language also directs the Controller to de-appropriate projects up to this amount to realize the fund balance.

Section 14- Departments

The proposed ordinance repurposes subsection (d) of Section 14 to reflect the elimination of the Department of Sanitation and Streets and adds language codifying that the Local Agency Formation Commission (LAFCo) is a separate legal entity established under State law and is not a department or agency of the City. The repurposed subsection further stipulates that while the ordinance includes appropriations to LAFCo in the Board of Supervisors for administrative reasons, any transfers of funds to LAFCo from other appropriations in the budget (such as a Board of Supervisors "add-back") are prohibited without approval by a subsequent ordinance. The repurposed subsection also notes that City staff, including but not limited to the Clerk of the Board of Supervisors, may perform work for LAFCo, under a memorandum of understanding between the City and LAFCo, subject to any required approvals.

Section 32.1- Exclusion of Projected Unassigned Fund Balance from Budget Stabilization Reserve

The proposed ordinance stipulates that $79,505,000 of projected, but unassigned fund balance from FY 2022-23 should not be included in the calculations of deposits to the Budget Stabilization Reserve, which is described in Administrative Code Section 10.60(c). This projected amount of fund balance was assumed to be used to balance the FY 2024-25 and FY 2025-26 budgets in the City's Five-Year Financial Plan. This change would avoid the withdrawal restrictions on such funds if they were to be put into the Budget Stabilization Reserve.

File 23-0685: Administrative Provisions of the Annual Salary Ordinance

The proposed FY 2023-24 and FY 2024-25 Annual Salary Ordinance (ASO) contains the administrative provisions governing the salary ordinance. The changes to the proposed ASO for FY 2023-24 and FY 2024-25 are related to updating compensation provisions to account for changes in inflation, specifically for stipends to employees permanently assigned to Hetch Hetchy and Camp Mather and for moving expenses for new employees in the Manager IV classification or higher.

POLICY CONSIDERATION

Equipment Purchases

As noted above, Section 7.2 has been revised in the proposed AAO to raise the threshold for items of equipment that must be purchased from appropriations specifically provided for equipment or lease-purchased equipment from $5,000 to $20,000. According to Michelle Allersma, Director of the Controller's Office Budget and Analysis Division (BAD), changing the threshold from $5,000 to $20,000 for line-item appropriation of equipment would have affected 21 percent of the equipment counts and four percent of the total equipment budget citywide in the FY 2022-23 original budget (79 percent of units and 96 percent of dollars would have been unaffected by this change). The goal of this change is to promote time efficiency as part of the Government Operations Recovery Project and it appears that some time savings could be achieved without weakening controls over the vast majority of equipment purchased, including passenger vehicles. According to BAD Director Allersma, the threshold for controls over equipment purchases has not been raised in over 15 years.

Also, as noted above, there appears to be a technical error in the proposed wording of the section, which would impose greater controls on equipment *less* than $20,000 and less controls on equipment *greater* than $20,000. We therefore recommend that the Board amend the first sentence of Section 7.2 of the proposed AAO from (emphasis added):

> Funds for the purchase of items of equipment having a significant value of *under* $20,000 and a useful life of three years and over shall only be purchased from appropriations specifically provided for equipment or lease-purchased equipment, including equipment from capital projects.

to

> Funds for the purchase of items of equipment having a significant value of *over* $20,000 and a useful life of three years and over shall only be purchased from appropriations specifically provided for equipment or lease-purchased equipment, including equipment from capital projects.

RECOMMENDATION

Amend Section 7.2 of the proposed administrative provisions of the AAO to change the control from "under $20,000" to "over $20,000."

Item 14 File 23-0312	Department: Public Works, Municipal Transportation Agency, Planning

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed ordinance would amend Section 2.1.1 of the Public Works Code and Chapter 94A of the Administrative Code to eliminate fees for Curbside Shared Space permits and increase the gross receipts fee discount threshold from $2.19 million to $2.5 million. Annual Curbside license fees and other Program fees would not be changed.

Key Points

- Administrative Code Chapter 94A establishes the Shared Spaces Program, which allows private entities to occupy public right of way, including sidewalks, curbside street areas (including parking spaces), roadways, and City-owned lots, for commercial activity. The focus of the proposed ordinance is curbside shared spaces.
- For a Curbside Shared Spaces permit, the San Francisco Municipal Transportation Agency (MTA) is responsible for approving the closure of the parking space and the Department of Public Works (DPW) is responsible for reviewing the parklet design, issuing the permit to occupy the right of way, and ensuring compliance of permit requirements. Permitees must pay an initial one-time permit fee and an annual licensing fee. Curbside fee revenues are split evenly between MTA and DPW.
- FY 2022-23 total program costs are $7.7 million and consist of MTA, DPW, and Planning staff costs ($3.6 million), parking meter revenue loss ($3.5 million), and MTA citation enforcement revenue loss associated with replacing parking meters with shared spaces ($0.6 million).

Fiscal Impact

- The proposed fee reduction would result in a reduction of one-time permit revenue of $1.4 million in FY 2022-23. Future permit revenue, which depends on how many new parklets are established, would also be foregone as the ordinance permanently waives permit fees. Annual license fees would decrease by approximately $20,000 due to the increase in the small business discount eligibility threshold.

Policy Consideration

- Under the Administrative Code, the Planning Department is tasked with "general coordination of program activities," which was provided by a Project Manager I, vacant as of June 2023. The Board of Supervisors should consider amending the Code to remove that responsibility from Planning and deleting that position, providing annual savings of $250,000.

Recommendation

- Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

MANDATE STATEMENT

City Charter Section 2.105 states that all legislative acts shall be by ordinance, approved by a majority of the members of the Board of Supervisors.

BACKGROUND

Administrative Code Chapter 94A establishes the Shared Spaces Program, which allows private entities to occupy public right of way, including sidewalks, curbside street areas (including parking spaces), roadways, and City-owned lots, for commercial activity.

The focus of the proposed ordinance is curbside shared spaces, which may be occupied by fixed, movable, or public parklets.[1] For a Curbside Shared Spaces permit, the San Francisco Municipal Transportation Agency (MTA) is responsible for approving the closure of the parking space and the Department of Public Works (DPW) is responsible for reviewing the parklet design, issuing the permit to occupy the right of way, and ensuring compliance of permit requirements. Permitees must pay an initial one-time permit fee and an annual licensing fee. The Planning Department is responsible for coordinating the program and participating in the design review.

Based on current law, permit and license fees were due and payable on March 31, 2023. Curbside fee revenues are split evenly between MTA and DPW. Businesses with annual gross receipts up to $2,000,000 are eligible for a "small business discount" - a 50% reduction to the permit fees and annual license fee. Prior to 2023, no fees were collected since the start of the program in 2020.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would amend Section 2.1.1 of the Public Works Code and Chapter 94A of the Administrative Code to eliminate fees for Curbside Shared Space permits and increase the gross receipts fee discount threshold from $2.19 million to $2.5 million. Annual Curbside license fees and other Program fees would not be changed.[2] Exhibit 1 below shows the current and proposed fee structure.

[1] Public parklets do not have commercial activity.

[2] The Shared Space Program also has fees for the Entertainment Commission, use of sidewalks, and use of roadways.

Exhibit 1: Current and Proposed Fees

	Current			Proposed		
Parklet Type	First Parking Space	Additional Parking Space	Annual License Fee	First Parking Space	Additional Parking Space	Annual License Fee
Public	$1,000	$250	$100	$0	$0	$100
Movable	$2,000	$1,000	$1,500	$0	$0	$1,500
Fixed	$3,000	$1,500	$2,000	$0	$0	$2,000
50% Discount	If gross receipts are less than $2.19 million			If gross receipts are less than $2.5 million		

Source: Public Works Code, Administrative Code, Proposed Ordinance

According to Treasurer-Tax Collector data, 74 percent of program participants qualify for the fee discount because they have gross receipts of $2.19 million per year or less. Increasing the threshold would increase the proportion of businesses that qualify for the discount to 78 percent.

Exhibit 2 below shows the program cost projected in FY 2023-24, based on permit applications that have been submitted as of May 2023.[3]

Exhibit 2: FY 2022-23 Curbside Shared Space Program Costs

	FY 2022-23
MTA	
Labor	$2,100,000
Meter Revenue	$3,500,000
Citation Loss	$600,000
Subtotal, MTA	$6,200,000
DPW	
Labor	$1,210,000
Planning	
Labor	$250,000
Total	**$7,660,000**

Sources: MTA, DPW, BLA Analysis

As shown above, FY 2022-23 total program costs are $7.7 million and consist of MTA, DPW, and Planning staff costs ($3.6 million), parking meter revenue loss ($3.5 million), and citation enforcement revenue loss associated with replacement of parking meters with shared spaces ($0.6 million). DPW and MTA labor costs include overhead and consist primarily of evaluating permit applications. If the program achieves a "steady state" and has fewer new participants in future years, DPW and MTA staff costs for this program will be lower.

[3] As of April 2023, the program provided 644 permits covering 1,133 parking spaces, of which 763 were metered. This was a decrease from FY 2021-22, which provided permits covering 1,937 metered parking spaces.

FISCAL IMPACT

Exhibit 3 below shows the change in revenue from the proposed ordinance, which would apply to permits issued in FY 2022-23. Detail by parklet type is included in Attachment I to this report.

Exhibit 3: Change in Fee Revenue in FY 2022-23

Revenue	Current	Proposed	Change
Permits (one-time)	$1,371,668	$0	($1,371,668)
License (ongoing)	$665,280	$645,447	($19,833)

Sources: MTA, TTX, BLA Analysis

Notes: Amounts shown include the current and proposed small business discount.

As shown above, the proposed fee reduction would result in a reduction of one-time permit revenue of $1.4 million in FY 2022-23. Future permit revenue, which depends on how many new parklets are established, would also be foregone as the ordinance permanently waives permit fees. Annual license fees would decrease by approximately $20,000 due to the increase in the small business discount eligibility threshold.

Reducing permit fees may increase the number of businesses that participate in the Shared Space Curbside program, increasing program costs. For example, the number of parking meters taken offline for the Shared Space program decreased from 1,937 in FY 2021-22 to 763 in FY 2022-23, the year when the program began collecting fees.

POLICY CONSIDERATION

Use of Public Property

The Curbside Shared Spaces program re-purposes public right of way, 67 percent of which is metered, largely for commercial purposes. As noted above, this results in an annual revenue loss to MTA of $4.1 million. A portion of this may be offset by increased business and sales tax resulting from commercial activity.

Revenue

The program's existing fees are not based on a fee study and do not provide for full cost recovery. Before including the small business discount, for which most businesses are eligible, the average cost for a fixed parklet is $4,100 per permit and $2,000 per annual license. Based on FY 2022-23 program costs and lost revenues totaling $7.66 million and 645 permits issues that year, the cost per permit is approximately $11,900.

Programmatic Data

Administrative Code Section 94A requires collection and reporting of programmatic data, including: data on time between permit application and issuance, participation and user feedback data, reporting on revoked permits, and compliance audits of existing shared space permits. Documentation of this work was not available for our review and the work does not appear to

be underway. According to the former Shared Spaces Program manager, the Mayor's Office of Civic Innovation is currently building a reporting tool that will aggregate program data for management analysis. The Board should request a report from Public Works, MTA, and Planning on the performance of the program.

Planning Department Role

Under the Administrative Code, the Planning Department is tasked with "general coordination of program activities," which was provided by a Project Manager I, vacant as of June 2023. The Board of Supervisors should consider amending the Code to remove that responsibility from Planning and deleting that position, providing annual savings of $250,000. DPW and MTA each already have senior management staff assigned to this program (a Manager VII and Transportation Planner IV, respectively).

RECOMMENDATION

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Attachment I: Revenue Change Detail

Permits

Count	Revenue	Current	Proposed	Change
104	Public	$125,500	$0.00	($125,500)
12	Movable	$31,000	$0.00	($31,000)
528	Fixed	$2,177,250	$0.00	($2,177,250)
	Discounts	($805,583)	$0.00	n/a
644	Total	$1,371,668	$0.00	($1,371,668)

Licenses

Count	Revenue	Current	Proposed	Change
104	Public	$10,400	$10,400	$0
12	Movable	$18,000	$18,000	$0
528	Fixed	$1,056,000	$1,056,000	$0
	Discounts	($390,720)	($410,553)	($19,833)
644	Total	$665,280	$645,447	($19,833)

Source: BLA Analysis

Items 16 & 22 Files 23-0652 & 23-0667	Department: Public Utilities Commission

EXECUTIVE SUMMARY

Legislative Objectives

- **File 23-0667** is an ordinance authorizing the San Francisco Public Utilities Commission (SFPUC) to issue $41,031,367 in Power Revenue Bonds to fund Hetch Hetchy Water and Power Enterprise capital projects.
- **File 23-0652** is an ordinance appropriating $124,020,472 of Water Revenue Bonds, Power Revenue Bonds, Cap and Trade revenues, and Power Revenues.

Key Points

- Of the $124 million appropriation, $46.9 million are allocated to Power projects, $77.1 million are allocated to Water projects.
- The ordinance also de-appropriates $6.9 million from the Rim Fire project and returns the funding to Power Enterprise's operating fund balance. According to PUC staff, Rim Fire repairs are complete and federal reimbursements have offset a portion of PUC costs, allowing the revenues to be transferred to fund balance.
- The Board of Supervisors has authorized $695,933,229 in Power Revenue Bonds, of which $279,907,000 were issued (including outstanding commercial paper) and $416,026,229 were authorized to be issued in future years. The PUC plans to issue approximately $116 million (to retire currently outstanding commercial paper), $424 million, and $372 million in Fiscal Year 2023-24, 2025-26, and 2028-29.
- Unlike the pending Water and Wastewater debt issuances (Files 23-0655 & 23-0666), the proposed ordinance does not include a reporting requirement.

Fiscal Impact

- SFPUC expects Hetch Hetchy customer rates, which includes rates charged to City agencies, to increase by 6.6 percent in FY 2022-23 and 14 percent in FY 2023-24, an increase from the 8.4 percent rate increase projected last year for FY 2023-24.
- Annual retail rate increases are 10, 9.0, and 8.5 in FY 2024-25 to FY 2026-27 and then decline in subsequent years between 7.0 and 3.0 percent per year through FY 2032-33.

Recommendations

- Amend File 23-0667 to require PUC provide to the Board of Supervisors within 30 days of each bond sale or other debt transaction a report detailing the: i) principal amount sold and method of sale, (ii) true interest cost, (iii) final maturity, (iv) the facilities constructed and/or improved, and (v) a statement about the remaining bonding authorization under the proposed ordinance and include the report in the legislative file for the bond authorization.
- Approve Files 23-0667 and 23-0652, as amended.

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.

Charter Section F1.113 states that 0.2 percent of the City's budget, excluding bond debt, must be set-aside for the Controller's audit fund.

Charter Section 5A.31(d) states that one-twentieth of one percent (0.05%) 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 Hetch Hetchy Enterprise is composed of Hetch Hetchy Water, which manages the water system in and around the Hetch Hetchy Reservoir, and Hetch Hetchy Power, which is responsible for power generation.[1] Because power is generated hydroelectrically, some capital projects benefit both Hetch Hetchy Water and Hetch Hetchy Power operations. Hetch Hetchy Power primarily provides electricity to City agencies and other government entities.

DETAILS OF PROPOSED LEGISLATION

File 23-0667 is an ordinance authorizing (a) the issuance and sale of tax-exempt or taxable Power Revenue Bonds and other forms of indebtedness (as described below) by the San Francisco Public Utilities Commission (SFPUC) in an aggregate principal amount not to exceed $41,031,367 to finance the costs of various Hetch Hetchy Power Enterprise capital projects; (b) the issuance of Power Revenue Refunding Bonds; (c) declaring the intent of SFPUC to reimburse itself with one or more issues of tax-exempt or taxable bonds or other forms of indebtedness; and (d) ratifying previous actions taken for purpose of issuing the bonds.

File 23-0652 is an ordinance appropriating $124,020,472, consisting of Power Revenue Bonds, Water Revenue Bonds, Hetch Hetchy revenues, and Cap and Trade revenues. $41,031,367 of Power Bond proceeds and $77,084,105 of Water Bond proceeds are placed on Controller's Reserve pending Controller certification of the availability of funds.

[1] CleanPowerSF, which provides renewable electricity to residential and commercial customers in San Francisco, is also part of the Hetch Hetchy Enterprise, and the subject of File 23-0653.

The proposed ordinance also de-appropriates $18,436,483 for Hetch Hetchy Enterprise projects and places the funding on Controller's Reserve and de-appropriates $6,935,995 in Hetch Hetchy Enterprise projects and returns the funding to FY 2022-23 fund balance.

Sources and uses of the funds are shown in Table 1 below.

Projects funded by the appropriated funds are subject to final approval by the SFPUC and the Board of Supervisors of the California Environmental Quality Act (CEQA) findings.

Power Revenue Bond Issuance

At the February 14, 2023 Commission meeting, the SFPUC approved the issuance of new Power Revenue Bonds to finance Power capital projects in FY 2022-23. The proposed ordinance allows the issuance of commercial paper or other interim debt to finance the projects prior to the issuance of the revenue bonds and provides for SFPUC to access California Water Resources Control Board revolving loan funds or grant funds. The SFPUC may issue taxable or tax-exempt bonds in one or more series through either a negotiated or competitive sale.

In addition, the SFPUC may issue refunding bonds to repay outstanding Power Revenue Bond debt if the issuance of the refunding bonds results in net present value debt service savings of 3 percent and does not extend the maturity date. If the SFPUC issues refunding bonds, then the SFPUC needs to submit to the Board of Supervisors the final official statement for the refunding bonds and a statement from the financial advisor on the 3 percent net present value debt service savings. SFPUC may request authorization to issue refunding bonds for other reasons than debt service savings if other benefits accrue, such as removal of bond covenants deemed to be onerous to the SFPUC. The authorization to issue refunding bonds extends through June 2028.

Reporting

Unlike the pending Water and Wastewater debt issuances (Files 23-0655 & 23-0666), the proposed ordinance does not include a reporting requirement. The proposed ordinance should be amended to require PUC to provide, within days of each bond sale or other form of indebtedness, a report to the Board of Supervisors showing the results of the transaction, including (i) principal amount sold and method of sale, (ii) true interest cost, (iii) final maturity, (iv) the facilities constructed and/or improved, and (v) a statement about the remaining bonding authorization under the proposed ordinance and include the report in the legislative file for the bond authorization.

FY 2023-24 Capital Budget

The proposed ordinance appropriates $77.1 million in new bonds to fund Water Enterprise projects and $46.9 million in Power projects in the 10-Year Capital Plan for FY 2023-24 through FY 2032-33, shown in Table 1 below.

Table 1: Sources and Uses of Funds

	Power Bond Proceeds	Water Bond Proceeds (File 23-0665)	Hetch Hetchy Revenue	Cap & Trade	Total
Sources	**$41,031,367**	**$77,084,105**	**$5,015,000**	**$890,000**	**$124,020,472**
Uses					$0
Retail Power Distribution	$9,122,894				$9,122,894
Public Power Expansion	$5,387,000		$2,200,000		$7,587,000
Streetlight Replacement			$2,815,000		$2,815,000
General Fund Energy Efficiency				$890,000	$890,000
Hetch Hetchy Water Infrastructure		$48,857,770			$48,857,770
Hetch Hetchy Joint Projects - Water		$16,663,719			$16,663,719
Hetch Hetchy Joint Project - Power	$20,366,768	$11,393,031			$31,759,799
Bond Financing Costs	$6,134,189	$131,043			$6,265,232
City Services Auditor		$38,542			$38,542
Revenue Bond Oversight Committee	$20,516				$20,516
Total Uses	**$41,031,367**	**$77,084,105**	**$5,015,000**	**$890,000**	**$124,020,472**

Source: Appropriation Ordinance

[a] Bond financing costs include the costs of interim, short-term funding for projects by the Commercial Paper Program, such as accrued interest and credit bank and dealer fees associated with outstanding commercial notes as well as capitalized interest and other issuance costs.

Changes in Appropriations

The proposed ordinance re-appropriates $18.4 million from Alice Griffth/Candlestick Point and Treasure Island Improvement projects and places the funding on Controller's Reserve. The re-appropriation changes the accounting of the funds, not the total amount allocated to each project.

The ordinance also de-appropriates $6.9 million from the Rim Fire project and returns the funding to Power Enterprise's operating fund balance. According to PUC staff, Rim Fire repairs are complete and federal reimbursements have offset a portion of PUC costs, allowing the revenues to be transferred to fund balance.

Projects summaries are included in Attachment I to this report.

Power Revenue Bonds

The Board of Supervisors has authorized $695,933,229 in Power Revenue Bonds, of which $279,907,000 were issued (including outstanding commercial paper) and $416,026,229 were authorized to be issued in future years. The PUC plans to issue approximately $116 million (to

retire currently outstanding commercial paper), $424 million, and $372 million in Fiscal Year 2023-24, 2025-26, and 2028-29, respectively as per the 10-year Financial Plan (amounts are preliminary are subject to change due to market conditions and actual project spending).

FISCAL IMPACT

Debt Issuance

SFPUC anticipates issuing $41 million in Power Revenue Bonds at 5 percent interest and for a 30-year term. Interim financing and issuance costs are $6.1 million[2] for net bond proceeds of approximately $34.9 million. Average annual debt service over 30 years is approximately $2.7 million.

According to the SFPUC 10-Year Capital Plan, SFPUC plans to issue $116 million in Power Revenue Bonds in FY 2023-24; total bond issuance over the 10 years through FY 2032-33 is $912 million. Annual Power Enterprise debt service for outstanding debt is $4.0 million in FY 2022-23, increasing to $71.6 million in FY 2032-33.

The year-end Hetch Hetchy Enterprise fund balance is estimated to increase from $123.3 million in FY 2022-23 to $239.1 million in FY 2032-33. The SFPUC fund balance reserve policy is for fund balance to equal at least 25 percent of annual operating and maintenance expenses. According to the 10-Year Financial Plan, the Hetch Hetchy Enterprise fund balance is estimated to range between 28 and 63 percent of operating expenses over the ten-year period.

The SFPUC 10-Year Financial Plan projects that the Power Enterprise will have sufficient net revenues and unrestricted fund balance to maintain debt service coverage ratios in compliance with its financial policies.

Power Rates

According to the 10-Year Financial Plan, SFPUC expects Hetch Hetchy customer rates, which includes rates charged to City agencies, to increase by 6.6 percent in FY 2022-23 and 14 percent in FY 2023-24, an increase from the 8.4 percent rate increase projected last year for FY 2023-24.

Annual retail rate increases are 10, 9.0, and 8.5 in FY 2024-25 to FY 2026-27 and then decline in subsequent years between 7.0 and 3.0 percent per year through FY 2032-33.

RECOMMENDATIONS

1. Amend File 23-0667 to require PUC provide to the Board of Supervisors within 30 days of each bond sale or other debt transaction a report detailing the: i) principal amount sold and method of sale, (ii) true interest cost, (iii) final maturity, (iv) the facilities constructed and/or improved, and (v) a statement about the remaining bonding authorization under the proposed ordinance and include the report in the legislative file for the bond authorization.

[2] Issuance costs include underwriting fees, legal fees, financial advisory fees, credit enhancement fees, and other miscellaneous fees typically associated with a bond financing.

2. Approve Files 23-0667 and 23-0652, as amended.

Attachment: Ten-Year Capital Plan Hetch Hetchy Water and Power Projects

Transmission & Distribution Program:

These projects are consistent with San Francisco Administrative Code Section 99.3 establishing the SFPUC's role as the exclusive electric service provider for existing and new City facilities, and redevelopment and development projects.

Alice Griffith/Candlestick Point - This project provides for the second phase of development at Hunters Point Shipyard, Candlestick Point, and the Alice Griffith Housing Complex. The Development Team comprised of the Office of Community Investment and Infrastructure and Developer will pay for the installation of the infrastructure and substructure required for the new 12-kV underground electrical distribution system. The SFPUC as the electric utility provider will install the conductors in the conduits, transformers, switches, and metering equipment required for the electric distribution system.

Streetlights: $37.2 million

Hetchy provides power to all of San Francisco's 44,528 streetlights, maintains the 25,509 streetlights owned by the City, and funds the maintenance of the 19,019 streetlights owned by Pacific Gas & Electric Company (PG&E). Street lighting area improvements, the conversion of high voltage series loop circuits into multiple standard voltage service and Lighting Emitting Diode (LED) lighting, holiday and festivity pole use, assessments to determine the severity of pole deterioration, streetlight pole rehabilitation, and replacement of poles are all funded through this program**.**

Energy Efficiency: $10.0 million

Energy efficiency improvements reduce facility operating costs and electric bills for customers, improve system functionality, and reduce the environmental impact of energy use. This program funds energy efficiency investments in City facilities covering the planning, design, and construction of "direct install" projects, as well as technical assistance and project assistance for departments utilizing their own capital funds. Energy retrofits include lighting, heating and ventilation, retro-commissioning, and energy management systems projects. The SFPUC performs three to five energy efficiency projects each year. The budget funds efficiency projects in municipal facilities for departments such as Police, Real Estate, Recreation and Parks, SFMTA, Yerba Buena Center, and Fine Arts. Planned funding for lighting and mechanical system efficiency upgrades are consistent with state policies that place emphasis on energy efficiency and that support greenhouse gas reduction.

Item 17 File 23-0653	Department: Public Utilities Commission

EXECUTIVE SUMMARY

Legislative Objectives

- File 23-0653 is an ordinance appropriating $759,000 in CleanPowerSF revenues to fund capital projects and $848,220 in California Public Utilities Commission grant funds to fund the Disadvantaged Communities Green Tariff and Community Solar Green Tariff programs in FY 2023-24. The total appropriation is $1,607,220.

Key Points

- According to the SFPUC's 10-Year Financial Plan (adopted in February 2023), the CleanPowerSF Capital Improvement Plan includes funding of approximately $73 million from FY 2023-24 to FY 2032-33. Of the $73 million, $48.8 million will fund the Local Renewal Energy Program, $12.1 million will fund the Customer Program, and $12.2 million will fund the Disadvantaged Community and Green Tarif Solar Program.
- The Local Renewable Energy Program funds the development of new renewable energy (solar) and battery storage facilities to help CleanPowerSF meet its renewable energy mix targets.
- The CleanPowerSF Customer Program provides incentives to customers for solar installations, solar water heating, and electric vehicles.
- The Disadvantaged Communities Green Tariff and Community Solar Green Tariff Programs provide funding for discounts to participating customers that meet eligibility criteria.

Fiscal Impact

- CleanPowerSF revenues come from customers. According to the SFPUC's 10-Year Financial Plan for FY 2022-23 – FY 2032-33, retail rates are projected to decrease by 10.8 percent in FY 2022-23, increase by 15 percent in FY 2023-24 and then decrease by 3 percent total between FY 2024-25 through FY 2032-33.

Recommendation

- Approve the proposed ordinance.

MANDATE STATEMENT

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.

Charter Section F1.113 states that 0.2 percent of the City's budget, excluding bond debt, must be set-aside for the Controller's audit fund.

BACKGROUND

CleanPowerSF

CleanPowerSF, operated by the San Francisco Public Utilities Commission (SFPUC) Power Enterprise, provides electricity generated from renewable sources to approximately 380,000 San Francisco customers. In 2016, CleanPowerSF began serving customers after the enactment of California Public Utilities Code Section 331.1(c) and 366.2 in 2002 authorizing local governments to create community choice aggregators to provide electricity to customers using the existing investor-owned utility's billing, transmission, and distribution infrastructure. Between 2004 and 2015, the Board of Supervisors approved a series of legislation supporting implementation of CleanPowerSF as the City's community choice aggregator.[1] In February 2021, the Board of Supervisors authorized CleanPowerSF to join a nine-member Joint Powers Agreement (JPA) with other community choice aggregators in Northern California (Ordinance 25-21).[2] The JPA, called California Community Power or "CC Power," was formed in April 2021.

DETAILS OF PROPOSED LEGISLATION

File 23-0653 is an ordinance appropriating $759,000 in CleanPowerSF revenues to fund capital projects and $848,220 in California Public Utilities Commission grant funds to fund the Disadvantaged Communities Green Tariff and Community Solar Green Tariff programs in FY 2023-24. The total appropriation is $1,607,220.

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[1] See Ordinance Nos. 86-04, 147-07, 232-09, 45-10, 200-12, and 78-14; and Resolution Nos. 348-12, 331-13, and 75-15.

[2] According to the Budget and Legislative Analyst's report to the January 27, 2021 Budget and Finance Committee, the JPA was to be made up of Clean Power SF; Central Coast Community Power (serving parts of Monterey, San Benito, Santa Cruz, San Luis Obispo and Santa Barbara counties); East Bay Community Energy Authority (Alameda County); Marin Clean Energy Authority (serving Contra Costa, Marin, Napa and Solano counties as well as towns and cities within those counties); San Jose Clean Energy (City of San Jose); Redwood Coast Energy Authority (Humboldt County); Peninsula Clean Energy (San Mateo County and incorporated cities); Silicon Valley Clean Energy Authority (parts of Santa Clara County); and Sonoma Clean Power Authority (Sonoma and Mendocino Counties).

CleanPowerSF Capital Plan

According to the SFPUC's 10-Year Financial Plan (adopted in February 2023), the CleanPowerSF Capital Improvement Plan includes funding of approximately $73 million from FY 2023-24 to FY 2032-33. Of the $73 million, $48.8 million will fund the Local Renewal Energy Program, $12.1 million will fund the Customer Program, and $12.2 million will fund the Disadvantaged Community and Green Tarif Solar Program.

The SFPUC's 2022 fund balance requires that require that CleanPowerSF maintain at least 150 days of cash on hand (or 41& of operating expenditures) and has a reserve target of 180 days cash on hand (or 49% of operating expenditures). If the Fund Balance Reserve ends the fiscal year below the target of 180 days cash on hand, budgets and rates must be set to build back up to the target within three fiscal years. According to the FY 2023-24 to FY 2032-33 Ten Year Financial Plan, the CleanPowerSF fund balance is projected to be 31% of operating expenditures in FY 2023-24 and 50% in FY 2024-25 than remain above 50% though FY 3032-33.

Local Renewable Energy Program

The Local Renewable Energy Program funds the development of new renewable energy (solar) and battery storage facilities to help CleanPowerSF meet its renewable energy mix targets. Funding would go towards planning, design, construction management and environmental review. The facilities will be initially operated by third-parties (through power purchase agreements) but may be purchased by CleanPowerSF in the future through a buy-out option for the City.

Customer Program

The CleanPowerSF Customer Program provides incentives to customers for solar installations, solar water heating, and electric vehicles.

California Public Utilities Commission Disadvantaged Communities Green Tariff and Community Solar Green Tariff Programs

As directed by Assembly Bill 327, the California Public Utilities Commission (CPUC) created the Disadvantaged Communities Green Tariff and Community Solar Green Tariff Programs to increase the use of renewable energy in disadvantaged communities.

Eligible customers participating in the Disadvantaged Communities Green Tariff and Community Solar Green Tariff programs will receive 100 percent renewable energy at a 20 percent discount off their monthly electricity bill.

FISCAL IMPACT

CleanPowerSF revenues come from customers. According to the SFPUC's 10-Year Financial Plan for FY 2022-23 – FY 2032-33, retail rates are projected to decrease by 10.8 percent in FY 2022-23, increase by 15 percent in FY 2023-24 and then decrease by 3 percent total between FY 2024-25 through FY 2032-33.

RECOMMENDATION

Approve the proposed ordinance.

Items 18 & 20 Files 23-0654 & 23-0665	Department: Public Utilities Commission

EXECUTIVE SUMMARY

Legislative Objectives

- **File 23-0665** is an ordinance authorizing the San Francisco Public Utilities Commission (SFPUC) to issue $358,985,453 in Water Revenue Bonds to fund Water Enterprise capital projects.
- **File 23-0654** is an ordinance appropriating $322,278,006 of Water Revenue Bond proceeds or State Loan or Grant Funds, water revenues, and water capacity fees for the Water Enterprise's Capital Improvement Program for FY 2023-24.

Key Points

- Proposition E, approved by voters in 2002, provides for the Board of Supervisors to authorize SFPUC to issue revenue bonds. To date, the Board of Supervisors has authorized $4.6 billion and SFPUC has issued $4.3 billion in Water Revenue Bonds and commercial paper.
- The appropriation of $322.3 million funds projects approved in the SFPUC Capital Plan.

Fiscal Impact

- The PUC's Financial Plan assumes no rate increase for retail customers in FY 2022-23 and a 5 percent rate increase for retail customers in FY 2023-24, consistent with last year's financial plan. Annual retail rate increases are between 2 and five percent over the ten-year period.
- The 10-Year Financial Plan assumes a 15.9 percent rate increase for wholesale customers in FY 2022-23 and a 11.6 percent rate increase for wholesale customers in FY 2023-24, consistent with last year's financial plan.

Recommendations

- Amend File 23-0665 to state that the required report to the Board of Supervisors detailing issuance of Water Revenue bonds will be included in the legislative file for File 23-0665.
- Approve ordinances, as amended.

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.

Charter Section F1.113 states that 0.2 percent of the City's budget, excluding bond debt, must be set-aside for the Controller's audit fund.

Charter Section 5A.31(d) states that one-twentieth of one percent (0.05%) 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) Water Enterprise provides both regional water conveyance and local (in-city) water distribution. The regional water conveyance system includes the Hetch Hetchy Reservoir, the Irvington Tunnel conveying water from the Hetch Hetchy Reservoir, the San Antonio and Calaveras Reservoirs in Alameda County, and the San Andreas and Crystal Springs Reservoirs on the Peninsula. 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.

The SFPUC approved the 10-year financial plan for FY 2023-24 through FY 2032-33 in February 2023 in accordance with Charter Section 8B.123. The Water Enterprise 10-year capital plan through June 2033 is $2.3 billion, of which 27 percent is funded through Water Enterprise revenues and the remaining is funded through debt. The Board of Supervisors is being asked to approve the Water Enterprise capital improvement budget for FY 2023-24 and the issuance of Water Revenues Bonds, as detailed below.

DETAILS OF PROPOSED LEGISLATION

File 23-0665 is an ordinance (a) authorizing the issuance and sale of tax-exempt or taxable Water Revenue Bonds by the San Francisco Public Utilities Commission (SFPUC) in an aggregate principal amount not to exceed $358,985,453 to finance the costs of Water Enterprise capital projects; (b) authorizing the issuance of Water Revenue Refunding Bonds and the retirement of outstanding Water Enterprise Commercial Paper; (c) declaring the intent of SFPUC to reimburse itself with one or more issues of tax-exempt bonds or other forms of indebtedness; and (d) ratifying previous actions taken in connection with the issuance of the bonds.

File 23-0654 is an ordinance (a) appropriating $332,278,006 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 FY 2023-24. $281,901,348 of Revenue Bond and State Loan Funds or State Grant Funds proceeds are placed on Controller's Reserve pending Controller certification of the availability of funds. Sources and uses of the appropriated funds are shown in Table 1 below. Projects funded by the appropriated funds are subject to final approval by the SFPUC and the Board of Supervisors of the California Environmental Quality Act (CEQA) findings.

Water Revenue Bond Issuance

At the February 14, 2023 Commission meeting, the SFPUC approved the issuance of new Water Revenue Bonds to finance Water capital projects in FY 2023-24. The proposed ordinance allows the issuance of commercial paper or other interim debt to finance the projects prior to the issuance of the revenue bonds and provides for SFPUC to access California Water Resources Control Board revolving loan funds or grant funds.

The SFPUC may issue taxable or tax-exempt bonds in one or more series through either a negotiated or competitive sale. The SFPUC is to report to the Board of Supervisors within 30 days of the bond issuance: (i) the principal amount sold and method of sale, (ii) true interest cost, (iii) final maturity, (iv) the facilities constructed and/or improved, and (v) a statement about the remaining bonding authorization.

In addition, the SFPUC may issue refunding bonds to repay outstanding Water Revenue Bond debt if the issuance of the refunding bonds results in net present value debt service savings of 3 percent and does not extend the maturity date. If the SFPUC issues refunding bonds, then the SFPUC needs to submit to the Board of Supervisors the final official statement for the refunding bonds and a statement from the financial advisor on the 3 percent net present value debt service savings. SFPUC may request authorization to issue refunding bonds for other reasons that debt service savings if other benefits accrue, such as removal of bond covenants deemed to be onerous to the SFPUC. The authorization to issue refunding bonds extends through June 2028.

FY 2023-24 Capital Budget

The proposed ordinance appropriates $332.3 million in new funds to Water Enterprise projects in the 10-Year Capital Plan for FY 2023-24 through FY 2032-23, as shown below.

Table 1: Sources and Uses of Funds

	Regional Programs		Local Programs			
	Water Revenue Bonds (Regional)	Water Revenues (Wholesale Customer)	Water Revenue Bonds (Local)	Water Enterprise Revenues	Water Capacity Fees	Total
Sources	**$184,090,089**	**$25,000,000**	**$97,811,259**	**$20,579,658**	**$4,797,000**	**$332,278,006**
Uses						$0
Regional Water Treatment Program	$150,892,971	$2,164,877				$153,057,848
Water Supply and Storage		$4,764,596				$4,764,596
Watersheds and Land Management		$12,158,483				$12,158,483
Communications and Monitoring		$1,998,767				$1,998,767
Buildings & Ground Regional	$5,583,605	$3,513,277				$9,096,882
Long Term Monitoring & Permit Program		$400,000				$400,000
Water Supply Projects Local			$2,336,692			$2,336,692
Local Water Conveyance/Distribution			$66,246,594	$16,746,216	$4,797,000	$87,789,810
System Monitoring & Control				$3,833,442		$3,833,442
Local Reservoir & Tank Improvements			$10,582,000			$10,582,000
Pump Station Improvements			$859,859			$859,859
Automated Meter Reading System			$3,114,425			$3,114,425
Financing [a]	$27,208,515		$14,456,504			$41,665,019
Controller's Audit	$312,953		$166,279			$479,232
RBOC [b]	$92,045		$48,906			$140,951
Total Uses	**$184,090,089**	**$25,000,000**	**$97,811,259**	**$20,579,658**	**$4,797,000**	**$332,278,006**

Source: File 23-0654

[a] Financing costs include the costs of interim, short-term funding for projects by the Commercial Paper Program, such as accrued interest and credit bank and dealer fees associated with outstanding commercial notes as well as capitalized interest and other issuance costs.

[b] Revenue Bond Oversight Committee

Descriptions of the projects shown in Table 1 is provided in Attachment I.

Proposition E Bond Funds

To date, the Board of Supervisors has authorized $4,758,517,508 and SFPUC has issued $4,275,067,000 in bonds authorized by Proposition E (including outstanding commercial paper)

The SFPUC plans to issue approximately $450 million (including the retirement of currently outstanding commercial paper), $430 million, and $439 million in Fiscal Year 2023-24, 2024-25, and 2026-27, respectively as per the 10-year Financial Plan (amounts are preliminary are subject to change due to market conditions and actual project spending).

FISCAL IMPACT

Debt Issuance

SFPUC anticipates issuing $359 million in Water Revenue Bonds (including $77.1 million to benefit Hetch Hetchy Water and Power, discussed in our report Files 23-0652 & 23-0667) at 5 percent interest and for a 30-year term. Interim financing and issuance costs are $41.8 million[1] for net bond proceeds of approximately $317.2 million.[2] Average annual debt service over 30 years is approximately $23.4 million. Actual debt service cost may be lower due to bond refunding and access to state lending and other capital revenues.

The 10-Year Financial Plan provides for issuing no Water Revenue Bonds in FY 2023-24 and future Water Revenue Bond issuances totaling $1.3 billion over 10 years. Annual Water Enterprise debt service for outstanding debt is $328.4 million in FY 2022-23, increasing to $427.4 million in FY 2032-33.

The year-end Water Enterprise fund balance is estimated to increase from $253.7 million in FY 2022-23 to $183.3 million in FY 2032-33. The SFPUC fund balance reserve policy is for fund balance to equal at least 25 percent of annual operating and maintenance expenses. According to the 10-Year Financial Plan, the Water Enterprise fund balance is estimated to equal at least 78 percent of annual operating and maintenance FY 2022-23, declining to 39 percent in FY 2031-32.

The SFPUC 10-Year Financial Plan projects that the Water Enterprise will have sufficient net revenues and unrestricted fund balance to maintain debt service coverage ratios in compliance with its financial policies.

Water Customer Rates

The 10-Year Financial Plan assumes no rate increase for retail customers in FY 2022-23 and a 5 percent rate increase for retail customers in FY 2023-24, consistent with last year's financial plan. Annual retail rate increases are between 2 and five percent over the ten-year period.

The 10-Year Financial Plan assumes a 15.9 percent rate increase for wholesale customers in FY 2022-23 and an 11.6 percent rate increase for wholesale customers in FY 2023-24, consistent with last year's financial plan. Annual wholesale rate increase range between 0 and 4.5 percent over the remaining eight years.

[1] Issuance costs include underwriting fees, legal fees, financial advisory fees, credit enhancement fees, and other miscellaneous fees typically associated with a bond financing.

[2] As noted above, a portion of the Water Revenue Bond proceeds are allocated to Hetch Hetchy Water and Power Enterprise projects.

RECOMMENDATIONS

1. Amend File 23-0665 to state that the required report to the Board of Supervisors detailing issuance of Water Revenue bonds will be included in the legislative file for File 23-0665.
2. Approve ordinances, as amended.

Attachment I: Ten-Year Water Capital Project Summary

Regional Water – Regional Water Treatment Program: $323.8 million

This program provides funding for improvements to the major water treatment facilities located at Tesla Portal Ultra-Violet Light Disinfection Facility, Thomas Shaft Chlorination Facility, Sunol Valley Chloramination Facility, Sunol Valley Water Treatment Plant (SVWTP), Pulgas Dechloramination Facility, Harry Tracy Water Treatment Plant (HTWTP), and other locations.

Regional Water – Regional Water Transmission Program: $327.5 million

This program provides upgrades to the Transmission System including pipeline inspection and repairs, pipeline and valve replacements, metering upgrades, corrosion protection, and pump station and vault upgrades. As part of the pipeline improvement program, funding is included to monitor, strengthen, and replace older pipeline to achieve higher level performance and reliability.

Regional Water – Regional Water Supply and Storage Program: $162.9 million

This program includes upgrades to reservoir dams and structures to meet State Division of Safety of Dams requirements including geotechnical work, installation of monitoring systems, and major improvements to dam spillways and structures as needed.

Regional Water – Regional Watersheds and Land Management: $17.9 million

This program supports projects that improve and/or protect the water quality and/or ecological resources impacted by the siting and operation of SFPUC facilities. Projects include the repair, replacement, maintenance, or construction of roads, fences, or trails, the acquisition of easements and/or fee title of properties, and other ecosystem restoration or public access, recreation, and education projects.

Regional Water – Regional Communications and Monitoring Program: $22.2 million

This project will provide much needed redundant emergency communications capability and increased bandwidth for secure data transfer. Specifically, it will build a microwave backbone to link the entire SFPUC regional water system from the O'Shaughnessy Dam site in Yosemite to the rest of the SFPUC sites (San Francisco, San Mateo, Santa Clara, and Alameda counties).

Regional Water – Regional Buildings and Grounds Programs: $249.5 million

This program provides funding for major improvements to the Sunol and Millbrae Yards. Sunol Yard improvements are already complete and included LEED replacement facilities for maintenance shops and equipment storage, a new fueling center and administration building, re-surfacing of the yard, demolition of six dilapidated structures, and on-going renewal and replacement of worn or aging equipment.

Regional Water- Long Term Monitoring & Permit Program: $31.6 million

The purpose of this program is to meet the long-term monitoring and permit requirements associated with capital projects and the operation and maintenance of the SFPUC water supply system and watershed/right-of-way lands within the Bay Area.

Local Water – Water Supply Projects: $26.4 million

This program includes planning for local water diversification to explore alternative methods for expanding local water sources. Such sources include the Eastside Water Purification Project and Innovations for San Francisco ratepayers that highlight innovative water supplies and technologies.

Local Water – Local Water Conveyance/Distribution System: $650.5 million

This program includes funding to install, replace and renew distribution system pipelines ($420.9 million) and service connections for the 1,230 miles of drinking water mains in San Francisco to meet customer level of service goals for uninterrupted service. Improvements include replacement, rehabilitation, re-lining, and cathodic protection of all pipe categories to extend or renew pipeline useful life. The program also includes partial funding for new Potable Emergency Firefighting Water System pipelines as well as funding for joint-department City street improvement projects.

Local Water –Systems Monitoring and Control: $15.5 million

Projects include an upgrade to the Customer Service Center System that will modernize current existing technology to optimize business processes aligning with current and future Customer Service needs and increased operational effectiveness. Continued improvements to facilities for controlling and monitoring San Francisco's water distribution system include enhancements to the Supervisory Control and Data Acquisition (SCADA) system for remote monitoring of pressure, flow, and valve position status at key locations throughout the distribution system

Local Water – Local Reservoir and Tanks Improvements: $29.8 million

This program provides long-term funding for renewal and rehabilitation of water storage reservoirs and tanks within the San Francisco Distribution System. Projects included improvements to the Sunset South and University Mound reservoirs and replacement of coatings for roofs and tanks at multiple locations to extend the useful service life of the facilities and to provide for the installation of solar energy panels. Major seismic improvements for the College Hill Reservoir and outlet structure are included, as well as geotechnical improvements for Lombard Reservoir.

Local Water – Pump Station Improvements: $7.1 million

The SFPUC's 12 major water pump stations and seven hydropneumatics tanks that boost pressure within the San Francisco distribution system need ongoing renewal and rehabilitation. This program provides long term funding for renewal and rehabilitation of the water pump stations and hydro-pneumatic tanks that boost water pressure within the distribution system including the automation of the five pump suction valves at Lake Merced Pump Station. The

program also includes improvements at the Harding Park Recycled Water Pump Station and the Bay Bridge West Pump Station.

Local Water – Automated Meter Reading System: $40.2 million

This program provides funding for the ongoing Automated Water Meter Program (AWMP) including meter renewal, replacement, automation, and replacement planning for the entire AWMP System by the end of its 20-year useful life (ending in 2031).

Items 19 & 21 Files 23-0655 & 23-0666	Department: Public Utilities Commission

EXECUTIVE SUMMARY

Legislative Objectives

- **File 23-0666** is an ordinance authorizing the San Francisco Public Utilities Commission (SFPUC) to issue $1,047,288,286 in Wastewater Revenue Bonds to fund Wastewater Enterprise capital projects.
- **File 23-0655** is an ordinance appropriating $1,142,597,402 of Wastewater Revenue Bond proceeds or State Loan or Grant Funds, wastewater revenues, and wastewater capacity fees for the Wastewater Enterprise's Capital Improvement Program for FY 2022-23 and placing $704,198,901 on Controller's Reserve.

Key Points

- Proposition E, approved by voters in 2002, provides for the Board of Supervisors to authorize SFPUC to issue revenue bonds. To date, the Board of Supervisors has authorized $5.2 billion and SFPUC has issued $4.5 billion in Wastewater Revenue Bonds authorized by Proposition E.
- The appropriation funds projects approved in the SFPUC Capital Plan. The Wastewater Enterprise's $4.9 billion ten-year capital improvement plan is a decrease from last year's $6.1 billion ten-year capital plan for Wastewater. The SFPUC reduced the capital budget by $1.2 billion due to increasing financing and construction costs, annual Wastewater capital underspending of approximately $1.5 billion between FY 2016-17 and FY 2021-22, and a desire to balance rate increases for all its Enterprises. The capital funding decreases were across all Wastewater capital programs.

Fiscal Impact

- The 10-Year Financial Plan assumes no retail sewer rate increase in FY 2022-23 and a 9 percent rate in increase for sewer rates in FY 2023-24, and remain between 9 and 10 percent through FY 2030-31, after which they decrease to 5 percent per year in FYs 2031-32 and FY 2032-33. This is an increase from the 6 percent annual rate increases projected last year for FY 2023-24 – FY 2029-30.

Recommendations

- Amend File 23-0666 to state that the required report to the Board of Supervisors detailing issuance of Wastewater Revenue Bonds be included in the legislative file for that item.
- Approve the ordinances, as amended

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.

Charter Section F1.113 states that 0.2 percent of the City's budget, excluding bond debt, must be set-aside for the Controller's audit fund.

Charter Section 5A.31(d) states that one-twentieth of one percent (0.05%) 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 Wastewater Enterprise has three capital improvement programs totaling $4.9 billion over the ten-year period FY 2023-24 to FY 2032-33.

1. **Sewer System Improvement Program (SSIP):** consists of multiple projects that include addressing aging infrastructure and existing wastewater collection system and treatment facilities and seismic deficiencies, managing stormwater in the City's eight urban watersheds, and upgrading the existing wastewater system. SSIP Phase 1 includes 70 projects and Other SSIP includes 43 projects **($2.9 billion).**
2. **Renewal and Replacement Program (R&R)**: This program addresses (1) deficiencies in the sewer collection system to ensure they continue to function at proper capacity and meet regulatory standards, and (2) the extension of the useful life of treatment facilities throughout the City by helping to maintain their treatment capacity and performance and maintain regulatory compliance **($1.6 billion).**
3. **Facilities and Infrastructure Program (F&I)**: consists of capital projects intended to provide for necessary upgrades to aging facilities not included in the SSIP and RRP. These projects include the Southeast Outfall Condition Assessment & Rehabilitation, New Treasure Island Wastewater Treatment Plant, Ocean Beach Climate Change Adaptation Project, Collection Division Consolidation (WWE Facilities Plan), Southeast Community Center at 1550 Evans, Southeast Bay Outfall Islais Creek Crossing Replacement, and Southwest Ocean Outfall (SWOO) **($330 million).**

The Wastewater Enterprise's $4.9 billion ten-year capital improvement plan is a decrease from last year's $6.1 billion ten-year capital plan for Wastewater. The PUC reduced the ten-year capital budget by $1.2 billion due to increasing financing and construction costs, annual Wastewater Capital budget underspending of approximately $1.5 billion between FY 2016-17 and FY 2021-

22, and a desire to balance rate increases for all its Enterprises. The capital funding decreases were across all Wastewater capital programs: $636 million in SSIP, $599 million in Renewal and Replacement, and $13 million in Facilities.

DETAILS OF PROPOSED LEGISLATION

File 23-0666 is an ordinance (a) authorizing the issuance and sale of tax-exempt or taxable Wastewater Revenue Bonds and other forms of indebtedness by the San Francisco Public Utilities Commission (SFPUC) in an aggregate principal amount not to exceed $1,047,288,286 to finance the costs of Wastewater Enterprise capital projects; (b) authorizing the issuance of Wastewater Revenue Refunding Bonds and the retirement of outstanding Wastewater Enterprise Commercial Paper; (c) declaring the intent of SFPUC to reimburse itself with one or more issues of tax-exempt bonds or other forms of indebtedness; and (d) ratifying previous actions taken in connection with the issuance of the bonds.

File 23-0655 is an ordinance (a) appropriating $1,142,597,402 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), wastewater revenues, and wastewater capacity fees for the San Francisco Public Utilities Commission (SFPUC) Wastewater Enterprise's Capital Improvement Program for FY 2023-24. $1,047,288,286of Revenue Bond and State Loan Funds or State Grant Funds proceeds are placed on Controller's Reserve pending Controller certification of the availability of funds. Sources and uses of the appropriated funds are shown in Table 1 below. Projects funded by the appropriated funds are subject to final approval of the California Environmental Quality Act (CEQA) findings by the SFPUC and the Board of Supervisors.

Wastewater Revenue Bond Issuance

At the February 14, 2023 Commission meeting, the SFPUC approved the issuance of new Wastewater Revenue Bonds to finance wastewater capital projects in FY 2022-23. The proposed ordinance allows the issuance of commercial paper or other interim debt to finance the projects prior to the issuance of the revenue bonds and provides for SFPUC to access California Water Resources Control Board revolving loan funds or grant funds.

The SFPUC may issue taxable or tax-exempt bonds in one or more series through either a negotiated or competitive sale. The SFPUC is to report to the Board of Supervisors within 30 days of the bond issuance: (i) the principal amount sold and method of sale, (ii) true interest cost, (iii) final maturity, (iv) the facilities constructed and/or improved, and (v) a statement about the remaining bonding authorization.

In addition, the SFPUC may issue refunding bonds to repay outstanding Wastewater Revenue Bond debt if the issuance of the refunding bonds results in net present value debt service savings of 3 percent and does not extend the maturity date. If the SFPUC issues refunding bonds, then the SFPUC needs to submit to the Board of Supervisors the final official statement for the refunding bonds and a statement from the financial advisor on the 3 percent net present value debt service savings. SFPUC may request authorization to issue refunding bonds for other reasons

that debt service savings if other benefits accrue, such as removal of bond covenants deemed to be onerous to the SFPUC. The authorization to issue refunding bonds extends through June 2028.

FY 2023-24 Wastewater Capital Budget

The proposed ordinance appropriates $793.0 million of bond proceeds, wastewater revenues, and capacity fees to various SSIP and wastewater projects in FY 2022-23, as shown in Table 1 below.

Table 1: Sources and Uses of Funds

	2023 Bond Proceeds (SSIP) [a]	2021 Bond Proceeds	Wastewater Revenues	Capacity Fees	Total
Sources	**$915,923,953**	**$131,364,333**	**$81,338,116**	**$13,971,000**	**$1,142,597,402**
Uses					
SSIP Program Management	$18,000,000				$18,000,000
Biosolids Digester Project	$535,788,474				$535,788,474
Southeast Treatment Plant	$47,996,135				$47,996,135
Other Treatment Plants	$25,443,455				$25,443,455
Collection System	$83,121,607		$81,175,440	$13,971,000	$178,268,047
Green Infrastructure	$24,836,303				$24,836,303
Flood Resilience	$43,349,386				$43,349,386
Treasure Island Improvements		$111,659,683			$111,659,683
Financing Costs [b]	$135,373,560	$19,415,648			$154,789,208
City Services Auditor	$1,557,071	$223,320	$162,676		$1,943,067
Revenue Bond Oversight Committee	$457,962	$65,682			$523,644
Total Uses	**$915,923,953**	**$131,364,333**	**$81,338,116**	**$13,971,000**	**$1,142,597,402**

Source: Appropriation Ordinance

[a] Sewer System Improvement Program

[b] Financing costs include the costs of interim, short-term funding for projects by the Commercial Paper Program, such as accrued interest and credit bank and dealer fees associated with outstanding commercial notes as well as capitalized interest and other issuance costs

Wastewater Revenues may include State Loan Funds, State Grant Funds, Federal Grant Funds, or Federal Loan Funds

Project descriptions are included in Attachment I.

Proposition E Bond Funds

San Francisco voters approved Proposition E in 2002, providing for the Board of Supervisors to authorize issuance of Wastewater Revenue Bonds with two-thirds approval of the Board members. To date, the Board has authorized $5,289,647,281, of which $4,482,180,128 has been issued and $807,467,153 is authorized but not issued. Approval of the $915,923,953 in new Wastewater Revenue Bond authority would increase the amount of bonds authorized in accordance with Proposition E to $1,723,391,106. The SFPUC plans to issue approximately $703

million, $990 million, and $867 million in Fiscal Year 2023-24, 2025-26, and 2026-27, respectively, as per their 10-year Financial Plan (amounts are preliminary are subject to change due to market conditions and actual project spending)

FISCAL IMPACT

Debt Issuance

SFPUC anticipates issuing $1.05 billion in Wastewater Revenue Bonds at 5 percent interest. Issuance and interim financing costs are $154.8 million[1] for net bond proceeds of approximately $892.5 million. Average annual debt service over 30 years is approximately $68 million. Actual debt service cost may be lower due to bond refunding and access to state lending and other capital revenues.

Ten-Year Financial Plan

The 10-Year Wastewater Capital Plan provides for issuing $703 million in Wastewater Revenue Bonds in FY 2023-24 and future Wastewater Revenue Bond issuances totaling $4.1 billion over 10 years. According to PUC's 10-Year Financial Plan, total annual Wastewater Enterprise debt service for outstanding debt is $102.2 million in FY 2022-23, increasing to $388.9 million in FY 2032-33.

The year-end Wastewater Enterprise fund balance is estimated to decrease from $158.8 million in FY 2022-23 to $134.3 million in FY 2032-33. The SFPUC fund balance reserve policy is for fund balance to equal at least 25 percent of annual operating and maintenance expenses. According to the 10-Year Financial Plan, the Wastewater Enterprise fund balance is estimated to equal 79 percent of annual operating and maintenance expenses in FY 2022-23, decreasing to 49 percent in FY 2031-32.

The SFPUC 10-Year Financial Plan projects that the Wastewater Enterprise will have sufficient net revenues and unrestricted fund balance to maintain debt service coverage ratios in compliance with its financial policies.

Wastewater Customer Rates

The 10-Year Financial Plan assumes no retail sewer rate increase in FY 2022-23 and a 9 percent rate in increase for sewer rates in FY 2023-24, and remain between 9 and 10 percent through FY 2030-31, after which they decrease to 5 percent per year in FYs 2031-32 and FY 2032-33. This is an increase from the 6 percent annual rate increases projected last year for FY 2023-24 – FY 2029-30.

[1] Issuance costs include underwriting fees, legal fees, financial advisory fees, credit enhancement fees, and other miscellaneous fees typically associated with a bond financing.

RECOMMENDATIONS

1. Amend File 23-0666 to state that the required report to the Board of Supervisors detailing issuance of Water Revenue bonds will be included in the legislative file for File 23-0665.
2. Approve ordinances, as amended.

Attachment I: Key Wastewater Enterprise Capital Projects

Collection System Renewal & Replacement (R&R) - Condition Assessment Projects: $192.2 million

This program includes cleaning and inspection of small and large diameter sewers. The results of the inspection program will inform the Small and Large Diameter Sewer Improvements subprograms, and potentially inform major improvements delivered by the Sewer System Improvement Program (SSIP). This project is a part of the on-going data gathering necessary for the Wastewater Enterprise Collection Systems Asset Management Program.

Collection System R&R - Small Diameter Sewer Improvements: $498.6 million

This program maintains the existing functionality of the sewage collection system and includes planned and emergency repairs and replacement of structurally inadequate sewers. Failure of the collection system will reduce the City's ability to handle and dispose of wastewater and stormwater which can lead to public health, safety, and environmental risks, and non-compliance with the State discharge permit. Projects are identified utilizing an asset management approach which factors in physical condition, age, location, risk, public safety, paving schedule, and other factors. This program allows for the renewal and replacement of approximately 15 miles of sewer per year.

Collection System R&R - Large Diameter Sewer Improvements: $403.3 million

This is a collection of large sewer improvement projects that will rehabilitate and/or replace Large Diameter Sewers (sewers greater than 36-inches in diameter or equivalent diameter) that have the highest risk for failure.

Treatment Facilities R&R: $305.0 million

The Treatment Plant Improvement program helps maintain the capacity and reliable performance of the Wastewater treatment facilities owned and operated by the Wastewater Enterprise. This is a continuing annual program to extend the useful life of Wastewater treatment assets.

Treasure Island Wastewater Improvements: $152.6 million

This project provides continued funding for a new wastewater treatment facility for the Treasure Island/Yerba Buena Island service area to replace the existing, aged facility.

Ocean Beach Climate Adaptation Project: $130.9 million

This project will develop a comprehensive shoreline management and protection plan to establish a long-term solution to the erosion issues along Ocean Beach.

SSIP Treatment Facilities: $1.7 billion

SSIP treatment facilities projects include the Bayside Biosolids Digester Facility Project in southeast San Francisco; improvements to the liquid treatment at the Southeast Water Pollution Control Plant, the North Point Wet Weather Facility, the North Shore Pump Station and

associated outfalls; and improvements to the Oceanside Water Pollution Control Plant, Westside Pump Station, and Westside Force Main.

SSIP Sewer/Collection System: $279.6 million

This program also replaces existing sewers to increase hydraulic capacity, and rehabilitates transportation/storage facilities, combined sewer discharge structures, pump stations, and force mains.

SSIP Stormwater Management and Flood Resilience: $548.9 million

This program includes work on green infrastructure, flood resilience, the Floodwater Management Grant Assistance Program, and the Green Infrastructure Stormwater Management Grant Program.

Side Stream Treatment Removal Project: $15 million

Project to provide nutrient removal during the next 6 to 7 years at Southeast Treatment Plant. Following completion of the Biosolids Digester Facility Project, a separate capital project would be created to provide long term nutrient removal. The costs and timing of that permanent facility are not established yet.

Items 23 & 24 Files 23-0565 & 23-0669	**Department:** Port Commission (Port) San Francisco Public Utilities Commission (PUC) Airport Commission (Airport)

EXECUTIVE SUMMARY

Legislative Objectives

File 23-0656: is a supplemental appropriation ordinance that would appropriate $501,908 in the Port Commission and $97,057,341 in the San Francisco Public Utilities Commission in FY 2023-24.

File 23-0669: is an ordinance that would amend the Annual Salary Ordinance for FY 2022-23 and FY 2023-24 to add four positions (3.16 FTEs) at the Port Commission and add 128 positions (101.12 FTEs) and substitute 31 positions (31.0 FTEs) at the Airport Commission in FY 2023-24.

Key Points

- File 21-1267 approved fixed two-year budgets for the Airport, Port, and Public Utilities Commission for FY 2022-23 and FY 2023-24 and defined "significant" budget changes, which require Board approval.

Fiscal Impact

- SFPUC's expenditures are increasing by $95.1 million, or 5.7 percent, primarily due to increases in power purchase costs.
- The Port's $500,000 General Fund budget in FY 2023-24 is being deleted by the Mayor's proposed supplemental appropriation. The funding was an add-back to support black-owned businesses. The Port's operating budget is also changing to reflect new park maintenance responsibilities.
- The Airport is substituting 46 existing position classifications at a cost of $1.7 million in FY 2023-24 and proposing to add 128 new positions in FY 2023-24 at a cost of $17 million. However, the Airport's total FY 2023-24 budget is decreasing by $8.8 million, which is driven by a $30.3 million decrease in debt service from bond refunding and an $11 million decrease in the cost of services performed by other City Departments.

Policy Consideration

- The Airport is proposing to add 128 new positions on top of 302 vacancies and projecting a salary surplus of $40 million in FY 2022-23. If approved, the Airport's total staffing would be 11 percent higher than 2019 levels even though enplanements have not recovered.
- The Board could consider deleting 33.97 FTE of the Airport's requested 101.12 FTEs, based on our review of existing vacancies. The Airport agrees that 7.11 FTE new positions could be deleted and added in subsequent fiscal years.

Recommendations

- Amend File 23-0669 to delete 33.97 FTE new Airport positions noted in Exhibit 8 within this report and approve File 23-0669, as amended.
- Approve the PUC's and Port's proposed non-General Fund budget changes in File 23-0656. Approval of the Port's General Fund reduction is a policy matter for the Board of Supervisors since it deletes a Board add-back appropriation.

MANDATE STATEMENT

Administrative Code Section 2.1-1 states that the Board of Supervisors shall determine the maximum number of each class of employment in each department.

City Charter Section 9.101 provides for two-year budgets and authorizes the Board of Supervisors to determine by resolution which budgets are on a two-year fixed budget. Section 9.101(g) provides for the Mayor to submit an ordinance to the Board of Supervisors, amending the second-year budgets of City departments with fixed two-year budgets, if the Controller projects that the City will experience significant increases or decreases in revenues or expenditures during the second year of such budgetary cycle.

File 21-1267 approved fixed two-year budgets for the Airport, Port, and Public Utilities Commission for FY 2022-23 and FY 2023-24 and defined "significant" budget changes as a five percent or more change in revenues or expenditures in non-General Fund funds and 2.5 percent change in General Fund funds.

City Charter Section 9.105 states that amendments to the Annual Appropriations Ordinance, after the Controller certifies the availability of funds, are subject to Board of Supervisors approval by ordinance.

BACKGROUND

Changes to the PUC's FY 2023-24 Budget

According to the Mayor's Proposed Budget for Fiscal Years 2023-24 and 2024-25, the San Francisco Public Utilities Commission's (PUC's) budget is increasing in FY 2023-24 due to increased power purchasing and power delivery costs. Wholesale energy market prices have increased faster than expected due to supply chain delays, Russia's invasion of Ukraine, hot weather, and drought conditions impacting hydroelectric energy outputs (see File 23-0091). As a result, revenues for CleanPowerSF have also increased due to rate increases to offset higher power purchase costs.

SFPUC's expenditures are increasing by $95.1 million, or 5.7 percent. Because SFPUC's expenditures are increasing by more than five percent, the changes to SFPUC's budget in FY 2023-24 require Board of Supervisors' approval.

Changes to the Port's FY 2023-24 Budget

According to the Mayor's Proposed Budget, the Port Commission's (Port's) proposed FY 2023-24 budget includes new funding to provide for ongoing operations of some of the Mission Bay Parks, including Bayfront Park, that are currently operated by Office of Community Investment and

Infrastructure (OCII) contractors using Community Facilities District (CFD) funds.[1] California Redevelopment Dissolution Law requires OCII to dispose of the former Redevelopment Agency's real property interests, including the parks, but allows OCII to continue administration of CFD maintenance funds.

The Port's expenditures are increasing by $0.5 million, which is less than one percent. However, the Port's General Fund funds are decreasing by 100 percent ($0.5 million). Because General Fund funds are changing by more than 2.5 percent, the changes to the Port's budget in FY 2023-24 require Board of Supervisors' approval.

Airport

The Board of Supervisors approved a fixed two-year budget for Airport for FY 2022-23 and FY 2023-24 (File 22-0669). Exhibit 1 below shows the change in the Airport's FY 2023-24 budget from what was approved by the Board of Supervisors in July 2022.

Exhibit 1: Change in Airport Budget

Expenditure	FY 2023-24 Base	FY 2023-24 Proposed	Change
Salaries	$210,030,280	$220,078,480	$10,048,200
Fringe Benefits	90,985,011	93,921,103	2,936,092
Overhead	(6,256,272)	(6,306,170)	(49,898)
Professional Services	177,548,241	189,685,653	12,137,412
Materials & Supplies	14,825,265	16,306,528	1,481,263
Capital Projects	55,093,005	55,093,005	0
Facilities Maintenance	15,000,000	15,750,000	750,000
Debt Service	605,293,867	575,029,174	(30,264,693)
Services of Other Depts.	105,932,933	94,953,334	(10,979,599)
General Fund Transfer	45,805,713	50,918,463	5,112,750
Total	**$1,314,258,043**	**$1,305,429,570**	**($8,828,473)**

Source: Financial System

As shown above, the Airport's overall expenditure budget is decreasing by $8.8 million, or less than one percent. The change is driven by a $30.3 million decrease in debt service from bond refunding and an $11 million decrease in the cost of services performed by other City Departments.

Because the overall change in appropriations is less than five percent, the Board of Supervisors does not need to approve the changes to the Airport budget in FY 2023-24. However, the Airport

[1] The parks were constructed on City and Port lands under the former Redevelopment Agency, and the parks were built by the Mission Bay Development Group using Tax Increment and Community Facilities District funds. The parks on non-Port lands are under the jurisdiction of the City's Real Estate Division.

is proposing position changes that require the Board to modify the previously approved Annual Salary Ordinance for FY 2023-24 (File 162-22).

DETAILS OF PROPOSED LEGISLATION

File 23-0656: is an ordinance that would appropriate $501,908 in the Port Commission and $97,057,341 in the San Francisco Public Utilities Commission in FY 2023-24.

File 23-0669: is an ordinance that would amend the Annual Salary Ordinance for FY 2022-23 and FY 2023-24 to add four positions (3.16 FTEs) at the Port Commission and add 128 positions (101.12 FTEs) and substitute 31 positions (31.0 FTEs) at the Airport Commission in FY 2023-24.

Summary of Proposed Port and PUC Appropriation

Proposed increases and decreases in funding sources in the FY 2023-24 budgets for the Port and SFPUC are shown in Exhibit 2 below. The SFPUC's proposed budget increase is primarily funded by charges for services for power ($95.6 million). The proposed FY 2023-24 budget for the Port includes $1.0 million in CFD funds from OCII to maintain Mission Bay parks and eliminates a $500,000 transfer from the General Fund.

Exhibit 2: Sources of Funds FY 2023-24 SFPUC and Port Supplemental Appropriation

Sources	SFPUC	Port
Prior Year Fund Balance	$12,474,340	
Prior Year Reserves	219,095	
Charges for Services	95,609,802	
Intergovernmental: Revenue from OCII		1,000,774
Other Revenues	316,333	
Rents & Concessions		1,134
Recoveries	(11,562,229)	
Transfers In from the General Fund		(500,000)
Revenue Transfers In	(15,130,951)	53,883
Transfer Adjustment-Source	15,130,951	(53,883)
Total Sources	**$97,057,341**	**$501,908**

Source: Proposed Ordinance

Airport: Position Substitutions

File 23-0669 approves 31 position substitutions. Although the Airport is substituting 46 positions, only 31 position changes require Board of Supervisors approval. Attachment 2 details the 46 position substitutions, the cost of which is $1.7 million in FY 2023-24.

FISCAL IMPACT

SFPUC Appropriation ($97,057,341)

The proposed $97.1 million increase in the SFPUC's FY 2023-24 budget compared to the original FY 2023-24 budget previously approved by the Board of Supervisors is driven by an $89.3 million increase in CleanPowerSF and a $14.5 million increase in Hetch Hetchy Water & Power largely due to increases in power purchase costs, partially offset by reductions in the Water and Wastewater Enterprises driven by debt service savings. The $497,745 increase in the Public Utilities Bureaus is due to increases in mandatory fringe benefits from increases in employee benefit costs in health and retirement and increases in services of other departments. Proposed changes in expenditures by enterprise are shown in Exhibit 3 below.

Exhibit 3: SFPUC Proposed Expenditure Changes by Enterprise

Enterprise	FY 2023-24 Original	FY 2023-24 Proposed	Change	Percent Change
CleanPowerSF	$280,251,972	$369,554,174	$89,302,202	31.9%
Hetch Hetchy Water & Power	254,660,127	269,146,133	14,486,006	5.7%
Public Utilities Bureaus	696,138	1,193,883	497,745	71.5%
Water Enterprise	724,371,357	720,496,084	-3,875,273	-0.5%
Wastewater Enterprise	431,679,623	428,326,284	-3,353,339	-0.8%
Total	**$1,691,659,217**	**$1,788,716,558**	**$97,057,341**	**5.7%**

Source: Proposed Ordinance

The $97.1 million increase in SFPUC's budget is shown by expenditure type in Exhibit 4 below. The increases in power purchase costs for CleanPowerSF and Hetch Hetchy Power are reflected in the $121.3 million (26.2 percent) increase in non-personnel services. Other increases include increases in mandatory fringe benefits due to rising employee benefit costs, increases in materials and supplies in the Water and Wastewater Enterprises, and increases in overhead and allocation costs. These increases are partially offset by $27.6 million in debt service savings, as well as reductions in salaries due to increased attrition savings and reductions in workorder costs.

Exhibit 4: SFPUC Proposed Expenditure Changes by Type, FY 2023-24

	Proposed Change	Percent Change	Notes
Salaries	($2,291,656)	-0.7%	Reduced salary budget due to increased attrition savings
Mandatory Fringe Benefits	2,923,805	2.4%	Citywide increases in employee benefit costs in health and retirement
Non-Personnel Services	121,327,802	26.2%	Increased power purchase costs in CleanPowerSF and Hetch Hetchy Power
Debt Service	(27,663,422)	-6.0%	Savings from: (a) use of lower cost debt for Biosolids and Headworks in Wastewater, (b) 2022 refunding transaction in Wastewater, and (c) revised project schedules, delaying debt repayment, in Wastewater and Water.
Facilities Maintenance	953,531	2.1%	Cost neutral change moving expenditures from the operating fund to consolidate the maintenance budget for the Alameda Watershed Center.
Materials & Supplies	2,232,583	5.9%	Increases due to: (a) cost neutral change moving expenditures on water treatment chemicals from non-personnel services to materials and supplies, and (b) new operating costs related to the Recycled Water Plant, which is transferring from the capital budget to an operational asset in Wastewater.
Overhead and Allocations	4,222,378	-4.4%	Increases due to: (a) $2.4 million increase in Countywide Cost Allocation Plan overhead, and (b) increases in department overhead due to COLA increases to fringe benefits and increases in certain work orders (e.g., workers comp).
Programmatic Projects	1,311,014	85.1%	Cost neutral change moving expenditures from the operating fund into programmatic projects to correctly account for interdepartmental overhead related to work order activities.
Services of Other Departments	(1,470,189)	-1.3%	Reduction in workorder costs due reduction in Hetchy Power work order for utilities to reflect anticipated FY 23-24 usage, partially offset by increases in work orders to make a DPW work order on-going that was mistakenly entered as one-time and a new work order related to operating the Westside Recycled Water Plant.
Reserves	(4,488,505)	-2.2%	Reduction in reserve for capital improvements due to additional funds available from unspent capacity fees, partially offset by increases in general reserve contributions in Wastewater, Water, and CleanPowerSF to balance sources and uses in those enterprises
Transfers Out (including Intrafund)	(15,130,951)	-5.5%	Changes to transfers reflect balancing entries related to updates described above.
Transfer Adjustment-Uses	15,130,951	-5.5%	
Total	**$97,057,341**	**5.7%**	

Sources: Proposed Ordinance, SFPUC

Port Appropriation $501,908

The Port's budget would increase by $501,908 in FY 2023-24 compared to the original FY 2023-24 budget previously approved by the Board of Supervisors. The increase is driven by $1.3 million in new costs in the Maintenance Division associated with maintaining Mission Bay Parks and increases in work order costs in Finance and Administration. These increases are partially offset by reductions in the Port Commission Division, including a $1.8 million reduction in the Port's General Reserve to balance other changes in sources and uses and a $496,117 reduction in capital outlay, which was a Board add-back appropriation to support black-owned businesses that is deleted in the proposed supplemental appropriation. Proposed changes in expenditures by division and by expenditure type are shown in Exhibits 5 and 6 below.

Exhibit 5: Port Proposed Expenditure Changes by Division, FY 2023-24

Division	FY 2023-24 Original	FY 2023-24 Proposed	Change	Percent Change
Engineering	$7,109,406	$7,298,224	$188,818	2.7%
Executive	8,879,163	8,927,105	47,942	0.5%
Finance And Administration	33,941,345	35,149,829	1,208,484	3.6%
Maintenance	41,340,384	42,514,299	1,173,915	2.8%
Maritime	14,042,402	14,313,579	271,177	1.9%
Planning & Environment	3,138,317	3,161,954	23,637	0.8%
Port Commission (Portwide)	22,216,905	19,893,005	(2,323,900)	-10.5%
Real Estate & Development	18,955,446	18,867,281	(88,165)	-0.5%
Total	**$149,623,368**	**$150,125,276**	**$501,908**	**0.3%**

Source: Proposed Ordinance

Exhibit 6: Port Proposed Expenditure Changes by Type, FY 2023-24

	Proposed Change	Percent Change	Notes
Salaries	$552,923	1.6%	Increase in salaries due to: (a) addition of 4.0 new FTEs to maintain Mission Bay Parks, and (b) reduction in attrition savings to reflect the cost of existing positions to maintain the parks to be reimbursed by OCII CFD revenue.
Mandatory Fringe Benefits	721,756	4.9%	Increase in mandatory fringe benefits due to: (a) associated benefits of 4.0 new FTEs, (b) reduction in attrition savings, and (c) citywide increases in employee benefit costs in health and retirement.
Non-Personnel Services	69,760	0.5%	Security, pest control, and utilities associated with maintaining Mission Bay Parks
Capital Outlay	(496,117)	-1.4%	The FY 2022-23 – FY 2023-24 budget included a $500,000 General Fund add-back appropriation in each year to support black-owned businesses. FY 2022-23 funding has not been spent. The Mayor's proposed supplemental appropriation for the Port deletes the funding in FY 2023-24.
Materials & Supplies	99,100	8.0%	Materials and supplies associated with maintaining Mission Bay Parks
Programmatic Projects	50,000	1.1%	Increase for youth employment for Mission Bay Parks
Services of Other Departments	1,337,904	3.8%	Increase in workorder costs due to increases in risk management work order, fire department work order for permit review, and HR fellows work order.
Reserves	(1,833,418)	-61.1%	Reduction in General Reserve to balance sources and uses.
Intrafund Transfers Out	53,883	0.1%	
Transfer Adjustment-Uses	(53,883)	0.1%	
Total	**$501,908**	**0.3%**	

Source: Proposed Ordinance, Port

Proposed Position Changes

The Port is proposing four new positions, including two gardeners and two general laborers, in FY 2023-24 to maintain some of the Mission Bay Parks currently maintained by OCII contractors. Port proposed new positions are shown in Exhibit 7 below.

Exhibit 7: Port Proposed New Positions

	FY 2023-24		FY 2024-25	
Job Classification	FTE	Salary & Benefits	FTE	Salary & Benefits
3417 Gardener	1.58	204,606	2.00	266,866
7514 General Laborer	1.58	198,496	2.00	258,972
Total	**3.16**	**403,102**	**4.00**	**525,838**

Source: Proposed Ordinance

POLICY CONSIDERATION

Airport: New Positions

Attachment 1 to this report shows the entire set of the 128 new positions that the Airport is proposing to add. On top of these new hires, the Airport has 302 vacant positions, resulting in a projected salary surplus of $40 million in FY 2022-23.[2] The Airport reports that it hired approximately 300 permanent staff in FY 2022-23.

Exhibit 8 below shows a subset of the Airport's positions, including total proposed within each classification, vacancies as of June 2023, and our recommended deletions. Our recommendations would provide approximately $6.2 million in savings in FY 2023-24. All positions are funded by Airport funds.

The Airport reviewed our recommendations and agreed that a portion of the new positions could be deleted and added in subsequent fiscal years, including 7 Custodians (5.53 FTE), one Manager I (0.79 FTE), and one Manger IV (0.79 FTE).

[2] In FY 2021-22, the Airport's operating fund had $35.5 million in salary savings.

Exhibit 8: Select Airport Positions and Recommended Deletions

Job Code	Job Title	Total FTE	Vacancies	New FTE	Recommended Deletion	Savings
9255_C	Airport Economic Planner	15.00	2.00	1.58	1.58	$363,198
0922_C	Manager I	12.00	2.00	1.58	1.58	$353,098
0923_C	Manager II	35.00	5.00	1.58	1.58	$376,368
0932_C	Manager IV	17.00	6.00	1.58	1.58	$214,935
0933_C	Manager V	12.00	2.00	1.58	1.58	$460,354
0941_C	Manager VI	17.00	4.00	0.79	0.79	$244,988
0943_C	Manager VIII	2.00	0.00	0.79	0.79	$290,825
1041_C	IS Engineer-Assistant	8.00	2.00	0.79	0.79	$159,099
1042_C	IS Engineer-Journey	15.00	5.00	1.58	1.58	$349,538
1043_C	IS Engineer-Senior	17.00	1.00	2.37	0.79	$192,237
1044_C	IS Engineer-Principal	18.00	3.00	2.37	2.37	$691,698
1053_C	IS Business Analyst-Senior	6.00	0.00	2.37	0.79	$164,153
1054_C	IS Business Analyst-Principal	14.00	5.00	3.16	3.16	$843,380
1070_C	IS Project Director	13.00	1.00	3.95	0.79	$174,241
7345_C	Electrician	25.00	11.00	0.79	0.79	$152,849
7347_C	Plumber	24.00	2.00	1.58	1.58	$154,096
2708_C	Custodian	427.00	15.00	25.28	11.85	$1,057,932
Totals		**677.00**	**66.00**	**53.72**	**33.97**	**$6,242,989**

Source: Financial System, Airport, BLA

As shown above, the Airport has 66 vacancies across management, technical, and trade classifications, but is proposing to add 53.72 FTE to the FY 2023-24 budget. We recommend deleting 33.97 FTE to account for existing vacancies.[3]

Across the Manager series, the average time a position has been vacant is 2.23 years. Across the IS-series, the average vacant time is 2.76 years. For Electricians, 3.03 years. Existing Plumber and Custodian positions have been vacant for less than a year on average.

Growth in Airport Staffing

The Airport's proposed positions in FY 2023-24 total 2,028.32 FTE, or 11.0 percent more than the 1,827.12 FTE in its FY 2018-19 budget, which includes previously approved positions. According to the Controller's Office May 2023 report on the San Francisco economy, through March 2023

[3] The Airport does not have any Manager VIII vacancies but does have three Deputy Director V (0955) vacancies, one which has a conditional offer letter and expected to be filled in July 2023.

domestic air travel remains at 82 percent of 2019 levels and international travel remains at 90 percent of 2019 levels.

Comparison to Airport Capital Plan

Rather than issuing less debt to fund its capital improvement plan, the Airport is reallocating $30 million in debt service savings to add 128 new positions and increase contract spending. The annualized cost of the proposed new positions is approximately $22.1 million. According to the FY 2023-32 Capital Plan, the Airport's FY 2023-24 capital budget, including facility maintenance, is $167.8 million, the FY 2024-25 capital budget including facility maintenance is $75.2 million, and the capital budget including facility maintenance for FY 2025-26 and FY 2026-27 is approximately $17 million. The Airport is in the process of developing its next Capital Plan.

RECOMMENDATIONS

1. Amend File 23-0669 to delete 33.97 FTE new positions noted in Exhibit 8 within this report, and approve File 23-0669, as amended.
2. Approve the PUC's and Port's proposed non-General Fund budget changes in File 23-0656. Approval of the Port's General Fund reduction is a policy matter for the Board of Supervisors since it deletes a Board add-back appropriation.

Attachment 1: New Airport Positions

Job Class	Job Class Title	Proposed FY 2023-24 FTE	Proposed FY 2023-24 Cost	Head count
0922_C	Manager I	1.58	353,098	2
0923_C	Manager II	1.58	376,368	2
0932_C	Manager IV	1.58	214,935	2
0933_C	Manager V	1.58	460,354	2
0941_C	Manager VI	0.79	244,988	1
0943_C	Manager VIII	0.79	290,825	1
1041_C	IS Engineer-Assistant	0.79	159,099	1
1042_C	IS Engineer-Journey	1.58	349,538	2
1043_C	IS Engineer-Senior	2.37	576,711	3
1044_C	IS Engineer-Principal	2.37	691,698	3
1053_C	IS Business Analyst-Senior	2.37	492,459	3
1054_C	IS Business Analyst-Principal	3.16	843,380	4
1070_C	IS Project Director	3.95	1,102,790	5
1093_C	IT Operations Support Administrator III	0.79	134,023	1
1203_C	Personnel Technician	1.58	222,352	2
1204_C	Senior Personnel Clerk	0.79	107,057	1
1241_C	Human Resources Analyst	1.58	286,388	2
1244_C	Senior Human Resources Analyst	3.16	657,364	4
1246_C	Principal Human Resources Analyst	0.79	197,111	1
1406_C	Senior Clerk	0.79	104,797	1
1446_C	Secretary II	2.37	314,391	3
1452_C	Executive Secretary II	0.79	122,523	1
1632_C	Senior Account Clerk	3.16	414,616	4
1634_C	Principal Account Clerk	0.79	115,426	1
1654_C	Accountant III	4.74	902,358	6
1657_C	Accountant IV	0.79	183,824	1
1670_C	Financial Systems Supervisor	0.79	211,807	1
1760_C	Offset Machine Operator	0.79	97,489	1
1820_C	Junior Administrative Analyst	0.79	-	1
1822_C	Administrative Analyst	3.95	262,046	5
1823_C	Senior Administrative Analyst	4.74	751,950	6
1825_C	Principal Administrative Analyst II	0.79	200,468	1
2486_C	Chemist	0.79	145,767	1
2708_C	Custodian	25.28	2,856,864	32
3424_C	Integrated Pest Management Specialist	0.79	121,462	1
4308_C	Senior Collections Officer	0.79	114,176	1
7308_C	Cable Splicer	1.58	313,374	2
7329_C	Electronic Maintenance Technician Asst Supervisor	0.79	172,594	1
7334_C	Stationary Engineer	0.79	-	1
7345_C	Electrician	0.79	152,849	1
7347_C	Plumber	1.58	154,096	2
7348_C	Steamfitter	1.58	308,192	2
7376_C	Sheet Metal Worker	0.79	151,715	1

Job Class	Job Class Title	Proposed FY 2023-24 FTE	Proposed FY 2023-24 Cost	Head count
7514_C	General Laborer	0.79	99,248	1
9220_C	Aviation Security Operations Supervisor	2.37	306,022	3
9240_C	Airport Electrician	0.79	162,855	1
9255_C	Airport Economic Planner	1.58	363,198	2
9922_C	Public Service Aides	1.58	139,416	2
Grand Total		**101.12**	**17,004,061**	**128.00**

Attachment 2: Airport Position Substitutions

Current			Proposed			Change
Job Class	Job Class Title	Cost	Job Class	Job Class Title	Cost	Cost
1630_C	Account Clerk	115,008	1632_C	Senior Account Clerk	131,365	16,357
1842_C	Management Assistant	153,125	1450_C	Executive Secretary I	143,126	(9,999)
1632_C	Senior Account Clerk	130,509	1654_C	Accountant III	190,482	59,973
1686_C	Auditor III	228,198	9255_C	Airport Economic Planner	229,717	1,519
9204_C	Airport Communications Supervisor	185,106	0923_C	Manager II	237,991	52,885
1632_C	Senior Account Clerk	130,509	1654_C	Accountant III	190,482	59,973
1632_C	Senior Account Clerk	130,509	1654_C	Accountant III	190,482	59,973
1632_C	Senior Account Clerk	130,509	1654_C	Accountant III	190,482	59,973
1632_C	Senior Account Clerk	130,509	1654_C	Accountant III	190,482	59,973
1042_C	IS Engineer-Journey	219,842	1043_C	IS Engineer-Senior	242,502	22,660
1634_C	Principal Account Clerk	145,308	1654_C	Accountant III	190,482	45,174
0922_C	Manager I	222,352	0923_C	Manager II	237,991	15,639
1632_C	Senior Account Clerk	130,509	1654_C	Accountant III	190,482	59,973
1823_C	Senior Administrative Analyst	189,205	1824_C	Principal Administrative Analyst	217,793	28,588
0932_C	Manager IV	268,539	0933_C	Manager V	288,734	20,195
1093_C	IT Operations Support Administrator III	168,638	1054_C	IS Business Analyst-Principal	264,859	96,221
1042_C	IS Engineer-Journey	219,842	1043_C	IS Engineer-Senior	242,502	22,660
0923_C	Manager II	236,597	0931_C	Manager III	253,999	17,402
1632_C	Senior Account Clerk	130,509	1654_C	Accountant III	190,482	59,973
1654_C	Accountant III	189,209	1657_C	Accountant IV	232,393	43,184
1654_C	Accountant III	189,209	1657_C	Accountant IV	232,393	43,184
5207_C	Associate Engineer	228,009	5241_C	Engineer	257,034	29,025
1823_C	Senior Administrative Analyst	189,205	1824_C	Principal Administrative Analyst	217,793	28,588
1634_C	Principal Account Clerk	145,308	1654_C	Accountant III	190,482	45,174

Current			Proposed			Change
Job Class	Job Class Title	Cost	Job Class	Job Class Title	Cost	Cost
1823_C	Senior Administrative Analyst	189,205	1824_C	Principal Administrative Analyst	217,793	28,588
1654_C	Accountant III	189,209	1657_C	Accountant IV	232,393	43,184
1822_C	Administrative Analyst	164,917	1823_C	Senior Administrative Analyst	190,477	25,560
1043_C	IS Engineer-Senior	240,899	1044_C	IS Engineer-Principal	289,127	48,228
1052_C	IS Business Analyst	181,328	1043_C	IS Engineer-Senior	242,502	61,174
1446_C	Secretary II	131,946	1450_C	Executive Secretary I	143,126	11,180
1654_C	Accountant III	189,209	1657_C	Accountant IV	232,393	43,184
1822_C	Administrative Analyst	164,917	1823_C	Senior Administrative Analyst	190,477	25,560
1822_C	Administrative Analyst	164,917	1823_C	Senior Administrative Analyst	190,477	25,560
1094_C	IT Operations Support Administrator IV	200,549	1042_C	IS Engineer-Journey	221,308	20,759
1654_C	Accountant III	189,209	1657_C	Accountant IV	232,393	43,184
1041_C	IS Engineer-Assistant	200,150	1043_C	IS Engineer-Senior	242,502	42,352
1043_C	IS Engineer-Senior	240,899	1044_C	IS Engineer-Principal	289,127	48,228
1042_C	IS Engineer-Journey	219,842	1043_C	IS Engineer-Senior	242,502	22,660
1042_C	IS Engineer-Journey	219,842	1043_C	IS Engineer-Senior	242,502	22,660
1052_C	IS Business Analyst	181,328	1093_C	IT Operations Support Administrator III	169,778	(11,550)
1041_C	IS Engineer-Assistant	200,150	1042_C	IS Engineer-Journey	221,308	21,158
1041_C	IS Engineer-Assistant	200,150	1042_C	IS Engineer-Journey	221,308	21,158
1053_C	IS Business Analyst-Senior	206,502	1054_C	IS Business Analyst-Principal	264,859	58,357

Current			Proposed			Change
Job Class	Job Class Title	Cost	Job Class	Job Class Title	Cost	Cost
1654_C	Accountant III	189,209	1657_C	Accountant IV	232,393	43,184
1654_C	Accountant III	189,209	1657_C	Accountant IV	232,393	43,184
1654_C	Accountant III	189,209	1657_C	Accountant IV	232,393	43,184
Total		**8,449,058**			**10,118,061**	**1,669,003**