

File No. 230665

Committee Item No. 20

Board Item No. 25

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Appropriations Committee Date June 14, 2023

Board of Supervisors Meeting Date July 11, 2023

Cmte Board

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>MYR 30-Day Waiver Request</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Presidential Action Memo - 30-Day Waiver 6/5/2023</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>PUC Reso No. 23-0038 2/14/2023</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Board Ordinance No. 203-98 6/19/1998</u> |
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Completed by: Brent Jalipa Date June 7, 2023

Completed by: Brent Jalipa Date June 26, 2023

[San Francisco Public Utilities Commission Water Revenue Bond and Other Forms of Indebtedness Issuance - Not to Exceed \$358,985,453]

Ordinance authorizing the issuance and sale of tax-exempt or taxable Water Revenue Bonds and other forms of indebtedness (as described below) by the San Francisco Public Utilities Commission (“Commission”) in an aggregate principal amount not to exceed \$358,985,453 to finance the costs of various capital water projects benefitting the Water Enterprise pursuant to amendments to the Charter of the City and County of San Francisco enacted by the voters on November 5, 2002, as Proposition E; authorizing the issuance of Water Revenue Refunding Bonds and the retirement of outstanding Water Enterprise Commercial Paper; declaring the Official Intent of the Commission to reimburse itself with one or more issues of tax-exempt bonds or other forms of indebtedness; and ratifying previous actions taken in connection therewith.

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
Additions to Codes are in single-underline italics Times New Roman font.
Deletions to Codes are in ~~striketrough italics Times New Roman font~~.
Board amendment additions are in double-underlined Arial font.
Board amendment deletions are in ~~striketrough Arial font~~.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

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

Section 1. Findings. The Board of Supervisors (“Board”) of the City hereby finds and declares as follows:

A. On November 5, 2002, the voters of the City and County of San Francisco (“City”) approved Proposition E (“Proposition E”), which among other things, authorized the San Francisco Public Utilities Commission (“Commission”) to issue revenue bonds, including notes, commercial paper or other forms of indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board of Supervisors, for the purpose of reconstructing,

1 replacing, expanding, repairing or improving water facilities or clean water facilities or
2 combinations of water and clean water facilities under the jurisdiction of the Commission; and

3 B. The Commission adopted the Amended and Restated Water Indenture dated as
4 of January 1, 2002, as further amended and supplemented from time to time ("Indenture"),
5 between the Commission and U. S. Bank National Association and in connection therewith,
6 has from time to time issued revenue bonds to finance projects benefitting the Water
7 Enterprise; and

8 C. Pursuant to Section 43.5 of the San Francisco Administrative Code ("Article V"),
9 enacted by Ordinance No. 203-98 adopted by the Board on June 8, 1998, and signed by the
10 Mayor of the City on June 19, 1998, as amended by Ordinance No. 270-06, adopted on
11 October 24, 2006 by the Board and signed by the Mayor on October 31, 2006, the Board
12 established a procedure pursuant to which the Commission may issue short-term
13 indebtedness, including the issuance of commercial paper in anticipation of the issuance of its
14 revenue bonds; and

15 D. Pursuant to Ordinance No. 311-08, adopted by the Board of Supervisors on
16 December 16, 2008, and Resolution No. 09-175, adopted by this Commission on October 27,
17 2009, the Water Enterprise's commercial paper program ("Water CP Program") was increased
18 to an aggregate principal amount of \$500,000,000, and the Commission has caused its Water
19 Enterprise Commercial Paper to be issued from time to time; and

20 E. By Resolution 23-0038, adopted by the Commission on February 14, 2023
21 ("Commission Resolution") the Commission has determined to issue Water Revenue Bonds
22 ("Water Revenue Bonds") and other forms of indebtedness (including without limitation State
23 Revolving Fund (SRF) Loans as described below), as well as interim funding vehicles such as
24 commercial paper, revolving credit agreements, bond anticipation notes or other forms of
25

1 notes, which interim funding vehicles will be issued in advance of being paid off by either
2 Water Revenue Bonds and other forms of indebtedness (including without limitation SRF
3 Loans) to finance the costs of various capital projects benefitting the Water Enterprise (the
4 "Capital Improvement Projects" such projects being more fully described in the Commission
5 Resolution), pursuant to Proposition E, and has formally requested this Board to authorize the
6 issuance and sale of Water Revenue Bonds and other forms of indebtedness for such
7 purposes, such Commission Resolution being on file with the Clerk of the Board in File
8 No. 230665; and

9 F. In order to finance the costs of the Capital Improvement Projects, the Board now
10 desires to authorize the issuance and sale of Water Revenue Bonds and other forms of
11 indebtedness, as described above, for such purposes, including obtaining SRF Loans and/or
12 grants from the State Water Resources Control Board; and

13 G. The Commission has paid, beginning no earlier than 60 days prior to the
14 adoption of this Ordinance and will pay, on and after the date hereof, certain expenditures
15 ("Expenditures") in connection with the acquisition, construction and/or equipping of the
16 Capital Improvement Projects; and

17 H. This Board is concurrently considering with this Ordinance, related supplemental
18 appropriation ordinances for fiscal year ending 2023, including expenditures of the proceeds
19 of the Water Revenue Bonds and other forms of indebtedness (including, without limitation
20 and for illustrative purposes only, SRF Loans, commercial paper, revolving credit agreements,
21 and bond anticipation notes); and

22 I. This Board, on behalf of the Commission, adopts this Ordinance as official
23 action of the Commission in order to comply with Treasury Regulation §1.150-2 and any other
24 regulations of the Internal Revenue Service relating to the qualification for reimbursement of
25 Commission expenditures incurred prior to the date of issue of the Water Revenue Bonds and

1 other forms of indebtedness (including, without limitation and for illustrative purposes only,
2 SRF Loans, commercial paper, revolving credit agreements, and bond anticipation notes).

3 Section 2. Authorization to Issue Water Revenue Bonds and other forms of
4 indebtedness. The Board hereby authorizes the issuance and sale of taxable or tax-exempt
5 Water Revenue Bonds or other forms of indebtedness (including without limitation SRF
6 Loans, commercial paper, revolving credit agreements and bond anticipation notes) in one or
7 more series from time to time by the Commission pursuant to Proposition E and in
8 accordance with the Commission Resolution, in an aggregate principal amount not to exceed
9 \$358,985,453 (inclusive of financing costs), bearing a maximum rate or rates of interest of not
10 to exceed twelve percent (12%) per annum, to finance a portion of the costs of the design,
11 acquisition and construction of the Capital Improvement Projects. Without limiting the
12 foregoing, the Commission shall be authorized to incur state and federal at such time, in such
13 amounts, and upon such other terms and conditions as the Commission may deem
14 advantageous, and to approve any financing documentation related thereto consistent with
15 this Ordinance. The Commission is hereby further authorized to determine the timing, amount
16 and manner of sale (i.e., competitive or negotiated) of each series of Water Revenue Bonds,
17 bond anticipation notes, revolving credit agreements, or commercial paper, pursuant to this
18 authorization; provided however, the Commission's authorization to issue Water Revenue
19 Bonds, bond anticipation notes, revolving credit agreements, or commercial paper is subject
20 to approval by the Commission of the form of substantially final offering document related to
21 such obligations (if any) and the approval of any related agreements, financing documents
22 and the filing with its Board and the Clerk of the Board any certifications required by
23 Proposition E prior to the issuance of any bonds or incurrence of any indebtedness herein
24 authorized. The Commission shall also file, within 30 days of closing any Water Revenue
25 Bond or other form of indebtedness (including SRF Loans or other federal loans and bond

1 anticipation notes) transactions) authorized hereby, with the Clerk of the Board of Supervisors
2 a report showing the results of the transaction, including (i) principal amount sold and method
3 of sale, (ii) true interest cost, (iii) final maturity, (iv) the facilities constructed and/or improved,
4 and (v) a statement about the remaining bonding authorization under this Ordinance (“Bond
5 Report”), provided that the failure to file such Bond Report shall not affect the validity of any
6 debt authorized hereunder.

7 Section 3. Authorization to Issue Water Revenue Refunding Bonds; Commercial
8 Paper Retirement. Notwithstanding Section 2 immediately above, the Board further
9 authorizes and approves the issuance by the Commission of Water Revenue Refunding
10 Bonds (“Refunding Bonds”) without limitation as to principal amount, in one or more series on
11 one or more dates, at a maximum interest rate or rates of interest not to exceed twelve
12 percent (12%) per annum, provided that each such Refunding Bond issue is permitted under
13 the applicable policies and procedures of the City and authorized by Section 9.109 of the
14 Charter (including related ordinances and resolutions of the Board). The Refunding Bonds
15 may be issued as taxable or tax-exempt obligations, or any combination thereof. Refunding
16 Bonds authorized hereunder shall be subject to the further following conditions, that: (i) three
17 percent (3%) net present value debt service savings or greater is achieved to ensure
18 ratepayer savings (exclusive of any issuance to refund commercial paper, revolving credit
19 notes, or bond anticipation notes); (ii) that the maturity of the refunded bonds is not extended;
20 (iii) this authorization is subject to a 5-year term through June 30, 2028, at which time this
21 Board may consider an extension; (iv) principal payments and term may be adjusted, where
22 permitted under federal and state tax law, only if and when the underlying capital asset funded
23 through said refunded bonds has a useful life not in excess of any limit permitted under
24 federal and state tax law than the refunded term; and (v) the Commission shall within 30 days
25 of any executed refunding transaction provide a refunding savings report (“Bond Refunding

1 Savings Report”) prepared by its municipal advisors (that reflects at least a three percent
2 (3%) net present value debt service savings) to the Board, together with a copy of the final
3 Official Statement (if any) with respect to such series of Refunding Bonds, provided that the
4 failure to deliver such Bond Refunding Savings Report shall in no way affect the validity of any
5 Refunding Bonds. Notwithstanding the foregoing, the Commission is authorized to issue
6 Refunding Bonds that do not meet all of the foregoing conditions provided that the
7 Commission makes a finding, by resolution, that significant non-economic factors exist that
8 justify the waiver of the three percent (3%) net present value debt service savings test and
9 other conditions set forth above. Such non-economic factors may include, by way of
10 illustration and not limitation, eliminating onerous covenants and obsolete provisions
11 contained in the Commission’s indenture or other security documents, or restructuring a
12 series of bonds in response to then-current market conditions. In furtherance of the purpose of
13 managing the Commission outstanding indebtedness, the General Manager is hereby
14 authorized and directed, in consultation the City Attorney, from Available Water Enterprise
15 Revenues to retire outstanding Water Enterprise Commercial Paper at such times and in such
16 amounts advantageous to the Commission.

17 Section 4. Declaration of Official Intent. The Board, on behalf of the Commission,
18 hereby declares the official intent of the Commission to reimburse the Commission with
19 proceeds of the Water Revenue Bonds or other forms of indebtedness (including SRF Loans
20 or other federal loans, commercial paper, revolving credit notes, or bond anticipation notes)
21 for the Expenditures with respect to the Capital Improvement Projects made on and after a
22 date that is no more than 60 days prior to the adoption of this Ordinance. The Commission
23 reasonably expects on the date hereof that it will reimburse the Expenditures with proceeds of
24 the Water Revenue Bonds or other forms of indebtedness (including, without limitation and for
25 illustrative purposes only, SRF Loans, commercial paper, revolving credit notes or bond

1 anticipation notes). Each said Expenditure was and will be either (A) of a type properly
2 chargeable to a capital account under general federal income tax principles (determined in
3 each case as of the date of the Expenditure), (B) a cost of issuance with respect to such
4 obligations, (C) a nonrecurring item that is not customarily payable from current revenues, or
5 (D) a grant to pay a party that is not related to or an agent of the issuer so long as such grant
6 does not impose any obligation or condition (directly or indirectly) to repay any amount to or
7 for the benefit of the Commission. The Commission will make a reimbursement allocation,
8 which is a written allocation by the Issuer that evidences the Commission's use of proceeds of
9 the Water Revenue Bonds or other forms of indebtedness to reimburse an Expenditure, no
10 later than 18 months after the later of the date on which the Expenditure is paid or the
11 component of the Capital Improvement Projects is placed in service or abandoned, but in no
12 event more than three years after the date on which the Expenditure is paid. The
13 Commission recognizes that exceptions are available for certain "preliminary expenditures,"
14 costs of issuance, certain de minimis amounts, expenditures by "small issuers" (based on the
15 year of issuance and not the year of expenditure) and expenditures for construction projects
16 of at least 5 years.

17 Section 5. General Authority. The Controller, Treasurer, the City Attorney and other
18 officers of the City, including the Director of the Office of Public Finance, and their duly
19 authorized deputies and agents are hereby authorized and directed, jointly and severally, to
20 take such actions and to execute and deliver such certificates, agreements, requests or other
21 documents, as they may deem necessary or desirable to facilitate the issuance, sale and
22 delivery of the Water Revenue Bonds or other forms of indebtedness, including Refunding
23 Bonds, and to obtain bond insurance or other credit or liquidity enhancements with respect to
24 any such obligations, and otherwise to carry out the provisions of this Ordinance. The
25 Commission is hereby directed to provide the final form to the Clerk of the Board of any

1 disclosure document prepared in connection with the execution of any Water Revenue
2 Bonds, other forms of indebtedness, or Refunding Bonds, and the final executed Installment
3 Sale Agreement or other document reflecting the incurrence of an SRF Loan or other federal
4 loan, within 30 days of the closing of such transactions provided that the failure to deliver
5 such document shall not affect the validity of the obligations authorized hereunder. The
6 Commission is further directed as a part of the two-year budget review to provide to this
7 Board of Supervisors a written report about Water Revenue Bonds authorized hereunder,
8 detailing the total amount authorized, the total amount sold, the remaining authorized but
9 unissued amount, and the bond authorization no longer necessary due to changes in projects
10 and project financing.

11 Section 6. Ratification of Prior Actions. All actions authorized and directed by this
12 Ordinance in connection with the issuance of the Water Revenue Bonds, other forms of
13 indebtedness (including, without limitation and for illustrative purposes only, SRF Loans,
14 federal loan, commercial paper, revolving credit notes, or bond anticipation notes) or
15 Refunding Bonds and heretofore taken are hereby ratified, approved and confirmed by this
16 Board.

17 Section 7. File Documents. All documents referred to as on file with the Clerk of the
18 Board are in File No. 230665.
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1 Section 8. Effective Date. Pursuant to Charter Section 8B.124, this Ordinance shall
2 take effect thirty (30) days after its adoption.

3
4 APPROVED AS TO FORM:
5 DAVID CHIU, City Attorney

6
7 By: /s/ Mark D. Blake
8 Mark D. Blake
9 Deputy City Attorney

LEGISLATIVE DIGEST

[San Francisco Public Utilities Commission Water Revenue Bond and Other Forms of Indebtedness Issuance - Not to Exceed \$358,985,453]

Ordinance authorizing the issuance and sale of tax-exempt or taxable Water Revenue Bonds and other forms of indebtedness (as described below) by the San Francisco Public Utilities Commission (“Commission”) in an aggregate principal amount not to exceed \$358,985,453 to finance the costs of various capital water projects benefitting the Water Enterprise pursuant to amendments to the Charter of the City and County of San Francisco enacted by the voters on November 5, 2002, as Proposition E; authorizing the issuance of Water Revenue Refunding Bonds and the retirement of outstanding Water Enterprise Commercial Paper; declaring the Official Intent of the Commission to reimburse itself with one or more issues of tax-exempt bonds or other forms of indebtedness; and ratifying previous actions taken in connection therewith.

Existing Law

This is new law.

Background Information

On November 5, 2002, the voters of the City and County of San Francisco approved Proposition E (“Proposition E”) which authorized the Commission to issue revenue bonds, including notes, commercial paper or other forms of indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board of Supervisors, for the purpose of reconstructing, replacing, expanding, repairing or improving water facilities or clean water facilities or combinations of water and clean water facilities under the jurisdiction of the Commission.

The proposed Ordinance authorizes the issuance of tax-exempt or taxable Water Revenue Bonds and other forms of indebtedness in an amount not to exceed \$358,985,453. Proceeds of the Water Revenue Bonds will be used to provide funds to pay the costs to finance of improvements and betterments to the wastewater enterprise, as more fully set forth in the staff report accompanying the proposed Ordinance.

The Water Revenue Bonds will be issued under an Amended and Restated Water Indenture dated as of January 1, 2002 (as further amended and supplemented from time to time (“Indenture”), between the Commission and U. S. Bank National Association, as the trustee.

The proposed Ordinance also authorizes the issuance of Refunding Water Revenue Bonds to refund outstanding indebtedness of the Water Enterprise subject to the following conditions, among others i) three percent (3%) net present value debt service savings or greater is

achieved; (ii) the maturity of the refunded bonds is not extended; (iii) the refunding authorization sunsets on June 30, 2028, unless extended by the Commission. Staff is required to provide a savings report within 30 days following the bond sale.

The proposed Ordinance also authorizes the Commission to issue Refunding Bonds for non-economic factors which may include, by way of illustration, eliminating onerous covenants and obsolete provisions contained in the Commission's Indenture or other security documents, or restructuring a series of bonds in response to then-current market conditions.

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| Items 18 & 20 Files 23-0654 & 23-0665 | Department: Public Utilities Commission |
| EXECUTIVE SUMMARY | |
| <p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> ▪ 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. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> ▪ 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. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> ▪ 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. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> ▪ 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 | | | Total |
|---------------------------------------|--------------------------------|-------------------------------------|-----------------------------|---------------------------|---------------------|----------------------|
| | Water Revenue Bonds (Regional) | Water Revenues (Wholesale Customer) | Water Revenue Bonds (Local) | Water Enterprise Revenues | Water Capacity Fees | |
| 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 million¹ 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).

SFPUC 23-24 Operating Budget midcycle changes and Capital Budget

June 14, 2023

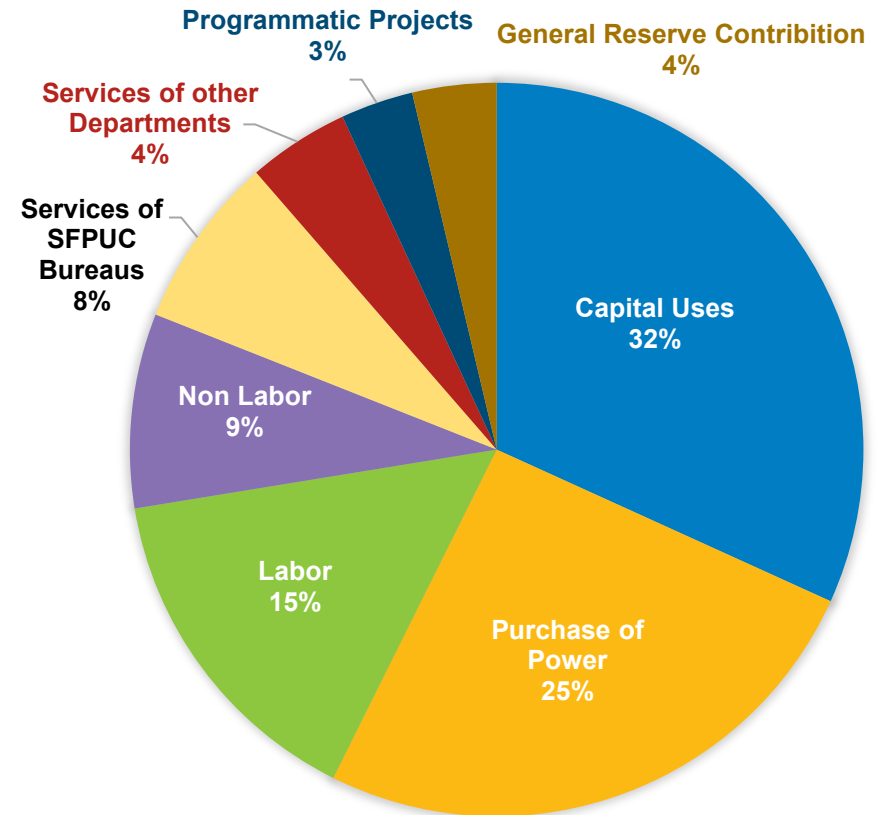
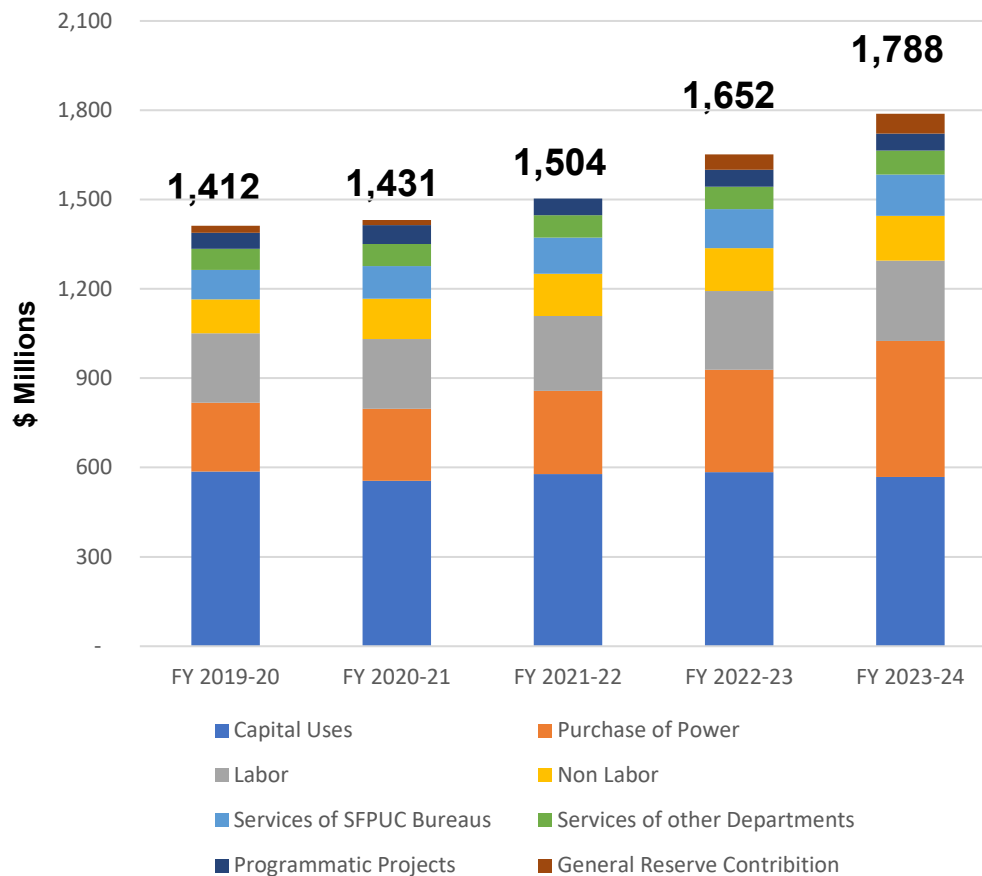


San Francisco
**Water
Power
Sewer**

Budget Update

- Fixed 2-year operating budget was adopted last year. Now making minimal mid-cycle changes
- Last year we only adopted a 1-year capital budget so we could work intensively on rightsizing our capital plan for ratepayer affordability and deliverability
- That work is done, and we reduced our capital plan by over \$1 billion
- Asking for approval of FY 23-24 Capital Budget

Operating Budget Overview



FY 2023-24



Midcycle Operating Budget Changes

List of major changes from original FY 2023-24 budget

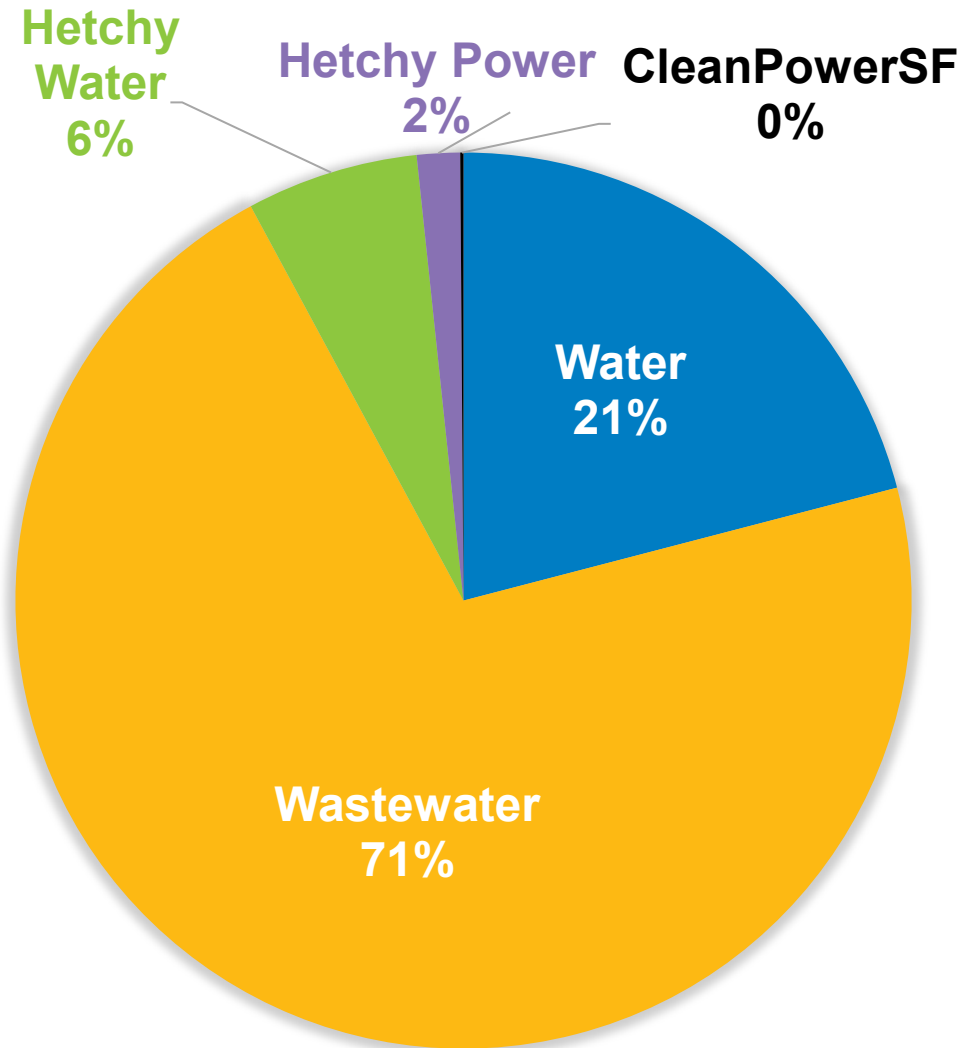
| Item | \$ |
|--|---------------------|
| Increases in power purchase costs | 123.7 |
| Debt Service savings | (27.7) |
| Savings in Revenue Funded Capital | (14.2) |
| Increase to COWCAP | 2.4 |
| Recycled Water Plant operating costs | 2.1 |
| Mandatory Fringe Benefit increases | 1.8 |
| Other changes | (0.7) |
| Change in General Reserve contribution | 9.3 |
| Total | \$97 Million |



FY 2023-24 Capital Budget

| \$ million | FY 23-24 Capital Budget |
|-----------------------|----------------------------|
| Water | 290.0 |
| Wastewater | 985.5 |
| Hetchy-Water | 85.9 |
| Hetchy-Local Power | 21.5 |
| CleanPowerSF | 1.6 |
| Total | 1,384.5 |

+ Bond Financing
Authorizations





Key Capital Projects

- Southeast Plant Biosolids Digester Facilities
- Treasure Island Wastewater Treatment
- Repair and replacement of sewer and water mains
- Folsom and Lower Alemany stormwater upgrades
- Mountain Tunnel Improvements
- San Joaquin Pipeline Life Extension
- Sunol Valley Treatment Plant Improvements
- Millbrae Yard Improvements
- Redevelopment Power Distribution
- Public Power Expansion



Constraining Costs

- Capital is largest – and growing – share of operating costs
- Growing power purchase costs put pressure on Power's rates

Cost saving measures:

- No rate increases in FY 2022-23 in response to pandemic
- Massive agency-wide effort over last year to prioritize capital plan
 - Reduced 10-year capital plan by **over a billion dollars** compared to prior plan
- Successfully applying for low-interest state and federal loans
 - Results in interest savings vs. issuing our own bonds
 - \$2.4 billion in executed loans and grants, resulting in potential projected **savings of up to \$1.5 billion**
 - \$804 million in additional loan applications pending



SFPUC Capital Supplemental and Debt Authorization Legislation

1. **File 230656**: AAO Amendment for the SFPUC FY 2023-2024 Operating Budget
2. **File 230652**: Supplemental Appropriations for the Hetch Hetchy Water & Power Capital Program
3. **File 230653**: Supplemental Appropriations for CleanPowerSF Capital Program
4. **File 230654**: Supplemental Appropriations for Water Capital Program
5. **File 230655**: Supplemental Appropriations for Wastewater Capital Program
6. **File 230665**: Authorization to issue Water Revenue Bonds
7. **File 230666**: Authorization to issue Wastewater Revenue Bonds
8. **File 230667**: Authorization to issue Power Revenue Bonds

Questions?



PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 23-0038

WHEREAS, On December 13, 2022 and January 30, 2023, this Commission heard and considered budget priorities for the department and the San Francisco Public Utilities Commission (SFPUC) General Manager and staff presented the preliminary proposed FY 2023-24 Capital Budget for the Water Enterprise, Wastewater Enterprise, and Hetch Hetchy Water & Power, including the Power Enterprise and CleanPowerSF (“Capital Budget”) including the list of projects, cost estimates, and schedules to the Commission; and

WHEREAS, An overview of the proposed FY 2023-24 Capital Budget for each SFPUC Enterprise is set forth as Attachment A and is on file with the Commission Secretary; and

WHEREAS, As a preliminary step to development of the FY 2023-24 Capital Budget, a baseline review of all existing project appropriations was completed for potential closeout or repurposing to new capital budget needs; and

WHEREAS, The FY 2023-24 Capital Budget submittals went through a quality review to assure the budget addressees the immediate capital improvement needs of each Enterprise and reflects a sound project prioritization process which included a validation of costs and schedule of all proposed projects and an assessment of the ability to deliver the projects within FY 2023-24; and

WHEREAS, The proposed FY 2023-24 Capital Budget must be submitted to, and approved by the Mayor and the Board of Supervisors; and

WHEREAS, The SFPUC General Manager recommends that the Commission request a supplemental appropriation ordinance for the capital expenditures for each of the three Enterprises presented in the proposed FY 2023-24 Capital Budget to timely implement public improvement projects; and

WHEREAS, This action does not constitute a project under the California Environmental Quality Act (CEQA) Guidelines Sections 15060(c) and 15378(b)(4), because adoption of the Capital Budget involves creation of a government funding mechanism or other fiscal activities and does not involve any commitment to any specific project which may result in a potentially significant impact on the environment; and the SFPUC will consider approval of projects to be funded through this Capital Budget only after completing any environmental review required by CEQA, Administrative Code Chapter 31, and Proposition E (approved by the voters in 2002 for Water and Wastewater projects); and

WHEREAS, This Commission has considered the proposed FY 2023-24 Capital Budget for the Water Enterprise, Wastewater Enterprise, and Hetch Hetchy Water and Power, including the Power Enterprise and CleanPowerSF, which totals \$1,601,613,100, as set forth in Attachment A to the February 14, 2023 staff report; now, therefore, be it

RESOLVED, That this Commission hereby adopts the FY 2023-24 SFPUC Capital Budget in the amount of \$1,601,613,100 for the Water Enterprise, the Wastewater Enterprise, and Hetch Hetchy Water and Power, including the Power Enterprise and CleanPowerSF as presented at the public hearings on January 30, 2023 and as set forth in the attached Attachment A, as follows:

| FY 2023-24 Capital Budget | Amount | Financing Costs | Total |
|--------------------------------------|------------------------|----------------------------|------------------------|
| Wastewater | 985,504,159 | 157,093,243 | 1,142,597,402 |
| Water | 289,992,804 | 42,285,202 | 332,278,006 |
| Hetchy Water | 85,888,257 | 11,562,616 | 97,450,873 |
| Hetchy Power | 21,524,894 | 6,154,705 | 27,679,599 |
| CleanPowerSF | 1,607,220 | 0 | 1,607,220 |
| Total | \$1,384,517,334 | \$217,095,766 | \$1,601,613,100 |

and be it;

FURTHER RESOLVED, That the SFPUC General Manager is authorized to reallocate funds within an Authority Code as provided in the staff report and Attachment A appended to this Resolution and to make further technical adjustments to these approved amounts as may be necessary, or upon further direction from the Commission, the Mayor, or the Board of Supervisors; and, be it

FURTHER RESOLVED, The General Manager is hereby authorized and directed to submit to the Board of Supervisors proposed ordinances authorizing the issuance of (1) not to exceed \$358,985,453 aggregate principal amount of Water Revenue Bonds and other forms of indebtedness, including commercial paper and State Revolving Fund (SRF) loans, (2) \$1,047,288,286 aggregate principal amount of Wastewater Revenue Bonds and other forms of indebtedness, including commercial paper and SRF loans, under the terms of Proposition E (approved by the voters November 2002), and (3) \$41,031,367 aggregate principal amount of Power Revenue Bonds and other forms of indebtedness, including commercial paper and loans, subject to the terms of Charter Sections 9.107(6) and 9.107(8). The General Manager shall return to this Commission for a subsequent discretionary approval of any disclosure and transaction related documents prepared in connection with the issuance of such Bonds and other forms of indebtedness.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of February 14, 2023.


Secretary, Public Utilities Commission

Attachment A

FY 2023-24 SFPUC Capital Budget

Attachment A Wastewater Enterprise

| Funding Source \$ | | |
|-------------------|--|----------------------|
| Authority | Description of Appropriation or Fund | FY 2023-24 |
| 19471 | Proceeds Sale of Bonds | 1,047,288,286 |
| 19141 | Wastewater Revenue | 81,338,116 |
| 19141 | Wastewater Capacity Fee | 13,971,000 |
| | TOTAL - Funding Source | 1,142,597,402 |
| Use of Funds \$ | | |
| Authority | Description of Appropriation or Fund | FY 2023-24 |
| SSIP | | |
| 19142 | Program Management | 18,000,000 |
| 19142 | Biosolids/Digester Project | 535,788,474 |
| 19142 | Treatment Plant Improvements - Southeast | 47,996,135 |
| 19142 | Treatment Plant Improvements - Other | 25,443,455 |
| | SSIP - Treatment Facilities Program | 609,228,064 |
| 19142 | Collection System Improvements | 83,121,607 |
| 19142 | Stormwater Management/Green | |
| 19142 | Infrastructure | 24,836,303 |
| 19142 | Flood Resilience/Hydraulic Improvements | 43,349,386 |
| | TOTAL - SSIP | 778,535,360 |
| Non-SSIP | | |
| 19141 | Renewal & Replacement-Collection System | 89,097,199 |
| 19141 | Renewal & Replacement-Treatment Facilities | 6,211,917 |
| 19134 | Treasure Island | 111,659,683 |
| | TOTAL - Non SSIP | 206,968,799 |
| 19471 | Financing Cost | 157,093,243 |
| | TOTAL - Use of Funds | 1,142,597,402 |

Attachment A Water Enterprise

| Funding Source \$ | | |
|-------------------|--------------------------------------|--------------------|
| Authority | Description of Appropriation or Fund | FY 2023-24 |
| 17731 | Proceeds Sale of Bonds | 281,901,348 |
| 19133 | Water Enterprise Revenue | 45,579,658 |
| 19063 | Water Capacity Fee | 4,797,000 |
| | TOTAL - Funding Source | 332,278,006 |

| Use Of Funds \$ | | |
|-----------------|---------------------------------------|--------------------|
| Authority | Description of Appropriation or Fund | FY 2023-24 |
| 19056 | Regional Water Treatment Program | 153,057,848 |
| 19058 | Water Supply and Storage | 4,764,596 |
| 19059 | Watershed & Land Management | 12,158,483 |
| 19060 | Communications and Monitoring | 1,998,767 |
| 19061 | Buildings & Grounds Regional | 9,096,882 |
| 19069 | Long Term Monitoring & Permit Program | 400,000 |
| | Total Regional Water | 181,476,576 |

**Local
Water**

| | | |
|-------|-------------------------------------|--------------------|
| 80119 | Water Supply Projects | 2,336,692 |
| 19063 | Local Water Conveyance/Distribution | 87,789,810 |
| 19065 | System Monitoring & Control | 3,833,442 |
| 19066 | Local Reservoir & Tank Improvements | 10,582,000 |
| 19067 | Pump Station Improvements | 859,859 |
| 19112 | Automated Meter Reading System | 3,114,425 |
| | TOTAL - Local Water | 108,516,228 |

| | | |
|-------|-----------------------------|--------------------|
| 17731 | Financing Costs | 42,285,202 |
| | TOTAL - Use of Funds | 332,278,006 |

Attachment A Hetch Hetchy

| Funding Source \$ | | |
|-------------------|---|--------------------|
| Authority | Description of Appropriation or Fund | FY 2023-24 |
| 15366 | Proceeds Sale Power Bonds | 41,031,367 |
| 15366 | Proceeds Sale Water Bonds | 77,084,105 |
| 15405 | Hetch Hetchy Revenue Funds | 5,015,000 |
| 15404 | Cap and Trade Revenue | 890,000 |
| 21284 | Low Carbon Fuel Standard | 1,110,000 |
| | TOTAL - Funding Source | 125,130,472 |
| Use of Funds \$ | | |
| Authority | Description of Appropriation or Fund | FY 2023-24 |
| 15372 | Distribution Services Retail - SFO Substation | 9,122,894 |
| 15377 | Streetlights | 2,815,000 |
| 15400 | Small Renewables | 1,000,000 |
| 15404 | Energy Efficiency - General Fund | 1,000,000 |
| 15383 | Power Asset Acquisition | 7,587,000 |
| | TOTAL - Power | 21,524,894 |
| 15363 | Water Infrastructure Projects | 48,857,770 |
| 15365 | Joint Water/Power Projects | 37,030,487 |
| | TOTAL - Water | 85,888,257 |
| 15366 | Financing Cost Power | 6,154,705 |
| 15366 | Financing Cost Water | 11,562,616 |
| | TOTAL - Use of Funds | 125,130,472 |

Attachment A CleanPowerSF

| Funding Source \$ | | |
|-------------------|--------------------------------------|------------------|
| Authority | Description of Appropriation or Fund | FY 2023-24 |
| 80233 | ITI from CleanPowerSF Funds | 759,000 |
| 80444 | DAC Program | 848,220 |
| | TOTAL-Source of Fund | 1,607,220 |

| Use of Funds \$ | | |
|-----------------|--------------------------------------|------------------|
| Authority | Description of Appropriation or Fund | FY 2023-24 |
| 80233 | Local Renewable Energy Program | 759,000 |
| 80444 | DAC Solar Program | 848,220 |
| | Total-Uses of Fund | 1,607,220 |

FILE NO. 98-0738

ORDINANCE NO. 203-98

[Public Utilities Commission Short-Term Indebtedness]

AMENDING PART I OF THE SAN FRANCISCO MUNICIPAL CODE (THE SAN FRANCISCO ADMINISTRATIVE CODE) BY ADDING CHAPTER 84, SECTIONS 84.1 THROUGH 84.6 TO PROVIDE A PROCEDURE FOR THE ISSUANCE BY THE PUBLIC UTILITIES COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO OF COMMERCIAL PAPER AND OTHER SHORT-TERM INDEBTEDNESS IN ANTICIPATION OF THE ISSUANCE OF REVENUE BONDS

NOTE: This Chapter is new.

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

Section 1. FINDINGS. The Board of Supervisors of the City and County of San Francisco hereby finds and declares as follows:

A. Section 9.107 of the Charter of the City and County of San Francisco provides for the issuance of revenue bonds by the Public Utilities Commission of the City and County of San Francisco following the approval of the issuance of such revenue bonds by a majority of the voters, or, in the case of revenue bonds issued for the purposes set forth in clauses 1 and 6 of such Section, following approval by at least a three-fourths affirmative vote of the members of the Board.

B. Pursuant to Section 4.102 of the Charter, the Commission is authorized to execute such powers and duties as shall be prescribed by the Board.

C. Pursuant to Section 9.107 of the Charter, except as otherwise provided in the Charter, all revenue bonds may be issued and sold in accordance with state law or any procedure provided by City ordinance.

D. Pursuant to Section 9.113 of the Charter, the Board is authorized to borrow money by the issuance of tax anticipation notes, temporary notes, commercial paper or any other short-term debt instruments in the manner provided by state law or City ordinance.

PUBLIC UTILITIES COMMISSION
BOARD OF SUPERVISORS

1 E. The Board wishes to establish a procedure pursuant to which the Commission
2 may issue or incur short-term indebtedness in anticipation of the issuance of revenue bonds
3 which have been authorized in accordance with the Charter.

4 Section 2. Part I of the San Francisco Municipal Code (the San Francisco
5 Administrative Code) is hereby amended by adding Chapter 84, to read as follows:

6 SEC. 84.1 DEFINITIONS. For purposes of this Chapter, the following terms shall
7 have the meanings given below:

8 (a) The term "Board" shall mean the Board of Supervisors of the City.

9 (b) The term "Charter" shall mean the Charter of this City.

10 (c) The term "City" shall mean the City and County of San Francisco.

11 (d) The term "Commission" shall mean the Public Utilities Commission of the City.

12 (e) The term "Director" shall mean Director of the Mayor's Office of Public Finance
13 or any successor to that office.

14 SEC. 84.2 AUTHORIZATION OF SHORT-TERM INDEBTEDNESS. Following voter
15 approval or Board approval, as the case may be, of the issuance of revenue bonds by the
16 Commission pursuant to Section 9.107 of the Charter, the Commission, in anticipation of the
17 issuance of such revenue bonds, may incur short-term indebtedness in the form of
18 commercial paper, temporary notes or other forms of indebtedness subject to the limitations
19 set forth below.

20 The issuance of such short-term indebtedness, and certain of the terms and conditions
21 thereof, shall be subject to prior authorization by the Board.

22 Except as provided in Section 84.5, use of the proceeds of any such short-term
23 indebtedness shall be limited to the purposes for which the applicable revenue bonds were
24 approved by the voters or by the Board, as the case may be. Short-term indebtedness
25 incurred pursuant to this Chapter shall not result in interest costs or a maturity date exceeding

1 the limits, if any, fixed by the voters or the Board, as the case may be, with respect to the
2 applicable revenue bond approval(s).

3 Such short-term indebtedness shall be payable solely from the proceeds of the
4 applicable revenue bonds, or revenues of the Commission pledged, or to be pledged, to the
5 payment of such revenue bonds. If any of the principal of such short-term indebtedness is
6 paid from revenues of the Commission (other than revenues derived from grants) rather than
7 from the proceeds of revenue bonds, the principal amount of revenue bonds the Commission
8 is thereafter authorized to issue shall be reduced by the principal amount of short-term
9 indebtedness paid from revenues (other than revenues derived from grants).

10 Any pledge of revenues by the Commission for the payment of short-term
11 indebtedness may, in the sole discretion of the Director upon recommendation of the
12 Commission, be subordinate to any pledge of the Commission for its revenue bonds.

13 All indebtedness incurred pursuant to this Chapter shall not constitute or evidence a
14 debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance upon any
15 property of the City, or upon any income, receipt, revenue of the City, except the revenues or
16 funds, if any, pledged by the Commission.

17 All short-term indebtedness incurred pursuant to this Chapter must additionally comply
18 with each of the following provisions:

19 (a) shall be evidenced by notes, warrants, commercial paper or other
20 evidences of indebtedness maturing not later than five (5) years from
21 their issuance date; and

22 (b) any draw on such short-term indebtedness shall be subject to approval
23 by the Director.

24 Such short-term indebtedness may be sold at the discretion of the Director, upon
25 recommendation of the Commission, by public or private sale. All other terms and conditions

1 for such short-term indebtedness shall be determined by the Director, upon recommendation
2 of the Commission.

3 SEC. 84.3 CREDIT OR LIQUIDITY SUPPORT. The Director, upon
4 recommendation of the Commission, may arrange for credit or liquidity support for short-term
5 indebtedness issued pursuant to this Chapter or may arrange for credit or liquidity support to
6 provide an additional source of repayment for such short-term indebtedness.

7 Notwithstanding anything to the contrary in this Chapter, any monies paid by a
8 financial institution under any agreement for credit or liquidity support (a "Credit Facility")
9 shall:

- 10 (a) be repaid over a period not exceeding the maximum maturity, if any,
11 fixed by the voters or the Board, as the case may be, with respect to the
12 applicable revenue bond approval;
- 13 (b) bear interest at a rate that does not cause the aggregate average
14 interest cost to exceed the maximum approved interest cost on such
15 short-term indebtedness over the entire period such short-term
16 indebtedness is outstanding; and
- 17 (c) have such other terms and conditions as the Director, upon the
18 recommendation of the Commission, shall fix.

19 SEC. 84.4 MAXIMUM SHORT-TERM INDEBTEDNESS. The maximum principal
20 amount of all short-term indebtedness outstanding and incurred under this Chapter, including
21 any amounts outstanding under any Credit Facility, together with the outstanding principal
22 amount of related revenue bonds, shall not at any time exceed the maximum principal
23 amount of the applicable revenue bonds approved by the voters or the Board, as the case
24 may be.

25 ///

1 SEC. 84.5 REFUNDING SHORT-TERM INDEBTEDNESS. The Commission, with
2 the prior approval of the Director, may issue commercial paper, refunding notes, warrants, or
3 other evidences of short-term indebtedness, in anticipation of the issuance of revenue bonds,
4 for the purpose of paying and redeeming, at or prior to maturity, outstanding short-term
5 indebtedness issued in accordance with this Chapter. Notwithstanding the preceding
6 sentence, any short-term indebtedness issued to refund outstanding short-term indebtedness
7 may not:

- 8 (a) exceed the interest cost limitation set forth in Section 84.2; and
9 (b) exceed the limitation on the maximum principal amount of short-term
10 indebtedness set forth in Section 84.4; and
11 (c) mature more than five (5) years from the original date of issuance of the
12 original short-term indebtedness it is refunding.

13 Short-term indebtedness issued to refund outstanding short-term indebtedness may be
14 refunded by the Commission in accordance with this Section 84.5.

15 SEC. 84.6. CONSTRUCTION. The powers conferred by the provisions of this
16 Chapter are in addition to and supplemental to the powers conferred by the Charter or any
17 other ordinance or law.

18
19 APPROVED AS TO FORM:

20 LOUISE H. RENNE, City Attorney

21
22
23 By:

24 
 DAVE ANGELO SANCHEZ
 Deputy City Attorney

25

PUBLIC UTILITIES COMMISSION
BOARD OF SUPERVISORS

Board of Supervisors, San Francisco

Passed on First Reading

June 1, 1998

Ayes: Supervisors Ammiano Bierman
Brown Katz Kaufman Leno Medina
Newsom Teng Yaki

Noes: Supervisor Yee

§ Finally Passed

§

§ June 8, 1998

§

§

§ Ayes: Supervisors Ammiano Brown
§ Katz Kaufman Leno Medina Newsom
§ Teng Yaki

§

§ Noes: Supervisor Yee

§

§ Absent: Supervisor Bierman

I hereby certify that the foregoing ordinance
was finally passed by the Board of Supervisors
of the City and County of San Francisco

File No.
98-0738

JUN 19 1998

Date Approved

Clerk

Mayor

OFFICE OF THE MAYOR
SAN FRANCISCO



RECEIVED
LONDON N. BREED
SAN FRANCISCO MAYOR
2023 MAY 32 PM 2:31
BY *[Signature]*

To: Angela Calvillo, Clerk of the Board of Supervisors
From: Anna Duning, Mayor's Budget Director
Date: June 1, 2023
Re: Mayor's FY 2023-24 and FY 2024-25 Budget Submission

Madam Clerk,

In accordance with City and County of San Francisco Charter, Article IX, Section 9.100, the Mayor's Office hereby submits the Mayor's proposed budget by June 1st, corresponding legislation, and related materials for Fiscal Year (FY) 2023-24 and FY 2024-25.

In addition to the Mayor's Proposed FY 2023-24 and FY 2024-25 Budget Book, the following items are included in the Mayor's submission:

- The Annual Appropriation Ordinance and Annual Salary Ordinance, along with Administrative Provisions
- The proposed budget for the Office of Community Investment and Infrastructure for FY 2023-24
- The Airport Annual Salary Ordinance Supplemental for FY 2023-24
- The Port of San Francisco Annual Salary Ordinance Supplemental for FY 2023-24 and Annual Appropriation Ordinance Supplemental for FY 2023-24
- The Public Utilities Commission Capital Budget for FY 2023-24 and Annual Appropriation Ordinance Supplemental for FY 2023-24
- 34 separate pieces of trailing legislation (see list attached)
- A Transfer of Function letter detailing the transfer of positions from one City department to another
- An Interim Exception letter
- A letter addressing funding levels for nonprofit corporations or public entities for the coming two fiscal years
- Memo to the Board President requesting for 30-day rule waivers on ordinances

Please note the following:

- Technical adjustments to the June 1 budget are being prepared, but are not submitted with this set of materials.

Sincerely,

[Signature]
Anna Duning
Mayor's Budget Director

cc: Members of the Board of Supervisors
Budget & Legislative Analyst's Office
Controller

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2023 JUN -1 PM 2:34
BY *[Signature]*

| DEPT | Item | Description | Type of Legislation | File # |
|------|---|---|---------------------|--------|
| ADM | Code Amendment | Amending the Administrative Code to eliminate the Annual Joint Fundraising Drive | Ordinance | 230648 |
| ADM | Code Amendment | Amending the Administrative and Environment Codes to reduce reporting burdens, so as to update insurance manuals when requested or necessary, instead of on an annual basis, and eliminating some scheduled reports | Ordinance | 230647 |
| ADM | Code Amendment | Amending the Administrative Code relating to Technology Commodities and Services Procurements, to eliminate the Tech Marketplace fee | Ordinance | 230649 |
| ADM | Continuing Prop J | City Administrator's Office convention facility management services, Real Estate custodial services, and Fleet and Real Estate security services | Resolution | 230672 |
| BOS | Continuing Prop J | Board of Supervisors Budget and Legislative Analyst Services for FY 2023-24 | Resolution | 230672 |
| CON | Access Line Tax (ALT) Tax Rates | Sets Access Line Tax in line with 2023 Consumer Price Index. Revenues assumed in budget. | Ordinance | 230676 |
| CON | Neighborhood Beautification Fund | Neighborhood Beautification and Graffiti Clean-Up Fund Option (now known as the Community Challenge Grant Program) | Ordinance | 230668 |
| DBI | Department of Building Inspection Fee Changes | Changing the fee structure for DBI fees that are charged for permitting and inspection | Ordinance | 230658 |
| DEC | Early Care and Education Commercial Rents Tax Baseline | Amending the baseline funding requirements for early care and education programs to enable the City to use Early Care and Education Commercial Rents Tax revenues for those programs | Ordinance | 230661 |
| DEC | Early Care and Education, Commercial Rents Tax Deductions | Amending the Business and Tax Regulations Code relating to the Early Care and Education Commercial Rents Tax Sublessor Deduction | Ordinance | 230660 |
| DEM | EMSA Fee Changes | Updating medical services fees due to annual adjustments for the purposes of funding trauma and pediatric centers. Fees also required for certain additional services. | Ordinance | 230659 |

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|-----|--|--|------------|--------|
| DPH | Patient Rates | Amending the Health Code to set patient rates and rates for other services provided by the Department of Public Health. | Ordinance | 230662 |
| DPH | Recurring State Grants | Accept and expend for annual, recurring state grant funds. | Resolution | 230677 |
| DPH | Managed Care Rates | Amending the Health Code to set managed care rates provided by the Department of Public Health. | Ordinance | 230650 |
| DPH | Public Health Foundation MOU | MOU between DPH and San Francisco Public Health Foundation to establish roles and responsibilities for purposes of fundraising and capital projects | Resolution | 230673 |
| DPH | Hospital Foundation MOU | MOU between DPH and San Francisco General Hospital Foundation to establish roles and responsibilities for purposes of fundraising and capital projects | Resolution | 230674 |
| DPH | Mobile Crisis Grant | Grant agreement between DPH and Advocates for Human Potential Inc. for anticipated revenue that support behavioral health mobile crisis and non-mobile crisis services | Resolution | 230679 |
| DPH | Continuing Prop J | Department of Public Health Security Services | Resolution | 230672 |
| DPW | Continuing Prop J | Department of Public Works Security Services for FY 2023-24 | Resolution | 230672 |
| ECN | Contract Amendment - MidMarket Foundation | Contract amendment to reflect budgeted funding levels for the Mid-Market Foundation - Mid-Market/Tenderloin Community-Based Safety Program | Resolution | 230681 |
| ECN | Contract Amendment – San Francisco Tourism Improvement District Management Corporation | Contract amendment to reflect budgeted funding levels for the San Francisco Tourism Improvement District Management Corporation – Downtown Welcome Ambassador Program | Resolution | 230680 |
| ECN | Film Commission Fee Changes | Increase of filming fees for the SF Film Commission | Ordinance | 230651 |
| HOM | CAAP Legislation | Annual legislation for CAAP housing, required if appropriations for HSH fund exceed \$11.9 million, including expenditure details and explanation of benefits provided | Resolution | 230675 |
| HOM | Continuing Prop J | Homelessness and Supportive Housing security services | Resolution | 230672 |

| | | | | |
|-------------|---|---|------------------------|-----------------|
| HSA | Continuing Prop J | Human Services Agency Security Services for FY 2023-24 | Resolution | 230672 |
| HSH/ DPH | Funding Reallocation - Our City, Our Home Homelessness Gross Receipts Tax | Ordinance reallocating approximately \$60,000,000 in unencumbered revenues from the Our City, Our Home Fund to allow the City to use revenues from the Homelessness Gross Receipts Tax to provide services to prevent homelessness. | Ordinance | 230657 |
| LIB | Friends of the Library A&E | Annual Accept & Expend legislation for the SFPL's Friends of the Library Fund | Resolution | 230678 |
| MOHCD | Continuing Prop J | Mayor's Office of Housing and Community Development security services for undeveloped real property | Resolution | 230672 |
| OCII | OCII Interim Budget Resolution | OCII Interim Budget Resolution | Resolution | 230670 |
| | Citywide Tax Changes | Gross Receipts Tax Rate Increase Postponement and Credits for Opening City Location | Ordinance (Introduced) | File No. 230155 |
| REG | Continuing Prop J | Department of Elections Envelope Assembly Services for FY 2023-24 | Resolution | 230672 |
| REG | Ballot Arguments Opt-Out | Legislation for CCSF opt out of arguments on ballots required in AB 1416 | Ordinance | 230663 |
| SHF | Continuing Prop J | Sheriff's Department County Jails Food Services for FY 2023-24 | Resolution | 230672 |
| TTX | First Year Free | Continues waiving certain small business first-year permit, license, and business registration fees | Ordinance | 230664 |



TO: Aaron Peskin, President of the Board of Supervisors; Angela Calvillo, Clerk of
the Board of Supervisors
FROM: Tom Paulino
RE: 30-day Waiver Request for 7 Ordinances Related to Budget
DATE: June 2, 2023

A formal request to waive the 30-day hold on the following 7 ordinances introduced along with the budget on Thursday, June 1, 2023:

- Interim AAO
- Interim ASO
- Proposed AAO
- Proposed ASO
- Airport ASO Supplemental
- Port ASO Supplemental
- PUC Capital Budget and AAO Supplemental

Should you have any questions, please contact Tom Paulino at 415-554-6153.

President, District 3
BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. No. 554-7450
Fax No. 554-7454
TDD/TTY No. 544-6546

Aaron Peskin

PRESIDENTIAL ACTION

Date:

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,
Pursuant to Board Rules, I am hereby:

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

File No.

(Primary Sponsor)

Title.

Transferring (Board Rule No 3.3)

File No.

(Primary Sponsor)

Title.

From:

Committee

To:

Committee

Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor:

Replacing Supervisor:

For:

Meeting

(Date)

(Committee)

Start Time:

End Time:

Temporary Assignment:

Partial

Full Meeting

Aaron Peskin, President
Board of Supervisors

**Board of Supervisors
Legislation Introduced**

| Legislation Introductions - 6/6/23 | | | | | |
|---|-----------------------|-----------------|----------------|------------------|--|
| Number | Requests or IA | File No. | Sponsor | File Type | Description |
| | 30-Day | 230642 | Mayor | O | Proposed Interim Budget and Annual Appropriation Ordinance (AAO) |
| | 30-Day | 230643 | Mayor | O | Proposed Interim Annual Salary Ordinance (ASO) |
| | 30-Day | 230644 | Mayor | O | Proposed Budget and Annual Appropriation Ordinance (AAO) |
| | 30-Day | 230645 | Mayor | O | Proposed Annual Salary Ordinance (ASO) |
| | 30 Day Waiver | 230646 | Mayor | O | Admin Code - Minimum Compensation Ordinance |
| | 30 Day Waiver | 230647 | Mayor | O | Admin & Environment Codes - Reducing Reporting Burdens |
| | 30 Day Waiver | 230648 | Mayor | O | Admin Code - Eliminating Annual Joint Fundraising Drive |
| | 30 Day Waiver | 230649 | Mayor | O | Admin Code - Technology Commodities and Services Procurements |
| | 30 Day Waiver | 230650 | Mayor | O | Admin Code - DPH Managed Care Contracts |
| | 30 Day Waiver | 230651 | Mayor | O | Admin Code - Film Commission Programs |
| | 30-Day | 230652 | Mayor | O | Appropriation - \$124,020,472 in Proceeds from Revenue Bonds, Hetch Hetchy Revenue, Cap and Trade Allowance - FY 2023-24 |
| | 30-Day | 230653 | Mayor | O | Appropriation - Proceeds from CleanPowerSF Revenue and CPUC Grant Funds for CleanPowerSF Capital Improvements - \$1,607,220 - FY2023-24 |
| | 30-Day | 230654 | Mayor | O | Appropriation - \$332,278,006 in Proceeds from Revenue Bonds, State Loan or Grant Funds, Water Revenues, and Water Capacity Fees - FY2023-24 |
| | 30-Day | 230655 | Mayor | O | Appropriation - Proceeds from Revenue Bonds, State Loans or Grant Funds, Wastewater Revenues, and Wastewater Capacity Fees for Wastewater Capital Improvements - \$1,142,597,402 - FY2023-24 |
| | 30-day | 230656 | Mayor | O | Appropriation - Port Commission - \$501,908 - PUC - \$97,057,341 - FY2023-24 |
| | 30 Day Waiver | 230657 | Mayor | O | Funding Reallocation - Our City, Our Home Homelessness Gross Receipts Tax |
| | 30 Day Waiver | 230658 | Mayor | O | Building Code - Fees |
| | 30 Day Waiver | 230659 | Mayor | O | Business & Tax Regulations, Health Codes - Emergency Medical Services Fees |
| | 30 Day Waiver | 230660 | Mayor | O | Business & Tax Regulations Code - Early Care and Education Commerical Rents Tax Sublessor Deduction |
| | 30 Day Waiver | 230661 | Mayor | O | Business & Tax Regulations Code - Early Care and Education Commerical Rents Tax Baseline |
| | 30 Day Waiver | 230662 | Mayor | O | Health Code - Patient Rates for FY 2023-24 and 2024-25 |
| | 30 Day Waiver | 230663 | Mayor | O | Municipal Elections Code - Supporters and Opponents in Ballot Questions for Local Measures |
| | 30 Day Waiver | 230664 | Mayor | O | Business & Tax Regulations Code - Waiver of Permit, License, and Business Registration Fees for Certain Small Businesses |

**Board of Supervisors
Legislation Introduced**

| Legislation Introductions - 6/6/23 | | | | | |
|---|---------------------------|-----------------|----------------|------------------|--|
| Number | Requests or IA | File No. | Sponsor | File Type | Description |
| | 30-Day | 230665 | Mayor | O | SFPUC Water Revenue Bond and Other Forms of Indebtedness Issuance - NTE \$358,985,453 |
| | 30-Day | 230666 | Mayor | O | SFPUC Wastewater Revenue Bond Issuance - NTE \$1,047,288,286 |
| | 30-Day | 230667 | Mayor | O | SFPUC Power Revenue Bond and Other Forms of Indebtedness Issuance - NTE \$41,031,367 |
| | 30 Day Waiver | 230668 | Mayor | O | Neighborhood Beautification and Graffiti Clean-Up Fund Tax Designation Ceiling |
| | 30-Day | 230669 | Mayor | O | Public Employment - Amendment to the Salary Ordinance for the Port Commission and the Airport Commission - FY2023-24 |



TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Tom Paulino, Liaison to the Board of Supervisors
RE: San Francisco Public Utilities Commission Water Revenue Bond and Other
Forms of Indebtedness Issuance----Not to Exceed \$358,985,453
DATE: June 1, 2023

Ordinance authorizing the issuance and sale of tax-exempt or taxable Water Revenue Bonds and other forms of indebtedness (as described below) by the San Francisco Public Utilities Commission ("Commission") in an aggregate principal amount not to exceed \$358,985,453 to finance the costs of various capital water projects benefitting the Water Enterprise pursuant to amendments to the Charter of the City and County of San Francisco enacted by the voters on November 5, 2002 as Proposition E; authorizing the issuance of Water Revenue Refunding Bonds and the retirement of outstanding Water Enterprise Commercial Paper; declaring the Official Intent of the Commission to reimburse Itself with one or more issues of tax-exempt bonds or other forms of indebtedness; and ratifying previous actions taken in connection therewith.

Should you have any questions, please contact Tom Paulino at 415-554-6153.