

File No. 151275

Committee Item No. 2

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date January 27, 2016

Board of Supervisors Meeting

Date _____

Cmte Board

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Completed by: Linda Wong Date January 22, 2016
 Completed by: Linda Wong Date _____

1 [General Obligation Bonds - Public Health and Safety - Estimated Cost of \$350,000,000]

2
3 **Resolution determining and declaring that the public interest and necessity demand**
4 **the construction, acquisition, improvement and betterment of critical community**
5 **health, emergency response and safety, and animal care facilities for earthquake safety**
6 **and the payment of related costs necessary or convenient for the foregoing purposes;**
7 **finding that the estimated cost of \$350,000,000 for such improvements is and will be**
8 **too great to be paid out of the ordinary annual income and revenue of the City and**
9 **County and will require incurring bonded indebtedness; finding that a portion of the**
10 **proposed bond is not a project under the California Environmental Quality Act**
11 **("CEQA") and adopting findings under CEQA, CEQA Guidelines, and San Francisco**
12 **Administrative Code, Chapter 31, for the remaining portion of the proposed bond;**
13 **finding the proposed bond is in conformity with the priority policies of Planning Code,**
14 **Section 101.1(b) and with the General Plan consistency requirement of Charter,**
15 **Section 4.105, and Administrative Code, Section 2A.53; and waiving the time limits set**
16 **forth in Administrative Code, Section 2.34.**

17
18 WHEREAS, The City and County of San Francisco (the "City") owns and operates a
19 number of facilities and maintains infrastructure whose primary purpose is to provide critical
20 public health and emergency services for City residents and businesses; and

21 WHEREAS, The City has determined that many of such public health facilities and
22 infrastructure are deteriorating and seismically inadequate to ensure public health and safety
23 in the event of an earthquake occurring in or near the City; and

24 WHEREAS, The Working Group on California Earthquake Probabilities (a collaborative
25 effort of the United States Geological Survey (the "U.S.G.S."), the California Geological

1 Society and the Southern California Earthquake Center) estimates a 72% chance that one or
2 more earthquakes of a magnitude of 6.7 or larger will occur in the Bay Area in the next 30
3 years; and

4 WHEREAS, The U.S.G.S. predicts that a magnitude 7.5 earthquake occurring today on
5 the Hayward Fault would likely cause hundreds of deaths and significant property damage,
6 with estimates as high as \$200 billion; and

7 WHEREAS, A large magnitude earthquake would damage critical City public health
8 facilities and infrastructure, thereby compromising the capacity of health care workers and first
9 responders, including fire and police personnel, to respond effectively; and

10 WHEREAS, The Public Health and Safety (the "Bond") will provide funding for critical
11 public health and safety facilities as further described below; and

12 WHEREAS, With adequate funding the City can make essential seismic retrofits and
13 improvements at the Zuckerberg San Francisco General Hospital and Trauma Center campus
14 and neighborhood clinic, including but not limited to the modernization of fire response
15 systems and the renovation of the Southeast Health Center (collectively the "Public Health
16 Project"), and

17 WHEREAS, With adequate funding the City can renovate and seismically upgrade the
18 San Francisco Fire Department Ambulance Deployment Facility, which includes the
19 construction of a modern, seismically safe ambulance and paramedic deployment facility
20 (collectively, the "Safety Project"); and

21 WHEREAS, With adequate funding the City can construct an Animal Care and Control
22 Shelter in Mission Bay a Public Safety Building, which includes the construction of seismically
23 safe building to care for displaced animals and prevent the spread of communicable diseases
24 in the event of an earthquake (collectively the "Animal Rescue Project"); and

1 WHEREAS, The Board recognizes the need to seismically strengthen and safeguard
2 the City's critical public health, safety and animal care facilities to better secure the health,
3 safety and welfare of City residents; now, therefore, be it

4 RESOLVED, By the Board of Supervisors:

5 Section 1. The Board determines and declares that the public interest and necessity
6 demand the rehabilitation and seismic upgrade of public health and emergency facilities,
7 including making seismic upgrades and improvements to the Zuckerberg San Francisco
8 General Hospital campus, the construction of a new addition to the South East Health Center,
9 the construction of a seismically safe ambulance deployment and emergency medical
10 services facility, and the construction of a seismically safe Animal Care & Control Center, and
11 the payment of related costs necessary or convenient for the foregoing purposes.

12 Section 2. The estimated cost of \$350,000,000 of the Bond is and will be too great to
13 be paid out of the ordinary annual income and revenue of the City, will require an expenditure
14 greater than the amount allowed by the annual tax levy, and will require the incurrence of
15 bonded indebtedness in an amount not to exceed \$350,000,000.

16 Section 3. The Board, having reviewed the proposed legislation, makes the following
17 findings in compliance with the California Environmental Quality Act ("CEQA"), California
18 Public Resources Code, Sections 21000, et seq., the CEQA Guidelines, 15 Cal.
19 Administrative Code, Sections 15000, et seq., ("CEQA Guidelines"), and San Francisco
20 Administrative Code, Chapter 31 ("Chapter 31"). Each of the facilities proposed to be funded
21 with this Bond have been reviewed as required by CEQA. The Environmental Review Officer
22 has determined that the proposed facilities are either exempt from CEQA or have been
23 analyzed in an environmental document and are consistent with such analysis. The Board
24 affirms the determinations, for the reasons set forth in the analyses contained in Board of
25 Supervisors File No. _____, incorporated herein by this reference thereto.

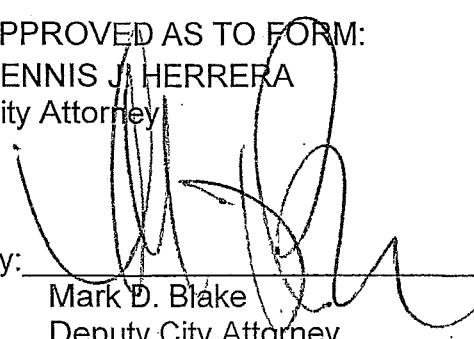
1 Section 4. The Board finds and declares that the proposed Bond is (i) in conformity
2 with the priority policies of Section 101.1(b) of the San Francisco Planning Code, (ii) in
3 accordance with Section 4.105 of the San Francisco Charter and Section 2A.53(f) of the
4 San Francisco Administrative Code, and (iii) consistent with the City's General Plan, and
5 adopts the findings of the Planning Department, as set forth in the General Plan Referral
6 Report dated December __, 2015, a copy of which is on file with the Clerk of the Board in File
7 No. _____ and incorporates such findings by reference.

8 Section 5. The time limit for approval of this resolution specified in Section 2.34 of the
9 San Francisco Administrative Code is waived.

10 Section 6. Under Section 2.40 of the San Francisco Administrative Code, the
11 ordinance submitting this proposal to the voters shall contain a provision authorizing landlords
12 to pass-through 50% of the resulting property tax increases to residential tenants in
13 accordance with Chapter 37 of the San Francisco Administrative Code.

14 Section 7. Documents referenced in this resolution are on file with the Clerk of the
15 Board of Supervisors in File No. _____, which is hereby declared to be a part of
16 this resolution as if set forth fully herein.

17
18 APPROVED AS TO FORM:
19 DENNIS J. HERRERA
City Attorney

20
21
22 By: 
23 Mark D. Blake
Deputy City Attorney
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Items 1 and 2
Files 15-1276 and 15-1275

Departments:
 Department of Public Works (DPW), Fire Department
 Department of Public Health, Animal Care and Control
 City Administrator's Office, Capital Planning Program
 Controller's Office of Public Finance

EXECUTIVE SUMMARY

Legislative Objectives

- File 15-1275: Resolution determining and declaring the public interest and necessity demand the construction, acquisition, improvement and betterment of critical community health, emergency response and safety and animal care facilities for earthquake safety and the payment of costs necessary or convenient for the foregoing purposes; finding that the estimated \$350,000,000 cost for such improvements is too great to be paid out of the ordinary annual income and revenue of the City and will require incurring bonded indebtedness; adopting findings under the California Environmental Quality Act (CEQA), Administrative Code Chapter 31 and the Planning Code; and waiving time limits in Administrative Code, Section 2.34.
- File 15-1276: Ordinance calling and providing for a special election to be held on June 7, 2016 in order to submit to San Francisco voters a proposition to incur \$350,000,000 for construction, acquisition, improvement and betterment of critical community health, emergency response and safety and animal care facilities for earthquake safety and related costs.

Key Points

- The proposed 2016 Public Health and Safety General Obligation Bond would fund four projects: (1) \$222 million for seismic upgrades and renovations for the existing San Francisco General Hospital (SFGH-Building 5); (2) \$30 million for a renovation and expansion of the Southeast Health Center; (3) \$44 million for constructing a new Fire Department ambulance deployment center and (4) \$54 million for a new seismically safe Animal Care and Control shelter.

Fiscal Impact

- The \$350,000,000 GO bond does not include approximately \$12,500,000 additional costs for furniture, fixtures and equipment, which cannot be paid with bond proceeds. These additional costs will likely need to be funded with General Funds, subject to appropriation approval by the Board of Supervisors.
- The \$350,000,000 GO Bonds will have a projected annual interest rate of 6.0 percent with each issuance over 20 years, assuming three issuances, resulting in estimated total debt service payments of \$603,999,767, including \$253,999,757 in interest and \$350,000,000 in principal, with average annual debt service payments of \$27,454,535. Debt service would be paid from increased Property Taxes, such that an owner of a single family residence with an assessed value of \$600,000 would pay average annual additional Property Taxes to the City of \$54.27 per year.
- As of January 1, 2016, there was \$1,972,113,899 of General Obligation Bonds outstanding, or approximately 1.01% of the total assessed value of property in the City. If the \$350,000,000 of General Obligation Bonds is issued, the total outstanding General Obligation Bonds would total \$2,322,113,899, or approximately 1.19% of the total assessed value of property.

Recommendation

- Approval of the proposed ordinance and resolution to submit a \$350 million General Obligation bond to San Francisco voters for the June 2016 ballot is a policy decision for the Board of Supervisors.

MANDATE STATEMENT / BACKGROUND**Mandate Statement**

According to Article 16, Section 18(a) of the State of California Constitution, no county, city, town, township, board of education, or school district, shall incur any indebtedness or liability for any purpose exceeding in any year the income and revenue provided for such year, without the approval of two-thirds of the voters of the public entity voting at an election to be held for that purpose. Section 9.105 of the City's Charter provides that the Board of Supervisors is authorized to approve the issuance and sale of General Obligation bonds in accordance with State law or local procedures adopted by ordinance.

City Administrative Code Section 2.34 requires that (1) a resolution of public interest and necessity for the acquisition, construction or completion of any municipal improvement be adopted by the Board of Supervisors not less than 141 days, and (2) an ordinance ordering the submission of the proposal to San Francisco voters be adopted by the Board of Supervisors not less than 99 days, before the election at which such proposal will be submitted to the voters. These time limits may be waived by resolution of the Board of Supervisors.

Background**City's Ten-Year Capital Plan**

The City's Ten Year (FY 2016-2025) Capital Plan, approved by the Board of Supervisors on April 21, 2015, provides an assessment of the City's capital needs, the investment required to meet those needs and a detailed plan to finance capital improvements over the next ten years. This Capital Plan recommends \$23 billion in direct City investments plus \$9 billion of external funding, for a total of \$32 billion in capital improvements over the next ten years, including a \$311 million Public Health and Safety General Obligation (GO) Bond to be submitted to San Francisco voters for the June 2016 ballot. This \$311 million GO Bond included:

- (a) \$192 million to seismically retrofit and renovate the existing San Francisco General Hospital (SFGH) (Building 5);
- (b) \$30 million for renovation and expansion of the Department of Public Health's (DPH) Southeast Health Center;
- (c) \$49 million to seismically retrofit and renovate the City's Animal Care and Control facility; and
- (d) \$40 million for a new seismically safe expanded Fire Department Ambulance Deployment Center.

San Francisco General Hospital Campus

The new Priscilla Chan and Mark Zuckerberg San Francisco General Hospital and Trauma Center (Zuckerberg San Francisco General), constructed with \$887 million of 2008 San Francisco voter-approved General Obligation bonds and significant private gifts and donations, is scheduled to open in the Spring of 2016. In preparation for the opening of this new facility, the Department

of Public Health (DPH) and the Department of Public Works contracted with SOHA Engineers, a structural engineering firm, at a total cost of \$303,015 to evaluate the structural performance of the adjacent older 1970s-era existing hospital facility (Building 5). This evaluation found that significant corrective structural work was needed to reinforce and improve the seismic safety of this facility, as well as fire and life safety and related regulatory requirements and renovations.

Once the new Zuckerberg San Francisco General acute care and trauma center opens and patients are transferred from Building 5, this older 1970s-era existing main hospital facility is proposed to be seismically and structurally upgraded to house outpatients, urgent care and the City's psychiatric emergency services. It should be noted that the overall San Francisco General Hospital campus includes 15 buildings which provide various health services, eight of which need seismic safety improvements¹. Mr. Brian Strong, Director of the Capital Planning Program advises that a future GO bond in 2022 is anticipated to be requested for seismic improvements for SFGH Buildings 80/90. In addition, DPH is currently studying the feasibility of future uses for the eight buildings that would seek alternate financing mechanisms, to offset the use of General Fund monies. These studies are anticipated to be completed in the summer of 2016.

Southeast Health Center

The Department of Public Health (DPH) owns and operates ten neighborhood-based primary care health centers², including the 17,000 square foot Southeast Health Center, which opened in 1979 at 2401 Keith Street in the Bayview Hunters Point neighborhood. The Southeast Health Center provides acute and chronic illness services, preventive medical care, prenatal, mental health and substance abuse care, as well as dental, optometry and podiatry care. DPH advises that while improvements have been made and planned for the other health centers, the Southeast Health Center facility is both outdated and inadequate to serve the growing needs of the patient community and unique because DPH wants to relocate behavioral health services from leased space into a new adjacent addition to the Southeast Health Center facility in order to develop an integrated model of health care to better meet the needs of vulnerable and at-risk individuals and families.

Fire Department Ambulance Deployment Facility

In 2015, the Fire Department responded to more than 100,000 emergency medical service calls, an average of 274 calls per day, transporting approximately 55,000 patients to local hospitals. A new dynamic deployment model fully implemented by July 2009 strategically deploys ambulances from specified locations throughout the City, depending on demands for emergency medical services. The current 1½ story Ambulance Deployment Facility sits on a 64,000 square foot lot, at 1415 Evans Avenue in the Bayview neighborhood, only has space to restock one ambulance at a time, which can delay the turn-around time to return ambulances to serve, slowing emergency response times.

¹ The eight buildings that require seismic safety improvements are: Buildings 1, 9, 10, 20, 30, 40, 80/90 and 100.

² DPH's ten health centers are: (1) Castro/Mission, (2) Chinatown, (3) Curry Senior Center, (4) Maxine Hall, (5) Ocean Park, (6) Potrero Hill, (7) Silver Avenue, (8) Southeast, (9) Sunset Mental, and (10) Tom Waddell Clinic.

The proposed bond would construct a new seismically safe 30,000 square foot, three-floor facility and 55,000 square foot parking structure on the City-owned site at 2245 Jerrold Avenue in the Bayview neighborhood. The new facility would include four ambulance restocking bays, ambulance supplies warehouse, locker rooms, on-site training rooms and secure, off-street parking. Currently, 2245 Jerrold Avenue contains Fire Station 9 and three buildings for materials and vehicle storage, two of which would be demolished to allow construction of the new facility. The Fire Department proposes to consolidate its Bureau of Equipment functions from a seismically unsafe unreinforced masonry building at 2510 25th Street to the 1415 Evans Avenue site.

Animal Care and Control Shelter

Animal Care and Control, located at 1200 15th Street in the Mission District, provides animal care and veterinary services including adoptions, health screening, vaccinations, and microchipping, licenses dogs, service animals and commercial dog walkers and protects the public from dangerous animals. The building was constructed in 1931 as a purchaser's warehouse before being converted to an animal shelter in 1988. The building does not meet current health standards for animal care. Based on structural evaluations conducted by DPW in 2013³, the existing facility is particularly vulnerable to a major earthquake. The proposed bond would construct a new Animal Care and Control facility at 1401-1419 Bryant Street in the Mission neighborhood, which is currently used by the San Francisco Municipal Transportation Agency (SFMTA) for overhead lines maintenance operations and storage.⁴ If approved, the Animal Care and Control operations would not move until 2020, or approximately four years from now; over the next 2-3 years, the City will assess the needs and develop a plan for the future use of the 1200 15th Street facility.

DETAILS OF PROPOSED LEGISLATION

File 15-1275: The proposed resolution would (a) determine and declare that the public interest and necessity demand the construction, acquisition, improvement and betterment of critical community health, emergency response and safety and animal care facilities for earthquake safety and the payment of \$350,000,000 costs is necessary or convenient for the foregoing purposes; (b) find that a portion of the proposed bond is not a project under the California Environmental Quality Act (CEQA) and adopt findings under CEQA for the remaining portion of the bond; (c) find that the proposed bond is in conformity with the priority policies of Planning Code, Section 101.1(b) and with the General Plan consistency requirement of Charter, Section 4.105 and Administrative Code, Section 2A.53; and (d) waive the time limits set forth in Administrative Code Section 2.34.

³ "Seismic Evaluation of San Francisco Animal Care and Control Building", prepared by the Structural Engineering Section of the Department of Public Works, March 2013.

⁴ SFMTA has determined that it is not financially feasible to seismically upgrade the 1401-1419 Bryant Street facility for vehicle and material storage, and is currently evaluating relocation sites. Final costs are not yet known.

File 15-1276: The proposed ordinance would (a) call and provide for a special election to be held in San Francisco on June 7, 2016 in order to submit to San Francisco voters a proposition to incur \$350,000,000 of General Obligation bonded indebtedness to finance the construction, acquisition, improvement and betterment of critical community health, emergency response and safety and animal care facilities for earthquake safety and related costs; (b) specify the tax levy and interest rates; (c) authorize landlords to pass-through 50% of the resulting property tax increase to residential tenants in accordance with Administrative Code Chapter 37; and (d) establish the election provisions.

Under the proposed resolution (File 15-1275) and ordinance (File 15-1276), the Board of Supervisors would:

- find that the estimated \$350,000,000 cost of the proposed capital improvements are too great to be paid out of the ordinary annual income and revenue of the City and County of San Francisco (City) and will require expenditures greater than the amount allowed in the existing annual tax levy, thus requiring the City to incur bonded indebtedness;
- find that each of the facilities proposed to be funded with this bond have been reviewed as required by the California Environmental Quality Act (CEQA) and the proposed facilities are either exempt from CEQA or have been analyzed in an environmental document and are consistent with such analysis;
- find that the proposed bond is in conformity with the eight priority policies of Planning Code, Section 101.1(b)⁵ and consistent with the City's General Plan;
- authorize landlords to pass-through 50% of the subject property tax increases to residential tenants in accordance with Chapter 37 of the Administrative Code;
- fix the date of June 7, 2016 and the manner of the election, procedures for voting on the proposition, notice of such election and consolidate the special election with the general election;
- fix the maximum rate of interest on the bonds and provide for the levy and collection of property taxes to pay both the principal and interest on the bonds;
- incorporate (a) Administrative Code Chapter 83, authorizing all contracts funded with the proceeds of these bonds be subject to the City's First Source Hiring Program, and (b) Chapter 14B, requiring the Local Business Enterprise and Non-Discrimination in Contracting Ordinance provisions;
- waive the ballot proposition word limit imposed by Municipal Elections Code Section 510;

⁵ The Eight Priorities of City Planning Code Section 101.1 include: (1) existing neighborhood-serving retail uses be preserved and enhanced, and future opportunities for resident employment in and ownership of such businesses enhanced; (2) existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods; (3) the City's supply of affordable housing be preserved and enhanced; (4) commuter traffic not impede Muni transit service or overburden our streets or neighborhood parking; (5) a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced; (6) the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake; (7) landmarks and historic buildings be preserved; and (8) parks and open space and their access to sunlight and vistas be protected from development.

- comply with Section 53410 of the California Government Code regarding restrictions on the use of bond proceeds;
- waive Administrative Code Section 2.34 time requirement provisions; and
- incorporate Administrative Code Section 5.30-5.36 provisions regarding the Citizen's General Obligation Bond Oversight Committee (CJOB) annual review and report to the Mayor and the Board of Supervisors.

The proposed \$350,000,000 General Obligation Bond (which had been previously estimated in the City's Ten Year Capital Plan at \$311,000,000) would be referred to as the 2016 Public Health and Safety Bond, and would fund the facilities shown in Table 1 below:

Table 1: Summary of Projects and Costs for the Proposed 2016 GO Bond

Projects	Bond Amount	Description
Existing San Francisco General Hospital (Building 5)	\$222,000,000	Seismic improvements, and fire alarm system, fire sprinklers and associated upgrades to electrical and mechanical life and safety systems, including new infection-control and ventilation systems, upgraded restrooms, fixtures, hardware, ADA improvements and modernization of the facility.
Southeast Health Center	30,000,000	Phase I includes \$5 million renovation of the existing Southeast Health Center at 2401 Keith Street in the Bayview-Hunters Point neighborhood to expand patient capacity and upgrade and modernize the facility. Phase II includes \$25 million construction of a new approximately 20,000 square foot adjacent two-story addition to provide comprehensive behavioral patient health services.
Fire Department Ambulance Deployment Facility	44,000,000	Construction of a new seismically safe 3-floor facility and parking structure at 2245 Jerrold Avenue to accommodate more efficient restocking of four ambulances at one time, including dispatch, training facilities and Fire Department offices.
Animal Care and Control	54,000,000	Construction of a new expanded, modern and seismically safe Animal Care and Control facility at 1401-1419 Bryant Street to replace the existing aged facility at 1200 15 th Street.
Total	\$350,000,000	

Regarding the California Environmental Quality Act (CEQA) findings:

- On February 13, 2015, the Planning Department determined that the proposed SFGH Building 5 project is categorically exempt from CEQA.
- On June 16, 2015, the Planning Department determined that the proposed Southeast Health Center project is categorically exempt from CEQA, as an in-fill development project.
- On December 11, 2015, the Planning Department determined that the proposed Fire Department Ambulance Deployment Facility is categorically exempt from CEQA, as an in-fill development project.

- On January 6, 2016, the Planning Department determined that the Animal Care and Control Facility at 1419 Bryant Street is consistent with the Eastern Neighborhoods Rezoning and Area Plans and is therefore exempt from further environmental review pursuant to CEQA.

FISCAL IMPACT

Rationale for Proposed Costs

According to Mr. Strong, the request for this \$350 million Public Health and Safety General Obligation Bond, which was included in the 2016-2025 City 10-Year Capital Plan at \$311 million⁶, is based on technical studies, seismic analysis, identified locations and projections of the amount of funds needed to renovate and improve these four critical public health, safety and animal control facilities.

Development of these four projects was based on preliminary planning and seismic analysis funded with General Fund appropriations, including (a) \$11,375,000 for SFGH in FY 2012-13 through FY 2015-16, (b) \$2,500,000 for the Southeast Health Center in FY 2012-13 and (c) \$941,289 in FY 2011-12 and FY 2012-13 for Animal Care and Control, which would be reimbursed by the proposed 2016 GO Bond funds, if approved by the voters.

A breakdown of the estimated costs for the four proposed projects is shown in Table 2 below.

Table 2: Estimated Costs for the Four Proposed Projects

	SFGH Existing Hospital	Southeast Health Center	Ambulance Deployment	Animal Care and Control
Arch/Engin/Mgmt. Permits	\$61,332,425	\$9,506,550	\$8,510,000	\$10,420,000
Other City Agencies	1,920,075	250,000	810,000	870,000
	<u>750,000</u>	<u>249,700</u>	<u>680,000</u>	<u>710,000</u>
Subtotal Project Control	\$64,002,500	\$10,006,250	\$10,000,000	\$12,000,000
Construction	134,539,130	17,125,000	29,470,000	34,200,000
Contingency (15%)	<u>20,180,870</u>	<u>2,568,750</u>	<u>2,830,000</u>	<u>4,400,000</u>
Subtotal Construction	\$154,720,000	\$19,693,750	\$32,300,000	\$38,600,000
Inflation Reserve ⁷			<u>1,000,000</u>	1,200,000
Construction Delay Reserve ⁸				<u>1,300,000</u>
Subtotal			\$1,000,000	\$2,500,000
Bond Issuance	3,277,500	300,000	700,000	900,000
Total Project Cost	\$222,000,000	\$30,000,000	\$44,000,000	\$54,000,000

⁶ The Ten Year Capital Plan estimate of \$311 million for the subject GO Bond increased to \$350 million as a result of additional technical seismic analysis, specific identified locations and further defined scope. The SFGH building is now estimated to cost \$222 million (instead of \$192 million), the Animal Care and Control facility budget moved \$5 million of General Fund costs to bond expenses, increasing the estimated bond cost to \$54 million (instead of \$49 million) and the Ambulance Deployment Center is now estimated to cost \$44 million (instead of \$40 million).

⁷ Inflation Reserve included to supplement budgeted expenses in the event inflation exceeds budgeted 5% per year. Because of significantly greater upfront planning for SFGH Existing Hospital and Southeast Health Center, DPH is confident that their cost assumptions do not require additional Inflation Reserve.

⁸ The Construction Delay Reserve provides additional funding assuming a 5% annual escalation for up to a six-month delay in the event SFMTA is unable to relocate by the May 2018 target date.

The above project costs do not include the costs for furniture, fixtures or equipment, which cannot be paid from the proposed GO bond. Such costs are estimated to total \$12,500,000, including \$7,800,000 for the SFGH existing hospital, \$2,000,000 for the Southeast Health Center, \$1,000,000 for the Ambulance Deployment and \$1,700,000 for the Animal Care and Control facility. The additional furniture, fixtures and equipment costs, which are included in the City's 5-Year Financial Plan, will likely need to be funded with General Fund monies, subject to future appropriation approval by the Board of Supervisors.

Proposed Bond Financing Costs

If the proposed \$350,000,000 Public Health and Safety General Obligation Bonds are approved by San Francisco voters in June of 2016, Ms. Nadia Sesay, Director of the Office of Public Finance anticipates that these bonds would be sold in three issuances in approximately October 2016 (\$120 million), January 2018 (\$137 million) and January 2019 (\$93 million), as summarized in Table 3 below.

Table 3: Sources and Uses of \$350,000,000 Public Health and Safety Bonds

Issuances	1: October 2016	2: January 2018	3: January 2019	Total
Total Sources	\$120,000,000	\$137,000,000	\$93,000,000	\$350,000,000
Uses				
Project Funds	\$118,241,500	\$135,065,000	\$91,526,000	\$344,832,500
CSA Audit Fee	<u>238,500</u>	<u>270,000</u>	<u>183,500</u>	<u>692,500</u>
Total Fund Deposit	\$118,480,000	\$135,335,500	91,709,500	\$345,525,000
Cost of Issuance	\$500,000	\$500,000	\$500,000	\$1,500,000
Underwriter's Discount	900,000	1,027,500	697,500	2,625,000
CGOBOC Fees	<u>120,000</u>	<u>137,000</u>	<u>93,000</u>	<u>350,000</u>
Total Uses	\$120,000,000	\$137,000,000	\$93,000,000	\$350,000,000

In accordance with Section 5.31 of the Administrative Code, one-tenth of one percent (0.1%) of the bonds gross proceeds shall be deposited into a Controller's Office fund, to be appropriated by the Board of Supervisors to cover the costs of the Citizens' General Obligation Bond Oversight Committee (CGOBOC). The Controller's City Service Audit (CSA) fee, bond issuance costs, underwriter's discount and the CGOBOC fee are included in the total estimated project costs of \$350,000,000 reflected in Table 1 above. These costs total approximately \$5,167,500, which would be separately charged to each of the projects, based on the actual costs.

According to Ms. Sesay, the \$350,000,000 of General Obligation Bonds are projected to have an annual interest rate not to exceed 6.0 percent, with each issuance for 20 years, such that debt service payments will extend from 2017 through 2038, depending on the issuance date. The bonds will result in estimated total debt service payments of \$603,999,767, including \$253,999,767 in interest and \$350,000,000 in principal, with average annual debt service payments of \$27,454,535.

Repayment of the annual debt service will be recovered through increases to the annual Property Tax rate. A single family residence with an assessed value of \$600,000, assuming a homeowners exemption of \$7,000, would pay average annual additional Property Taxes to the

City of \$54.27 per year to cover the debt service on the proposed \$350,000,000 Public Health and Safety General Obligation Bonds. However, all such property tax increases should be offset through the retirement of existing General Obligation bonds.

The City's Charter imposes a three percent limit on the amount of General Obligation Bonds that can be outstanding at any given time, relative to the total assessed value of property in the City. The FY 2015-16 net assessed value of property in the City is \$194,392,571,976, such that the three percent limit is currently \$5,831,777,159. According to Ms. Sesay, as of January 1, 2016, there was \$1,972,113,899 of General Obligation Bonds outstanding, or approximately 1.01% of the total assessed value of property in the City.

If the subject \$350,000,000 General Obligation Bonds are issued, the outstanding General Obligation Bonds would total \$2,322,113,899, or approximately 1.19% of the total assessed value of property. However, the proposed issuances would be consistent with the City's approved Ten-Year Capital Plan, which states that General Obligation bonds will be issued such that Property Tax rates will not increase above the FY 2006 Property Tax rates. Therefore, new General Obligation bonds would only be issued as outstanding General Obligation bonds are retired.

POLICY CONSIDERATIONS

Since 2008, San Francisco voters have approved seven General Obligation bonds, totaling \$2.8 billion. If the proposed \$350,000,000 General Obligation Bond is approved, it would result in a total of \$3.15 billion of General Obligation bonds. As noted above, the Ten Year Capital Plan includes a total of \$32 billion in capital improvements over the next ten years.

Requires Two-thirds Approval

Approval of the proposed resolution requires two-thirds or more of the Board of Supervisors approval and approval by Mayor. In addition, approval of this \$350,000,000 General Obligation Bond would require approval by at least two-thirds of San Francisco voters. The use of GO Bond proceeds to finance any project or portion of any project would also be subject to future appropriation approval by the Board of Supervisors.

Coordination with Jail Mental Health Facilities Project

The proposed \$350,000,000 GO bond includes \$222,000,000 to renovate and seismically upgrade the existing SFGH hospital (Building 5) for outpatient services, urgent care and the City's only psychiatric emergency services. The Board of Supervisors is also considering the purchase of property adjacent to the Hall of Justice for a jail replacement and/or mental health facility, which may include \$80 million of State grant funding. Based on recommendations by the Board of Supervisors, the City has established a Jail Closure Committee whose purpose is to define programming requirements and costs associated with a prisoner mental health facility. DPH advises that the Jail Closure Committee will coordinate with other planned programs, such as the renovation and seismic upgrade of Building 5 that may overlap in the delivery of psychiatric emergency services or behavioral health services in the City.

RECOMMENDATION

Approval of the proposed ordinance and resolution to submit a \$350 million General Obligation bond to San Francisco voters for the June 2016 ballot is a policy decision for the Board of Supervisors.

Wong, Linda (BOS)

From: Wong, Linda (BOS)
Sent: Wednesday, January 06, 2016 4:28 PM
To: Jones, Sarah (CPC)
Cc: Navarrete, Joy (CPC); Poling, Jeanie (CPC)
Subject: BOS File No. 151275 - Environmental Review
Attachments: 151275 er.pdf

Good Afternoon,

Attached is a referral for BOS File No. 151275, which is being referred to the Planning Department for environmental review. Please forward your determination directly to me at linda.wong@sfgov.org as soon as it is available. Thank you.

Linda Wong
Board of Supervisors
1 Dr. Carlton B. Goodlett Place, City Hall, Room 244
San Francisco, CA 94102-4689
Phone: 415.554.7719 | Fax: (415) 554-5163
Linda.Wong@sfgov.org | www.sfbos.org

Please complete a Board of Supervisors Customer Service Satisfaction form by clicking [here](#).

The [Legislative Research Center](#) provides 24-hour access to Board of Supervisors legislation, and archived matters since August 1998.

Disclosures: Personal information that is provided in communications to the Board of Supervisors is subject to disclosure under the California Public Records Act and the San Francisco Sunshine Ordinance. Personal information provided will not be redacted. Members of the public are not required to provide personal identifying information when they communicate with the Board of Supervisors and its committees. All written or oral communications that members of the public submit to the Clerk's Office regarding pending legislation or hearings will be made available to all members of the public for inspection and copying. The Clerk's Office does not redact any information from these submissions. This means that personal information—including names, phone numbers, addresses and similar information that a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors website or in other public documents that members of the public may inspect or copy.

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

January 6, 2016

File No. 151275

Sarah Jones
Environmental Review Officer
Planning Department
1650 Mission Street, 4th Floor
San Francisco, CA 94103

Dear Ms. Jones:

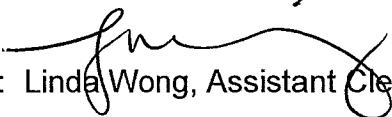
On December 15, 2015, Mayor Lee introduced the following legislation:

File No. 151275

Resolution determining and declaring that the public interest and necessity demand the construction, acquisition, improvement and betterment of critical community health, emergency response and safety, and animal care facilities for earthquake safety and the payment of related costs necessary or convenient for the foregoing purposes; finding that the estimated cost of \$350,000,000 for such improvements is and will be too great to be paid out of the ordinary annual income and revenue of the City and County and will require incurring bonded indebtedness; finding that a portion of the proposed bond is not a project under the California Environmental Quality Act ("CEQA") and adopting findings under CEQA, CEQA Guidelines, and San Francisco Administrative Code, Chapter 31, for the remaining portion of the proposed bond; finding the proposed bond is in conformity with the priority policies of Planning Code, Section 101.1(b) and with the General Plan consistency requirement of Charter, Section 4.105, and Administrative Code, Section 2A.53; and waiving the time limits set forth in Administrative Code, Section 2.34.

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

By:  Linda Wong, Assistant Clerk

Attachment

c: Joy Navarrete, Environmental Planning
Jeanie Poling, Environmental Planning

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *for* Mayor Edwin M. Lee *EL*
RE: Public Health and Safety General Obligation Bonds
DATE: December 15, 2015

Attached for introduction to the Board of Supervisors is a resolution determining and declaring that the public interest and necessity demand the construction, acquisition, improvement and betterment of critical community health, emergency response and safety, and animal care facilities for earthquake safety and the payment of related costs necessary or convenient for the foregoing purposes; finding that the estimated cost of \$350,000,000 for such improvements is and will be too great to be paid out of the ordinary annual income and revenue of the City and County and will require incurring bonded indebtedness; finding that a portion of the proposed bond is not a project under the California Environmental Quality Act ("CEQA") and adopting findings under CEQA, CEQA Guidelines, and San Francisco Administrative Code Chapter 31 for the remaining portion of the proposed bond; finding the proposed bond is in conformity with the priority policies of Planning Code Section 101.1(b) and with the General Plan consistency requirement of Charter Section 4.105 and Administrative Code Section 2A.53; and waiving the time limits set forth in Administrative Code Section 2.34.

I respectfully request that this item be calendared in the Special Budget & Finance Committee meeting on January 11th, 2016.

Should you have any questions, please contact Nicole Elliott (415) 554-7940.