

Committee Item No. 9
Board Item No. 37

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date June 11, 2014

Board of Supervisors Meeting

Date JUNE 24, 2014

Cmte Board

<input type="checkbox"/>	<input type="checkbox"/>	Motion
<input type="checkbox"/>	<input type="checkbox"/>	Resolution
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Ordinance
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Legislative Digest
<input type="checkbox"/>	<input type="checkbox"/>	Budget and Legislative Analyst Report
<input type="checkbox"/>	<input type="checkbox"/>	Youth Commission Report
<input type="checkbox"/>	<input type="checkbox"/>	Introduction Form
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Department/Agency Cover Letter and/or Report
<input type="checkbox"/>	<input type="checkbox"/>	MOU
<input type="checkbox"/>	<input type="checkbox"/>	Grant Information Form
<input type="checkbox"/>	<input type="checkbox"/>	Grant Budget
<input type="checkbox"/>	<input type="checkbox"/>	Subcontract Budget
<input type="checkbox"/>	<input type="checkbox"/>	Contract/Agreement
<input type="checkbox"/>	<input type="checkbox"/>	Form 126 – Ethics Commission
<input type="checkbox"/>	<input type="checkbox"/>	Award Letter
<input type="checkbox"/>	<input type="checkbox"/>	Application
<input type="checkbox"/>	<input type="checkbox"/>	Public Correspondence

OTHER

(Use back side if additional space is needed)

[illegible]

Completed by: Linda Wong Date June 6, 2014
Completed by: L.W. Date 6/12/14

1 [Wastewater Revenue Bond Issuance and Sale - Public Utilities Commission - Not to
2 Exceed \$819,035,941 ~~846,906,000~~]

3 Ordinance approving the issuance and sale of wastewater revenue bonds by the San
4 Francisco Public Utilities Commission in an aggregate principal amount not to
5 exceed \$819,035,941 ~~846,906,000~~ to finance the costs of various projects benefitting the
6 Wastewater Enterprise pursuant to amendments to the Charter of the City and County
7 of San Francisco enacted by the voters on November 5, 2002, as Proposition E;
8 declaring the official intent of the Commission to reimburse itself with one or more
9 issues of tax-exempt bonds; and ratifying previous actions taken in connection
10 therewith.

11
12 NOTE: Additions are single-underline italics Times New Roman;
13 deletions are ~~strike-through italics Times New Roman~~.
14 Board amendment additions are double-underlined;
Board amendment deletions are ~~strikethrough normal~~.

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

16 Section 1. Findings. The Board of Supervisors (the "Board") of the City hereby finds
17 and declares as follows:

18 A. On November 5, 2002, the voters of the City and County of San Francisco (the
19 "City") approved Proposition E, codified as Article VIII B of the Charter of the City (the
20 "Charter"), which among other things, authorized Public Utilities Commission ("the
21 Commission") to issue revenue bonds, including notes, commercial paper or other forms of
22 indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board of
23 Supervisors, for the purpose of reconstructing, replacing, expanding, repairing or improving
24 water facilities or clean water facilities, or combinations of water and clean water facilities
25 under the jurisdiction of the Commission; and

1 B. The Commission adopted the Indenture dated as of January 1, 2003, as
2 amended and supplemented (the "Indenture"), between the Commission and U. S. Bank
3 National Association and in connection therewith, has from time to time issued revenue
4 bonds to finance projects benefitting the Wastewater Enterprise; and

5 C. By Resolution No.14-0032 adopted by the Commission on February 11, 2014,
6 (the "Commission Resolution"), the Commission has determined to issue one or more
7 additional series of revenue bonds (the "Wastewater Revenue Bonds") to finance the costs
8 of all or a portion of certain capital projects described therein benefitting the Wastewater
9 Enterprise (the "Capital Projects" such projects as further described in the Commission
10 Resolution), as well as for the payment of costs of issuance and other incidental costs
11 related thereto, and formally requested this Board of Supervisors to authorize the issuance
12 and sale of the Wastewater Revenue Bonds for such purposes, pursuant to Charter Section
13 8B.124, such Commission Resolution being on file with the Clerk of the Board in File No.
14 140483, which is hereby declared to be a part of this Ordinance as if set forth fully
15 herein.

16 D. The Commission has determined that it is necessary and desirable to make
17 certain additional improvements to the facilities of the Wastewater Enterprise (the
18 "Improvements"), and has further determined to finance the costs of the Improvements
19 through the issuance of wastewater revenue bonds. The Board now desires to authorize the
20 issuance and sale of the Wastewater Revenue Bonds by the Commission pursuant to
21 Proposition E; provided however, the Commission shall file with the Commission Board and
22 this Board of Supervisors any and all certifications required by Charter Section 8B.124 prior
23 to the issuance of Wastewater Revenue Bonds authorized hereby (as further described
24 below); and
25

1 E. Proposition E allows for the issuance of revenue bonds or other forms of
2 indebtedness by ordinance approved by two-thirds of the Board, subject to the provision of
3 certain certifications of an independent engineer retained by the Commission and certain
4 certifications by the San Francisco Planning Department, which certifications shall make the
5 findings and determinations set forth in Proposition E; and

6 F. The Commission has paid, beginning no earlier than 60 days prior to the
7 adoption of this Ordinance and will pay, on and after the date hereof, certain expenditures
8 (the "Expenditures") in connection with the acquisition, construction and/or equipping of the
9 Capital Projects, and

10 G. This Board of Supervisors, on behalf of the Commission, adopts this Ordinance
11 as official action of the Commission in order to comply with Treasury Regulation §1.150-2
12 and any other regulations of the Internal Revenue Service relating to the qualification for
13 reimbursement of Commission expenditures incurred prior to the date of issue of the
14 Wastewater Revenue Bonds, and

15 H. This Board is concurrently considering with this ordinance Capital Improvement
16 Program related supplemental appropriations totaling \$950,906,000 for fiscal years ending
17 2015 and 2016, such amount being inclusive of the Wastewater Revenue Bonds.

18 Section 2. Approval of the Wastewater Revenue Bonds. Subject to the terms of this
19 Ordinance, the Commission is hereby authorized to issue the Wastewater Revenue Bonds
20 pursuant to Proposition E to finance a portion of the design, acquisition and construction of
21 the Capital Projects (including the costs of issuance for such obligations) and other
22 incidental costs relating thereto; and the Board hereby approves the issuance and sale of
23 the Wastewater Revenue Bonds in one or more series from time to time by the Commission
24 pursuant to Charter Proposition E and in accordance with the Prior Ordinance and the
25 Commission Resolution, in an aggregate principal amount not to exceed \$819,035,941

1 ~~846,906,000~~ (inclusive of financing costs), at a maximum rate or rates of interest of not to
2 exceed twelve percent (12%) per annum. The Commission is hereby authorized to
3 determine the timing, amount and manner of sale of each series of Wastewater Revenue
4 Bonds issued pursuant to this authorization; provided however, the Commission's
5 authorization to issue Wastewater Revenue Bonds is subject to approval by the
6 Commission's Board of the form of offering document and the filing with its Board and the
7 Clerk of the Board any certifications required by Proposition E prior to the issuance of any
8 bonds herein authorized.

9 Section 3. Declaration of Official Intent. The Board, on behalf of the Commission,
10 hereby declares the official intent of the Commission to reimburse the Commission with
11 proceeds of the Wastewater Revenue Bonds for the Expenditures with respect to the Capital
12 Projects made on and after a date that is no more than 60 days prior to the adoption of this
13 Ordinance. The Commission reasonably expects on the date hereof that it will reimburse
14 the Expenditures with proceeds of the Wastewater Revenue Bonds. Each said Expenditure
15 was and will be either (A) of a type properly chargeable to a capital account under general
16 federal income tax principles (determined in each case as of the date of the Expenditure),
17 (B) a cost of issuance with respect to the Bonds, (C) a nonrecurring items that is not
18 customarily payable from current revenues, or (D) a grant to pay a party that is not related to
19 or an agent of the issuer so long as such grand does not impose any obligation or condition
20 (directly or indirectly) to repay any amount to or for the benefit of the Commission. The
21 maximum principal amount of the Wastewater Revenue Bonds to be issued for the Capital
22 Projects is \$819,035,941 ~~846,906,000~~ (inclusive of financing costs).

23 The Commission will make a reimbursement allocation, which is a written allocation
24 by the Issuer that evidences the Commission's use of proceeds of the Wastewater Revenue
25 Bonds to reimburse an Expenditure, no later than 18 months after the later of the date on

1 which the Expenditure is paid or the component of the Capital Projects is placed in service
2 or abandoned, but in no event more than three years after the date on which the
3 Expenditure is paid. The Commission recognizes that exceptions are available for certain
4 "preliminary expenditures," costs of issuance, certain de minimis amounts, expenditures by
5 "small issuers" (based on the year of issuance and not the year of expenditure) and
6 expenditures for construction projects of at least 5 years.

7 Section 4. General Authority. The Controller, Treasurer, the City Attorney and other
8 officers of the City and their duly authorized deputies and agents are hereby authorized and
9 directed, jointly and severally, to take such actions and to execute and deliver such
10 certificates, agreements, requests or other documents, as they may deem necessary or
11 desirable to facilitate the issuance, sale and delivery of the Wastewater Revenue Bonds to
12 obtain bond insurance or other credit enhancements with respect to the Wastewater
13 Revenue Bonds, to obtain a surety bond, to obtain title and other insurance with respect to
14 the facilities to be financed, and otherwise to carry out the provisions of this Ordinance.

15 Section 5. Ratification of Prior Actions. All actions authorized and directed by this
16 Ordinance and heretofore taken are hereby ratified, approved and confirmed by this Board.

17 Section 6. File Documents. All documents referred to as on file with the Clerk of the
18 Board are in File Nos. 140483.

19 Section 7. Effective Date. Pursuant to Charter Section 14.102, this Ordinance shall
20 take effect thirty (30) days after its adoption.

21 APPROVED AS TO FORM:
22 DENNIS J. HERRERA, City Attorney

23 By: 

24 MARK D. BLAKE
Deputy City Attorney

25 n:\financ\as2014\1300183\00930017finalwasterev611final2014.doc

AMENDED IN COMMITTEE

6/11/14

FILE NO. 140483

LEGISLATIVE DIGEST

[Wastewater Revenue Bonds Issuance and Sale---Public Utilities Commission---Not to Exceed \$819,035,941]

Ordinance approving the issuance and sale of wastewater revenue bonds by the San Francisco Public Utilities Commission in an aggregate principal amount not to exceed \$819,035,941 to finance the costs of various projects benefitting the Wastewater 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; declaring the Official Intent of the Commission to Reimburse Itself with one or more issues of tax-exempt bonds; and ratifying previous actions taken in connection therewith.

Existing Law

This is new legislation.

Background Information

The proposed Ordinance authorizes the issuance by the SFPUC of its water revenue bonds (the "Wastewater Revenue Bonds") in an amount not to exceed \$819,035,941 to finance the costs of various capital water projects benefitting the SFPUC Water Enterprise. The Wastewater Revenue Bonds will be issued pursuant to Proposition E (codified at Charter Section 8B.124), at a maximum rate of 12% per annum. The Ordinance delegates to the SFPUC the authority to determine the timing, amount and manner of sale of Wastewater Revenue Bonds (i.e., competitive or negotiated), subject to the SFPUC approving the form of a substantially final offering document.

The Ordinance also authorizes declares the Official Intent of the City, on behalf of the SFPUC, to reimburse itself with a portion of the proceeds of the Wastewater Revenue Bonds in accordance with Treasury Regulation Section 1.150-2.

Items 7 and 9**Files 14-0481 and 14-0483****Department:**

Public Utilities Commission (PUC)

EXECUTIVE SUMMARY**Legislative Objectives**

File 14-0481: The proposed ordinance appropriates (2) \$950,906,000 in revenues from revenue bond proceeds and other wastewater revenues; and (2) places \$846,906,000 in bond proceeds on Controller's reserve, pending Board of Supervisors' approval of California Environmental Quality Act (CEQA) findings and Controller's certification of available funds.

File 14-0483: The proposed ordinance authorizes the Public Utilities Commission (PUC) to issue wastewater revenue bonds in the aggregate principal not-to-exceed amount of \$846,906,000 to fund various wastewater capital projects.

Key Points

- Master planning for Sewer System Improvement Program (SSIP) began in 2004 with the goal of bringing the City's sewer system to a state of good repair and ensuring continued regulatory compliance and system reliability. The SSIP consists of approximately 20 capital improvement projects to be completed from 2011 through 2040, a period of approximately 30 years. The FY 2014-15 through FY 2023-24 Ten-Year Capital Plan was approved by the Public Utilities Commission on May 13, 2014 and includes \$5,547,358,000 in various capital Wastewater Enterprise projects including projects under the SSIP.
- The Board of Supervisors has previously authorized \$820,566,235 in wastewater revenue bonds for the SSIP and other wastewater projects, of which \$331,585,000 has been sold, resulting in \$488,981,235 in bonds previously authorized but unissued
- The PUC anticipates issuing the proposed revenue bonds in an aggregate principal amount not-to-exceed \$846,906,000 through multiple competitive or negotiated sales over the next two years with the first sale occurring in approximately Spring 2015.

Fiscal Impact

- The anticipated interest rate for the bond payments is 5%. Total estimated debt service over the 30-year term of the bonds is \$1,591,701,272, consisting of \$846,906,000 in principal and \$744,795,272 in interest. The estimated average annual debt service payment is \$56,846,474
- In June 2013, the Board of Supervisors approved an ordinance (File 13-0365) that de-appropriated \$27,870,059 in wastewater revenue bond proceeds. The Budget and Legislative Analyst's Office recommends reducing the aggregate principal amount in the proposed ordinance (File 14-0483) by \$27,870,059 from \$846,906,000 to \$819,035,941.

Recommendations

- Amend the proposed ordinance (File 14-0483) to reduce the principal aggregate not-to-exceed amount by \$27,870,059 from \$846,906,000 to \$819,035,941.
- Approve the proposed ordinance (File 14-0483) as amended.
- Approve the proposed ordinance (File 14-0481).

MANDATE STATEMENT / BACKGROUND**Mandate Statement**

Charter Section 8B.124 (Proposition E, November 2002) authorizes the San Francisco Public Utilities Commission (PUC) to issue revenue bonds, notes payable, commercial paper, and other forms of indebtedness for the purpose of reconstructing, replacing, expanding, repairing or improving water facilities or clean water facilities, subject to approval by two-thirds of the Board of Supervisors.

According to Charter Section 8B.124, authorization of revenue bonds is subject to certification (1) from an independent engineer that the projects to be financed by such debt meet utility standards; (2) that estimated net revenue will be sufficient to meet operating, maintenance, debt service coverage and other indenture or resolution requirements; and (3) by the Planning Department that facilities under the PUC's jurisdiction that are to be funded by such debt will comply with the California Environmental Quality Act (CEQA).

Charter Section 5A.31(d) states that one-twentieth of one percent from the proceeds of each issuance or sale of public utility revenue bonds must be set aside for use by the Public Utilities Commission Revenue Bond Oversight Committee to cover the costs of Committee activities.

Charter Appendix F1.113 states that 0.2 percent of the bond expenditures net of bond financing and auditing costs be allocated to the support the Controller's Audit Fund.

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 PUC Wastewater Enterprise provides sanitary waste and stormwater collection, treatment and disposal services to residents in the City as well as residents of north San Mateo County. The service area encompasses 29,773 acres and provides a level of service that can accommodate approximately 990,449 people using approximately 40 billion gallons of water per year.

The PUC annually updates its ten-year capital improvement plan to renew and replace the Wastewater Enterprise's infrastructure. The FY 2014-15 through FY 2023-24 Ten-Year Capital Plan was approved by the Public Utilities Commission on May 13, 2014 and includes \$5,547,358,000 in various capital Wastewater Enterprise projects including projects under the Sewer System Improvement Program (SSIP).

Master planning for SSIP began in 2004 with the goal of bringing the City's sewer system to a state of good repair and ensuring continued regulatory compliance and system reliability. The SSIP consists of approximately 20 capital improvement projects to be completed from 2011 through 2040, a period of approximately 30 years.

Funding for capital projects in the Wastewater Enterprise is provided through wastewater revenue bonds issued by the PUC and through commercial paper, a short-term debt instrument issued by the PUC.

DETAILS OF PROPOSED LEGISLATION

File 14-0483: The proposed ordinance authorizes the Public Utilities Commission (PUC) to issue and sell wastewater revenue bonds in the aggregate principal not-to-exceed amount of \$846,906,000 to fund various capital projects in the Wastewater Enterprise capital improvement plan

File 14-0481: The proposed ordinance appropriates (2) \$950,906,000 in revenues from revenue bond proceeds, wastewater revenues, and capacity fee fund balance to fund various projects in the wastewater ten-year capital plan; and (2) places \$846,906,000 in bond proceeds on Controller's reserve, pending PUC and Board of Supervisors' approval of environmental review for wastewater projects under the California Environmental Quality Act (CEQA) and receipt of bond proceeds, as certified by the Controller.

FISCAL IMPACT

File 14-0483:

As shown in Table 1 below, the Board of Supervisors has previously authorized \$820,566,235 in wastewater revenue bonds, of which \$331,585,000 has been sold, resulting in \$488,981,235 in bonds previously authorized but unissued.

Table 1: Previously Authorized Wastewater Revenue Bonds

File	Amount Authorized	Amount Sold	Bonds Authorized But Unissued
10-0340	\$297,756,235	\$260,450,326	\$37,305,909
12-0469	522,810,000	71,134,674	451,675,326
Subtotal	\$820,566,235	\$331,585,000	\$488,981,235

According to Mr. Mike Brown, PUC Capital Finance, the PUC anticipates issuing the proposed revenue bonds in an aggregate principal amount not-to-exceed \$846,906,000 through multiple competitive or negotiated sales over the next two years with the first sale occurring in approximately Spring 2015.

The anticipated interest rate for the bond payments is 5%. Total estimated debt service over the 30-year term of the bonds is \$1,591,701,272, consisting of \$846,906,000 in principal and \$744,795,272 in interest. The estimated average annual debt service payment is \$56,846,474.

On May 13, 2014, the PUC approved its schedule of wastewater rates that are charged to retail customers in the City. According to Mr. Brown, PUC wastewater rates are increasing in part because the PUC assumes in its projections that the PUC will issue all previously authorized and requested bond amounts.

Public Utilities Commission Debt Policy

The PUC annually approves a set of debt policies and procedures that govern the PUC debt program. PUC has established a debt limit in which annual net operating income must be at least 1.25 times annual debt service (debt service coverage ratio). The PUC anticipates that debt service coverage ratios in the Wastewater Enterprise will range from 4.53 in FY 2014-15 to 1.43 in FY 2023-24, exceeding the minimum ration established by PUC's debt service ratio of 1.25.

File 14-0481:

The proposed ordinance would appropriate \$950,906,000 to wastewater capital projects, as shown in Table 2 below.

Table 2: Sources and Uses of Funds

Sources	FY 2014-15	FY 2015-16	Amount
Proceeds from the Sale of Bonds	\$292,775,000	\$554,131,000	\$846,906,000
Wastewater Revenues	39,000,000	41,000,000	80,000,000
Wastewater Capacity Fee Fund Balance	11,000,000	13,000,000	24,000,000
Total Sources	\$342,775,000	\$608,131,000	\$950,906,000
Uses	FY 2014-15	FY 2015-16	Amount
Biosolids Digester Phase I	42,600,000	122,600,000	165,200,000
Southeast Plant Improvements - Southeast	42,420,000	102,981,000	145,401,000
Renewal & Replacement-Collection System	40,422,000	40,351,000	80,773,000
Treatment Plant Improvements	22,100,000	45,280,000	67,380,000
Storm Water Management	37,300,000	23,670,000	60,970,000
Collection System Improvements	16,500,000	41,100,000	57,600,000
Renewal & Replacement-Collection System	23,858,000	24,637,000	48,495,000
SSIP - Program-Wide Management	23,000,000	24,000,000	47,000,000
Central Bayside System Improvements	14,000,000	24,800,000	38,800,000
SSIP - Land Reuse	5,000,000	29,253,000	34,253,000
Renewal & Replacement-Treatment Facilities	12,442,000	13,063,000	25,505,000
Renewal & Replacement-Collection System	11,000,000	13,000,000	24,000,000
Collection Division Consolidation	-	20,000,000	20,000,000
Pump Stations/Bayside & Westside	1,300,000	8,600,000	9,900,000
Southeast Community Center Improvements	7,000,000	-	7,000,000
Ocean Beach Visioning Process	2,700,000	3,300,000	6,000,000
Urban Watershed Assessment	3,000,000	-	3,000,000
Subtotal, Projects	304,642,000	536,635,000	841,277,000
Financing Cost	37,377,329	70,145,665	107,522,994
City Services Auditor	609,284	1,073,270	1,682,554
Revenue Bond Oversight Committee	146,387	277,065	423,452
Subtotal, Financing and Oversight	38,133,000	71,496,000	109,629,000
Total Uses	\$342,775,000	\$608,131,000	\$950,906,000

The two largest projects to be funded by the proposed appropriation include:

- The proposed \$165,200,000 for a replacement biosolids digester at the Southeast Water Pollution Control Plant (Southeast Plant). The existing biosolids digester was constructed in 1952 and currently treats 80 percent of City flows. According to Mr. Brown, the current biosolids digester is showing signs of corrosion. Additionally, the roofing on the digester does not adequately insulate the contents of the digester and the surrounding community has been complaining about the smell.

Total estimated projected costs are \$1.15 billion, of which \$196.4 million are planning, design and environmental review (including the requested \$165,200,000) and \$953.9 million are construction management and construction costs. The PUC anticipates construction to begin in 2018.

- The proposed \$145,401,000 for improvements to the Southeast Plant, which is the PUC's largest wastewater treatment facility. These improvements include seismic retrofits, process equipment upgrades, a new secondary effluent disinfection building and chemical systems, and new infrastructure for sludge co-thickening, screening and de-gritting.

Total estimated project costs are \$658.9 million, of which \$106.5 million are planning, design and environmental review, and \$552.4 million are construction management and construction.

De-Appropriated Bond Proceeds

In June 2013, the Board of Supervisors approved an ordinance (File 13-0365) that de-appropriated \$27,870,059 in wastewater revenue bonds. The Budget and Legislative Analyst's Office recommends reducing the authorization to issue and sell the not-to-exceed aggregate principal amount of wastewater revenue bonds under the proposed ordinance (File 14-0483) by \$27,870,059 from \$846,906,000 to \$819,035,941.

RECOMMENDATIONS

1. Amend the proposed ordinance (File 14-0483) to reduce the authorization to issue and sell the not-to-exceed principal aggregate amount of wastewater revenue bonds by \$27,870,059 from \$846,906,000 to \$819,035,941.
2. Approve the proposed ordinance (File 14-0483) as amended.
3. Approve the proposed appropriation ordinance (File 14-0481).

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 14-0032

WHEREAS, The General Manager of the San Francisco Public Utilities Commission (SFPUC) and staff presented the proposed FY 2014-15 and FY 2015-16 Capital Improvement Budget to the Commission at public hearings held on January 14 and 28, 2014, and February 11, 2014 for the Water Enterprise, Wastewater Enterprise, and Hetch-Hetchy Water and Power, including the Power Enterprise; and

WHEREAS, The proposed FY 2014-15 and FY 2015-16 Capital Improvement Budget must be submitted to, and approved by, Mayor Edwin M. Lee and the Board of Supervisors; and

WHEREAS, The SFPUC General Manager recommends that the SFPUC seek a supplemental appropriation for the capital expenditures presented in the proposed FY 2014-15 and FY 2015-16 Capital Improvement Budget for the Water Enterprise, Wastewater Enterprise and Hetch Hetchy Water & Power, including the Power Enterprise, to timely implement public repair and improvement projects, including the preparation and consideration of environmental analysis pursuant to the California Environmental Quality Act (CEQA) and Administrative Code Chapter 31, where required; and

WHEREAS, This Commission has considered the proposed Fiscal Years 14-15 and 2015-16 Capital Improvement Program Budgets for the Water Enterprise, Wastewater Enterprise, and Hetch Hetchy Water and Power, including the Power Enterprise, which total \$655,083,000 for FY 2014-15 and \$817,695,000 for FY 2015-16; now, therefore be it

RESOLVED, That this Commission hereby approves the Fiscal Years 2014-15 and FY 2015-16 Capital Improvement Program Budget for each Enterprise as follows:

Capital Improvement Program	FY 2014-15	FY 2015-16
Wastewater Enterprise	\$304,642,000	\$536,635,000
Water Enterprise	\$232,357,000	\$158,368,000
Hetchy Power	\$ 90,881,100	\$ 88,865,500
Hetchy Water	<u>\$ 27,202,900</u>	<u>\$ 33,826,500</u>
Total SFPUC	\$655,083,000	\$817,695,000

and, be it

FURTHER RESOLVED, That the General Manager of the San Francisco Public Utilities Commission (SFPUC) is authorized to make further technical adjustments to these approved amounts as may be necessary, or upon further direction from the Commission; and, be it

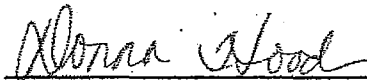
FURTHER RESOLVED, That this Commission hereby adopts the proposed FY 2014-15 and 2015-16 SFPUC Capital Improvement Program Budgets for the Water Enterprise, the Wastewater Enterprise, and Hetch Hetchy Water and Power, including the Power Enterprise, and authorizes the General Manager to request the Mayor to recommend to the Board of Supervisors a supplemental appropriation in the amount of \$729,811,000 to fund FY 2014-15 and \$935,769,000 to fund FY 2015-16 as follows:

FY 2014-15 Projects	Amount	Financing Costs	Total
Wastewater Enterprise	\$304,642,000	\$38,133,000	\$342,775,000
Water Enterprise	\$232,357,000	\$14,784,000	\$247,141,000
Hetchy Power	\$ 90,881,100	\$16,239,000	\$107,120,100
Hetchy Water	<u>\$ 27,202,900</u>	<u>\$ 5,572,000</u>	<u>\$ 32,774,900</u>
Total SFPUC	\$655,083,000	\$74,728,000	\$729,811,000

FY 2015-16 Projects	Amount	Financing Costs	Total
Wastewater Enterprise	\$536,635,000	\$71,496,000	\$608,131,000
Water Enterprise	\$158,368,000	\$24,177,000	\$182,545,000
Hetchy Power	\$ 88,865,500	\$15,472,000	\$104,337,500
Hetchy Water	<u>\$ 33,826,500</u>	<u>\$ 6,929,000</u>	<u>\$ 40,755,500</u>
Total SFPUC	\$817,695,000	\$118,074,000	\$935,769,000

FURTHER RESOLVED, The General Manager is hereby authorized and directed to submit to the Board proposed Ordinances authorizing the issuance of not to exceed \$302,707,000 aggregate principal amount of Water Revenue Bonds and \$846,906,000 aggregate principal amount of Wastewater Revenue Bonds under the terms of Proposition E; provided, however, the issuance of such Bonds shall be subject to the terms of Proposition E (approved by the voters November 2002); and \$148,874,000 aggregate principal amount of Power Revenue Bonds, subject to the terms of Charter Section 9.107(8). The General Manager shall return to this Commission and the Board for a subsequent discretionary approval of any disclosure and security documents prepared in connection with the issuance of such Bonds to finance these capital improvement program projects.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of February 11, 2014.



Secretary, Public Utilities Commission

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE
MAYOR

RECEIVED
OFFICE OF THE MAYOR
MAY 1 2014
11:31 AM

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *Ed* Mayor Edwin M. Lee
RE: SFPUC Wastewater Revenue Bond Issuance---Not to Exceed
\$846,906,000
DATE: May 1, 2014

Attached for introduction to the Board of Supervisors is the ordinance approving the issuance and sale of wastewater revenue bonds by the San Francisco Public Utilities Commission (the "Commission") in an aggregate principal amount not to exceed \$846,906,000 to finance the costs of various projects benefitting the Wastewater Enterprise pursuant to amendments to the Charter (the "Charter") of the City and County of San Francisco (the "City") enacted by the voters on November 5, 2002 as Proposition E ("Proposition E"); declaring the Official Intent of the Commission to Reimburse Itself with one or more issues of tax-exempt bonds; and ratifying previous actions taken in connection therewith.

I request that this item be calendared in Budget and Finance Committee.

Should you have any questions, please contact Jason Elliott (415) 554-5105.

