

File No. 160468

Committee Item No. 18
Board Item No. 13

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date May 25, 2016

Board of Supervisors Meeting

Date June 7, 2016

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
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| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input checked="" 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 |
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Completed by: Linda Wong Date May 20, 2016
Completed by: Linda Wong Date May 31, 2016

1 [Appropriation - Proceeds from Revenue Bonds, State Loan or Grant Funds, Water Revenues
2 and Water Capacity Fees of \$272,233,620 - Re-Appropriation of \$83,750,500 for Water
3 Capital Improvements - FYs 2016-2017 and 2017-2018]

4 Ordinance appropriating a total of \$272,233,620 of proceeds from Revenue Bonds,
5 State of California Water Resources Control Board's revolving loan funds (State Loan
6 Funds) or grant funds (State Grant Funds), water revenues and water capacity fees for
7 the San Francisco Public Utilities Commission (SFPUC) Water Enterprise's Capital
8 Improvement Program for FY2016-2017 at \$149,910,090 and for FY2017-2018 at
9 \$122,323,530; and re-appropriating Water Capital Project Appropriations of \$56,750,500
10 in FY2016-2017 and \$27,000,000 in FY2017-2018; and placing \$220,762,620 of Revenue
11 Bond and State Loan Funds or State Grant Funds proceeds and \$5,300,000 of water
12 capacity fee proceeds by project on Controller's reserve subject to the Controller's
13 certification of funds availability, including proceeds of indebtedness, and for
14 construction related expenditures (excluding program management, planning and
15 design) for these projects, as applicable, is also subject to the prior occurrence of the
16 SFPUC's and the Board of Supervisors' discretionary adoption of California
17 Environmental Quality Act (CEQA) Findings for projects, following review and
18 consideration of completed project related environmental analysis, where required.

19
20 Note: Unchanged Code text and uncodified text are in plain Arial font.
21 Additions to Codes are in *single-underline italics Times New Roman font*.
22 Deletions to Codes are in ~~*strikethrough italics Times New Roman font*~~.
23 Board amendment additions are in double-underlined Arial font.
24 Board amendment deletions are in ~~strikethrough Arial font~~.
25 Asterisks (* * *) indicate the omission of unchanged Code
subsections or parts of tables.

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

2
3 Section 1. The sources of funding outlined below are herein appropriated to reflect the
4 funding available for Fiscal Year 2016-2017.

5
6 **SOURCES Appropriation**

Fund	Index Code / Project Code	Subobject	Description	Amount
9 5W CPF 17A – 10 Water Enterprise- 11 2017A Bond Fund	*WTR5WCPF17A / WTR30000	80111	Proceeds from Sale of Bonds	\$127,269,090
13 5W CPF LOC – 14 Local Capital 15 Project Fund	UWUWZZZI505W / CUWZZZZZ	9505W	Water Enterprise Revenue	\$ 5,894,350
17 5W CPF LOC – 18 Local Capital 19 Project Fund	470003 / CUWZZZZZ	99999B	Use of Fund Balance	\$525,000
21 5W CPF WCF – 22 Water Wholesale 23 Capital Project Fund	UWUWZZZG505W / CUWZZZZZ	9505W	Water Enterprise Revenue	\$ 10,946,650

1	Fund	Index Code /	Subobject	Description	Amount
2		Project Code			
3	5W CPF WCF –	*WTR5WCPFWCF /	99999B	Use of Fund Balance	\$975,000
4	Water Wholesale	CUWZZZZZ			
5	Capital Project Fund				
6					
7	5W CPF CAP -	*WTR5WCPFCAP /	79993	Water Capacity Fees	\$4,300,000
8	Capacity Fees	CUW28000			
9					
10	Total SOURCES Appropriation				<u>\$149,910,090</u>

11

12 Section 2. The uses of funding outlined below are herein appropriated in Subobject 06700

13 Buildings Structures and Improvements, 06R00 Capital Renewal Projects, 081C4 Internal

14 Audits and 07311 Bond Issuance Cost, and reflects the projected uses of funding to support

15 the Water Capital Improvement Program at the San Francisco Public Utilities Commission for

16 Fiscal Year 2016-2017.

17

18 **USES Appropriation**

19	Fund	Index Code /	Subobject	Description	Amount
20		Project Code			
21	5W CPF 17A –	WTRX5WCPF17A /	06R00 Capital	Regional Water	\$6,122,000
22	Water Enterprise-	CUW27200	Renewal	Treatment Program	
23	2017A Bond Fund		Projects		
24					
25					

1	Fund	Index Code /	Subobject	Description	Amount
2		Project Code			
3	5W CPF LOC –	WTRX5WCPFLOC /	06R00 Capital	Water Transmission	\$2,747,150
4	Local Capital	CUW27300	Renewal	Program	
5	Project Fund		Projects		
6					
7	5W CPF WCF –	WTRX5WCPFWCF /	06R00 Capital	Water Transmission	\$5,101,850
8	Water Wholesale	CUW27300	Renewal	Program	
9	Capital Project Fund		Projects		
10					
11	5W CPF 17A –	WTRX5WCPF17A /	06R00 Capital	Water Transmission	\$10,282,000
12	Water Enterprise-	CUW27300	Renewal	Program	
13	2017A Bond Fund		Projects		
14					
15	5W CPF LOC –	WTRX5WCPFLOC /	06R00 Capital	Water Supply &	\$2,647,050
16	Local Capital	CUW27400	Renewal	Storage	
17	Project Fund		Projects		
18					
19	5W CPF WCF –	WTRX5WCPFWCF /	06R00 Capital	Water Supply &	\$4,915,950
20	Water Wholesale	CUW27400	Renewal	Storage	
21	Capital Project Fund		Projects		
22					
23	5W CPF LOC –	WTRX5WCPFLOC /	06R00 Capital	Watershed & Land	\$696,500
24	Local Capital	CUW27500	Renewal	Management	
25	Project Fund		Projects		

1	Fund	Index Code /	Subobject	Description	Amount
2		Project Code			
3	5W CPF WCF –	WTRX5WCPFWCF /	06R00 Capital	Watershed & Land	\$1,293,500
4	Water Wholesale	CUW27500	Renewal	Management	
5	Capital Project Fund		Projects		
6					
7	5W CPF LOC –	WTRX5WCPFLOC /	06R00 Capital	Communication &	\$328,650
8	Local Capital	CUW27600	Renewal	Monitoring Program	
9	Project Fund		Projects		
10					
11	5W CPF WCF –	WTRX5WCPFWCF /	06R00 Capital	Communication &	\$610,350
12	Water Wholesale	CUW27600	Renewal	Monitoring Program	
13	Capital Project Fund		Projects		
14					
15	5W CPF 17A –	WTRX5WCPF17A /	06R00 Capital	Buildings & Grounds	\$8,522,000
16	Water Enterprise-	CUW27700	Renewal	Regional	
17	2017A Bond Fund		Projects		
18					
19	5W CPF CAP –	WTRX5WCPFCAP /	06R00 Capital	Local Water	\$4,300,000
20	Capacity Fee	CUW28000	Renewal	Conveyance/	
21			Projects	Distribution	
22					
23	5W CPF 17A –	WTRX5WCPF17A /	06R00 Capital	Local Water	\$50,200,000
24	Water Enterprise-	CUW28000	Renewal	Conveyance/	
25	2017A Bond Fund		Projects	Distribution	

1	Fund	Index Code /	Subobject	Description	Amount
2		Project Code			
3	5W CPF 17A –	WTRX5WCPF17A /	06R00 Capital	Automated Water	\$1,000,000
4	Water Enterprise-	CUW68600	Renewal	Meter Program	
5	2017A Bond Fund		Projects		
6					
7	5W CPF 17A –	WTRX5WCPF17A /	06R00 Capital	Buildings & Ground	\$750,000
8	Water Enterprise-	CUW68800	Renewal	Improvements	
9	2017A Bond Fund		Projects		
10					
11	5W CPF 17A –	WTRX5WCPF17A /	06R00 Capital	Systems Monitoring &	\$100,000
12	Water Enterprise-	CUW28200	Renewal	Control	
13	2017A Bond Fund		Projects		
14					
15	5W CPF 17A –	WTRX5WCPF17A /	06R00 Capital	Local Water Supply –	\$3,000,000
16	Water Enterprise-	CUW27800	Renewal	Other Recycled Water	
17	2017A Bond Fund		Projects	Project	
18					
19	5W CPF 17A –	WTRX5WCPF17A /	06R00 Capital	Pump Station	\$2,500,000
20	Water Enterprise-	CUW28400	Renewal	Upgrades	
21	2017A Bond Fund		Projects		
22					
23	5W CPF 17A –	WTRX5WCPF17A /	06R00 Capital	San Francisco	\$4,995,000
24	Water Enterprise-	CUW30102	Renewal	Groundwater Supply	
25	2017A Bond Fund		Projects		

	Fund	Index Code / Project Code	Subobject	Description	Amount
3	5W CPF 17A –	WTRX5WCPF17A/	06R00 Capital	SF Westside Recycled	\$21,306,000
4	Water Enterprise-	CUW30201	Renewal	Water Project	
5	2017A Bond Fund		Projects		
7	5W CPF 17A –	WTRX5WCPF17A/	07311 Bonds	Financing Cost	\$18,128,635
8	Water Enterprise-	WTR3000100	Issuance Costs		
9	2017A Bond Fund				
11	5W CPF 17A –	WTRX5WCPF17A/	081C4 Internal	City Services Auditor	\$299,820
12	Water Enterprise-	WTR3000100	Audits		
13	2017A Bond Fund				
15	5W CPF 17A –	WTRX5WCPF17A/	06700	Revenue Bond	\$63,635
16	Water Enterprise-	WTR3000100	Buildings,	Oversight Committee	
17	2017A Bond Fund		Structures, and		
18			Improvements		
20	Total USES Appropriation				\$149,910,090

Section 3. Of the above appropriated amount, \$299,820, representing 0.2% of the expenditure budget net of bond financing and audit costs, is to be allocated and available to support the Controller's Audit Fund, pursuant to Charter Appendix F1.113; and \$63,635, representing 0.05% of gross bond proceeds is to be allocated and available to support the Public Utilities

1 Commission Revenue Bond Oversight Committee, pursuant to Administrative Code Section
2 5A.31. These appropriations may be increased or decreased by the Controller based on
3 changes to expenditure appropriations or actual gross bond proceeds to conform to the
4 applicable Charter and Administrative Code formulas.

5
6 Section 4: \$131,569,090 of the appropriation is hereby placed on Controller's Appropriation
7 Reserve by project. Release of appropriation reserves by the Controller is subject to the
8 Controller's certification of funds availability, including proceeds of indebtedness, and for
9 construction related expenditures (excluding program management, planning and design) for
10 these projects, as applicable, is also subject to the prior occurrence of the SFPUC's and the
11 Board of Supervisors' discretionary adoption of California Environmental Quality Act (CEQA)
12 Findings for projects, following review and consideration of completed project related
13 environmental analysis, where required.

14
15 Section 5. Associated Bond financing costs up to \$18,128,635 is also hereby appropriated,
16 including but not limited to, issuance costs, debt service reserve, capitalized interest, rating
17 agency, and disclosure costs, all on Controller's reserve pending receipt of bond proceeds. To
18 the extent that net available bond proceeds after financing costs are more than budgeted, the
19 Department may use such surplus bond proceeds as a substitute for other sources budgeted
20 in this appropriation.

21
22 Section 6: The Controller is authorized to record transfers between funds and adjust the
23 accounting treatment of sources and uses appropriated in this ordinance as necessary to
24 conform to Generally Accepted Accounting Principles.

1 Section 7. The sources of funding outlined below are herein appropriated to reflect the
 2 funding available for Fiscal Year 2017-2018.

3
 4 **SOURCES Appropriation**

Fund	Index Code /	Subobject	Description	Amount
	Project Code			
5W CPF 17A – Water Enterprise- 2017A Bond Fund	*WTR5WCPF17A / WTR30000	80111	Proceeds from Sale of Bonds	\$93,493,530
5W CPF LOC – Local Capital Project Fund	UWUWZZZI505W / CUWZZZZZ	9505W	Water Enterprise Revenue	\$9,740,500
5W CPF WCF – Water Wholesale Capital Project Fund	UWUWZZZGI505W / CUWZZZZZ	9505W	Water Enterprise Revenue	\$18,089,500
5W CPF CAP - Capacity Fees	*WTR5WCPFCAP / CUW28000	79993	Water Capacity Fees	\$1,000,000
Total SOURCES Appropriation				<u>\$122,323,530</u>

1 Section 8. The uses of funding outlined below are herein appropriated in Subobject 06700
 2 Buildings Structures and Improvements, 06R00 Capital Renewal Projects, 081C4 Internal
 3 Audits, 06700 Revenue Bond Oversight Committee and 07311 Bond Issuance Cost and
 4 reflects the projected uses of funding to support the Water Capital Improvement Program at
 5 the San Francisco Public Utilities Commission for Fiscal Year 2017-2018.

6
 7 **USES Appropriation**

Fund	Index Code / Project Code	Subobject	Description	Amount
5W CPF 17A -- Water Enterprise- 2017A Bond Fund	WTRX5WCPF17A / CUW27200	06R00 Capital Renewal Projects	Regional Water Treatment Program	\$3,891,000
5W CPF LOC -- Local Capital Project Fund	WTRX5WCPFLOC / CUW27300	06R00 Capital Renewal Projects	Water Transmission Program	\$6,278,300
5W CPF WCF -- Water Wholesale Capital Project Fund	WTRX5WCPFWCF / CUW27300	06R00 Capital Renewal Projects	Water Transmission Program	\$11,659,700
5W CPF 17A -- Water Enterprise- 2017A Bond Fund	WTRX5WCPF17A / CUW27300	06R00 Capital Renewal Projects	Water Transmission Program	\$3,697,000

	Fund	Index Code / Project Code	Subobject	Description	Amount
3	5W CPF LOC –	WTRX5WCPFLOC /	06R00 Capital	Water Supply &	\$2,417,800
4	Local Capital	CUW27400	Renewal	Storage	
5	Project Fund		Projects		
7	5W CPF WCF –	WTRX5WCPFWCF /	06R00 Capital	Water Supply &	\$4,490,200
8	Water Wholesale	CUW27400	Renewal	Storage	
9	Capital Project Fund		Projects		
11	5W CPF LOC –	WTRX5WCPFLOC /	06R00 Capital	Watershed & Land	\$696,500
12	Local Capital	CUW27500	Renewal	Management	
13	Project Fund		Projects		
15	5W CPF WCF –	WTRX5WCPFWCF /	06R00 Capital	Watershed & Land	\$1,293,500
16	Water Wholesale	CUW27500	Renewal	Management	
17	Capital Project Fund		Projects		
19	5W CPF LOC –	WTRX5WCPFLOC /	06R00 Capital	Communication &	\$347,900
20	Local Capital	CUW27600	Renewal	Monitoring Program	
21	Project Fund		Projects		
23	5W CPF WCF –	WTRX5WCPFWCF /	06R00 Capital	Communication &	\$646,100
24	Water Wholesale	CUW27600	Renewal	Monitoring Program	
25	Capital Project Fund		Projects		

1	Fund	Index Code /	Subobject	Description	Amount
2		Project Code			
3	5W CPF 17A --	WTRX5WCPF17A /	06R00 Capital	Buildings & Grounds	\$6,221,000
4	Water Enterprise-	CUW27700	Renewal	Regional	
5	2017A Bond Fund		Projects		
6					
7	5W CPF CAP --	WTRX5WCPFCAP /	06R00 Capital	Local Water	\$1,000,000
8	Capacity Fee	CUW28000	Renewal	Conveyance/	
9			Projects	Distribution	
10					
11	5W CPF 17A --	WTRX5WCPF17A /	06R00 Capital	Local Water	\$55,100,000
12	Water Enterprise-	CUW28000	Renewal	Conveyance/	
13	2017A Bond Fund		Projects	Distribution	
14					
15	5W CPF 17A --	WTRX5WCPF17A /	06R00 Capital	Automated Water	\$1,000,000
16	Water Enterprise-	CUW68600	Renewal	Meter Program	
17	2017A Bond Fund		Projects		
18					
19	5W CPF 17A --	WTRX5WCPF17A /	06R00 Capital	Buildings & Ground	\$1,000,000
20	Water Enterprise-	CUW68800	Renewal	Improvements	
21	2017A Bond Fund		Projects		
22					
23	5W CPF 17A --	WTRX5WCPF17A /	06R00 Capital	Systems Monitoring &	\$500,000
24	Water Enterprise-	CUW28200	Renewal	Control	
25	2017A Bond Fund		Projects		

1	Fund	Index Code /	Subobject	Description	Amount
2		Project Code			
3	5W CPF 17A –	WTRX5WCPF17A /	06R00 Capital	Local Water Supply –	\$500,000
4	Water Enterprise-	CUW27800	Renewal	Other Recycled Water	
5	2017A Bond Fund		Projects	Project	
6					
7	5W CPF 17A –	WTRX5WCPF17A /	06R00 Capital	Pump Station	\$1,500,000
8	Water Enterprise-	CUW28400	Renewal	Upgrades	
9	2017A Bond Fund		Projects		
10					
11	5W CPF 17A –	WTRX5WCPF17A /	06R00 Capital	SF Westside Recycled	\$6,500,000
12	Water Enterprise-	CUW30201	Renewal	Water Project	
13	2017A Bond Fund		Projects		
14					
15	5W CPF 17A –	WTRX5WCPF17A /	07311 Bond	Financing Cost	\$13,293,136
16	Water Enterprise-	WTR3000100	Issuance Cost		
17	2017A Bond Fund				
18					
19	5W CPF 17A –	WTRX5WCPF17A /	081C4 Internal	City Services Auditor	\$244,647
20	Water Enterprise-	WTR3000100	Audits		
21	2017A Bond Fund				
22					
23	5W CPF 17A –	WTRX5WCPF17A /	06700 Buildings,	Revenue Bond	\$46,747
24	Water Enterprise-	WTR3000100	Structures, and	Oversight Committee	
25	2017A Bond Fund		Improvements		

1	Fund	Index Code /	Subobject	Description	Amount
2		Project Code			
3					\$122,323,530
4	Total USES Appropriation				\$122,323,530

6 Section 9: Of the above appropriated amount, \$244,647, representing 0.2% of the expenditure
 7 budget net of bond financing and audit costs, is to be allocated and available to support the
 8 Controller's Audit Fund, pursuant to Charter Appendix F1.113; and \$46,747, representing
 9 0.05% of gross bond proceeds is to be allocated and available to support the Public Utilities
 10 Commission Revenue Bond Oversight Committee, pursuant to Administrative Code Section
 11 5A.31. These appropriations may be increased or decreased by the Controller based on
 12 changes to expenditure appropriations or actual gross bond proceeds to conform to the
 13 applicable Charter and Administrative Code formulas.

15 Section 10: \$94,493,530 of the appropriation is hereby placed on Controller's Appropriation
 16 Reserve by project. Release of appropriation reserves by the Controller is subject to the
 17 Controller's certification of funds availability, including proceeds of indebtedness, and for
 18 construction related expenditures (excluding program management, planning and design) for
 19 these projects, as applicable, is also subject to the prior occurrence of the SFPUC's and the
 20 Board of Supervisors' discretionary adoption of California Environmental Quality Act (CEQA)
 21 Findings for projects, following review and consideration of completed project related
 22 environmental analysis, where required.

24 Section 11: Associated Bond financing costs up to \$13,293,136 is also hereby appropriated,
 25 including but not limited to, issuance costs, debt service reserve, capitalized interest, rating

1 agency, and disclosure costs, all on Controller's reserve pending receipt of bond proceeds. To
 2 the extent that net available bond proceeds after financing costs are more than budgeted, the
 3 Department may use such surplus bond proceeds as a substitute for other sources budgeted
 4 in this appropriation.

5
 6 Section 12: The Controller is authorized to record transfers between funds and adjust the
 7 accounting treatment of sources and uses appropriated in this ordinance as necessary to
 8 conform to Generally Accepted Accounting Principles.

9
 10 Section 13 – De-appropriating and Re-appropriating of \$56,750,500 in the Water Enterprise
 11 Capital Improvement Program for FY 2016-17. The uses of funding outlined below are herein
 12 de-appropriated and re-appropriated in subobject 06700 Building Structures and
 13 Improvements and reflect the projected uses to fund the Water Enterprise Capital Budget for
 14 Fiscal Year 2016-2017.

15
 16 **USES De-Appropriation**

Fund	Index Code / Project Code	Subobject	Description	Amount
5W CPF 02E – Prop E Bond Fund	*WTRX5WCPF02E / CUW3000100	06700 Buildings, Structures, and Improvements	WSIP Bond/Commercial Paper Expense	\$56,750,000
Total USES De – Appropriation				\$56,750,500

1 **USES Re-Appropriation**

2	Fund	Index Code /	Subobject	Description	Amount
3		Project Code			
4	5W CPF 02E --	WTRX5WCPF02E /	06700	Calaveras Dam --	\$15,000,000
5	Prop E	CUW3740100	Buildings,	WSIP Augmentation	
6	Bond Fund		Structures, and		
7			Improvements		
8	5W CPF 02E --	WTRX5WCPF02E /	06700	Alameda Creek	\$10,000,000
9	Prop E	CUW3740100	Buildings,	Diversion Dam	
10	Bond Fund		Structures, and		
11			Improvements		
12					
13	5W CPF 02E --	WTRX5WCPF02E /	06700	New Irvington Tunnel	\$5,000,000
14	Prop E	CUW3590100	Buildings,		
15	Bond Fund		Structures, and		
16			Improvements		
17					
18	5W CPF 02E --	WTRX5WCPF02E /	06700	Seismic Upgrade of	\$2,000,000
19	Prop E	CUW3530100	Buildings,	BDPL 3&4	
20	Bond Fund		Structures, and		
21			Improvements		

	Fund	Index Code / Project Code	Subobject	Description	Amount
3	5W CPF 02E –	WTRX5WCPF02E /	06700	Bioregional Habitat	\$6,000,000
4	Prop E	CUW3880200	Buildings,	Restoration Program	
5	Bond Fund		Structures, and		
6			Improvements		
7	5W CPF 02E –	WTRX5WCPF02E /	06700	Alameda Creek	\$5,000,000
8	Prop E	CUW3520100	Buildings,		
9	Bond Fund		Structures, and		
10			Improvements		
12	5W CPF 02E –	WTRX5WCPF02E /	06700	Regional Groundwater	\$1,748,000
13	Prop E	CUW3010300	Buildings,	Storage & Recovery	
14	Bond Fund		Structures, and		
15			Improvements		
17	5W CPF 02E –	WTRX5WCPF02E /	06700 Capital	Long Term Monitoring	\$12,002,500
18	Prop E	CUW2860000	Renewal	& Permit Program	
19	Bond Fund		Projects		
21	Total Uses Re - Appropriation				\$56,750,500

Section 14 – De-Appropriating and Re-Appropriating of \$27,000,000 in the Water Enterprise Capital Improvement Program for FY 2017-18. The uses of funding outlined below are herein de-appropriated and re-appropriated in subobject 06700 Building Structures and

1 Improvements and reflect the projected uses to fund the Water Enterprise Capital Budget for
 2 Fiscal Year 2017-2018.

3
 4
 5 **USES De-Appropriation**

Fund	Index Code / Project Code	Subobject	Description	Amount
5W CPF 02E – Prop E Bond Fund	*WTRX5WCPF02E / CUW3000100	06700 Buildings, Structures, and Improvements	WSIP Bond/Commercial Paper Expense	\$27,000,000
Total USES De – Appropriation				<u><u>\$27,000,000</u></u>

13
 14 **USES De-Appropriation**

Fund	Index Code / Project Code	Subobject	Description	Amount
5W CPF 02E – Prop E Bond Fund	WTRX5WCPF02E / CUW3740100	06700 Buildings, Structures, and Improvements	Calaveras Dam – WSIP Augmentation	\$20,000,000

1	Fund	Index Code /	Subobject	Description	Amount
2		Project Code			
3	5W CPF 02E –	WTRX5WCPF02E /	06700	Alameda Creek	\$7,000,000
4	Prop E	CUW3740100	Buildings,	Diversion Dam	
5	Bond Fund		Structures, and		
6			Improvements		
7					
8	Total USES Re – Appropriation				\$27,000,000

9

10 Section 15. This Board, by Ordinance No. 3-16, authorized the SFPUC to enter into one or

11 more State of California State Water Resources Control Board Installment Sale Agreements

12 under the Clean Water State Revolving Fund (State Loan Funds), and amended and

13 supplemented Ordinance No. 89-10 to authorize, in addition to the issuance of Water revenue

14 bonds, the execution and delivery of State Loan Funds to finance projects, provided that any

15 such indebtedness shall not exceed in an aggregate principal amount \$1,737,724,038.

16 Ordinance No. 3-16 also authorized the SFPUC to accept State Water Resources Control

17 Board Grant funds (State Grant Funds) to be applied to pay for the costs of the San Francisco

18 Westside Recycled Water Project, as approved by SFPUC Commission Resolution No. 15-

19 0196, adopted September 22, 2015. The Board is concurrently considering with this

20 Ordinance a SFPUC Water Revenue Bond issuance, including authorization to obtain State

21 Loan Funds and State Grant Funds, not to exceed \$264,997,468. The Sources of Funds

22 herein appropriated in Section 1 and Section 7 of this Ordinance, or previously appropriated

23 by Ordinance 103-14, may include State Loan Funds or State Grant Funds when available,

24 subject to compliance with the terms of the authorizing legislation for such Funds. The


25 Controller is authorized to record substitution of the source of funds appropriated with State

1 Loan Funds or State Grant Funds, as necessary to conform to Generally Accepted
2 Accounting Principles.


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

By: 
THOMAS OWEN
Deputy City Attorney

FUNDS AVAILABLE
BEN ROSENFELD, Controller

By: 
BEN ROSENFELD
Controller

<p>Items 18 and 19 Files 16-0468 and 16-0472</p>	<p>Department: Public Utilities Commission</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p>	
<p>File 16-0468 (a) appropriates \$272,233,620 in Water Capital Projects in FY 2016-17 and FY 2017-18, (b) re-appropriates \$56,750,500 in previously appropriated Water Revenue Bonds to Water Capital Projects in FY 2016-17, and (c) re-appropriates \$27,000,000 to Water Capital Projects in FY 2017-18, totaling \$355,984,120.</p>	
<p>File 16-0472 authorizes SFPUC to issue and sell tax-exempt or taxable Water Revenue Bonds and other forms of indebtedness in an amount not to exceed \$264,997,468.</p>	
<p style="text-align: center;">Key Points</p>	
<ul style="list-style-type: none"> • The San Francisco voters approved Proposition E in 2002, authorizing the SFPUC to sell future Water Revenue Bonds subject to approval by ordinance of two-thirds of the Board of Supervisors. The Board of Supervisors has previously authorized the SFPUC to sell up to \$3.5 billion in Water Revenue Bonds under Proposition. • The Water Enterprise 10-Year Capital Plan provides for \$1.4 billion in Water Enterprise capital projects through FY 2025-26, of which \$633 million are regional water projects, \$658 million are local water projects, and \$110 million is for the Auxiliary Water Supply System supporting fire suppression. 	
<p style="text-align: center;">Fiscal Impact</p>	
<ul style="list-style-type: none"> • Water rates set by SFPUC fund the Water Enterprise’s operations, maintenance and capital investment activities. The SFPUC bills residential customers for a combined water and sewer bill. The average monthly residential combined water and sewer bill in FY 2015-16 is \$86, of which \$40 is water and \$46 is sewer. According to the FY 2016-17 to FY 2025-26 Financial Plan, the SFPUC plans a 10 percent increase in water rates in FY 2016-17 and 7 percent increase in water rates in FY 2017-18 to cover the Water Enterprise’s operating and capital costs. The SFPUC estimates that the average monthly residential water bill will increase by \$4 in FY 2016-17, from \$40 in FY 2015-16 to \$44 in FY 2016-17; and by \$3 in FY 2017-18, from \$44 in FY 2016-17 to \$47 in FY 2017-18. 	
<p style="text-align: center;">Policy Consideration</p>	
<ul style="list-style-type: none"> • The SFPUC’s policy is to seek bond authorization and capital program appropriation approval from the Board of Supervisors, and subsequently submit legislation to the Board of Supervisors to approve the actual sale of the bonds. However, the proposed ordinance approves the sale of the bonds without further Board of Supervisors approval. 	
<p style="text-align: center;">Recommendations</p>	
<ul style="list-style-type: none"> • Amend File 16-0472 to specify that SFPUC will submit future legislation to the Board of Supervisors to approve the sale of bonds authorized by the subject ordinance (other than refunding bonds), and the related financing documents. • Approve File 16-0472 as amended and File 16-0468. 	

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, for Water Enterprise and Wastewater Enterprise capital projects.

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 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 Public Utilities Commission (PUC) owns and operates a municipal water supply, storage, and distribution system that provides drinking water to (1) retail customers in the City, (2) certain retail customers that are located outside of the City, and (3) wholesale customers in Alameda County, Contra Costa County, and Santa Clara County.

The PUC water system is divided into two geographic groups including (1) the regional water conveyance system and the (2) in-city (local) distribution system. The regional water conveyance system includes: (a) the Hetch Hetchy System, comprised of the Hetch Hetchy Reservoir and associated pipelines; (b) the Alameda System, comprised of the San Antonio and Calaveras Reservoirs and associated pipelines including the Irvington Tunnel; and (c) the Peninsula System, comprised of the San Andreas and Crystal Springs Reservoirs and associated pipelines that connect the regional water conveyance system to the in-city distribution system. 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.

DETAILS OF PROPOSED LEGISLATION

File 16-0472 is an ordinance authorizing SFPUC to issue and sell tax-exempt or taxable Water Revenue Bonds and other forms of indebtedness (such as commercial paper¹ or State Revolving Fund loans) in an aggregate principal amount not to exceed \$264,997,468.

File 16-0468 is an ordinance (a) appropriating \$272,233,620 in Water Capital Projects in FY 2016-17 and FY 2017-18, (b) re-appropriating \$56,750,500 in previously appropriated Water Revenue Bonds to Water Capital Projects in FY 2016-17, and (c) re-appropriating \$27,000,000 to Water Capital Projects in FY 2017-18, totaling \$355,984,120.

¹ Commercial paper is short-term interim debt financing that SFPUC may issue prior to issuing revenue bonds. The Board of Supervisors previously authorized the Wastewater Enterprise's Commercial Paper Program of \$300 million (File 12-0354)

File 16-0472: Water Revenue Bonds

The San Francisco voters approved Proposition A in 2002, authorizing \$1,628,000,000 in Water Revenue Bonds to fund the Water System Improvement Program (WSIP). The San Francisco voters also approved Proposition E in 2002, authorizing the SFPUC to sell future Water Revenue Bonds subject to approval by ordinance of two-thirds of the Board of Supervisors. The Board of Supervisors has previously authorized the SFPUC to sell up to \$3.5 billion in Water Revenue Bonds under Proposition E.

Approval of the proposed ordinance (File 16-0472) would:

- Authorize SFPUC to sell \$264,997,468 in Water Revenue Bonds at a maximum interest rate of 12 percent per year. SFPUC could sell the bonds in series at a time and in an amount and manner (competitive or negotiated sale) determined by SFPUC.
- Authorize SFPUC to sell refunding bonds to refund outstanding Water Revenue Bonds without further Board of Supervisors approval. According to the proposed ordinance, SFPUC could only sell the refunding bonds if they achieved at least 3 percent net present value debt service savings. Authorization to sell refunding bonds would expire on June 30, 2018.
- Authorize SFPUC to enter into future agreements with the State Water Resources Control Board to obtain State Revolving Fund Loans in lieu of selling Water Revenue Bonds
- Provide for SFPUC to reimburse prior capital project expenditures with bond proceeds as allowed by federal income tax principles.
- Ratifies actions taken by the SFPUC and other City officials in connection with the issuance of the Water Revenue Bonds.

File 16-0468 Appropriation to Water Capital Improvement Program

The Public Utilities Commission approved the SFPUC 10-Year Capital Plan for FY 2016-17 through FY 2025-26 in January 2016. The 10-Year Capital Plan provides for \$1.4 billion in Water Enterprise projects, of which \$633 million are regional water projects, \$658 million are local water projects, and \$110 million is for the Auxiliary Water Supply System supporting fire suppression.

The total appropriation to Water Enterprise capital projects in FY 2016-17 and FY 2017-18 is \$355,984,120, as shown in Table 1 below.

Table 2: Capital Appropriation FY 2016-17 and FY 2017-18

	FY 2016-17	FY 2017-18	Total
Source of Funds			
<u>Appropriation</u>			
2017A Bond Proceeds ^a	\$127,269,090	\$93,493,530	\$220,762,620
Local Capital Projects	6,419,350	9,740,500	16,159,850
Wholesale Capital Projects	11,921,650	18,089,500	30,011,150
Capacity Fees ^a	4,300,000	1,000,000	5,300,000
Subtotal Appropriation	149,910,090	122,323,530	272,233,620
<u>De-appropriation</u>			
Prior Bond Proceeds	56,750,500	27,000,000	83,750,500
Total Sources	\$206,660,590	\$149,323,530	\$355,984,120
Uses of Funds			
Local Water Conveyance	\$54,500,000	\$56,100,000	\$110,600,000
Water Transmission	18,131,000	21,635,000	39,766,000
Calaveras Dam	15,000,000	20,000,000	35,000,000
Westside and Local Recycled Water	24,306,000	7,000,000	31,306,000
Alameda Creek Projects	15,000,000	7,000,000	22,000,000
Regional Building and Grounds	8,522,000	6,221,000	14,743,000
Supply and Storage	7,563,000	6,908,000	14,471,000
Long Term Monitoring	12,002,500		12,002,500
Regional Water Treatment	6,122,000	3,891,000	10,013,000
Bioregional Habitat Restoration	6,000,000		6,000,000
New Irvington Tunnel	5,000,000		5,000,000
Local Groundwater Supply	4,995,000	0	4,995,000
Pump Station Upgrades	2,500,000	1,500,000	4,000,000
Watershed and Land Management	1,990,000	1,990,000	3,980,000
Automated Water Meter Program	1,000,000	1,000,000	2,000,000
Seismic Upgrade of Bay Division Pipeline	2,000,000		2,000,000
Communications and Monitoring	939,000	994,000	1,933,000
Building and Grounds	750,000	1,000,000	1,750,000
Regional Groundwater Storage	1,748,000		1,748,000
Systems Monitoring and Control	100,000	500,000	600,000
Bond Financing and Monitoring	18,492,090	13,584,530	32,076,620
Total Uses	\$206,660,590	\$149,323,530	\$355,984,120

^a Placed on Controller's Reserve

\$131,569,090 of the FY 2016-17 appropriation and \$94,493,530 of the FY 2017-18 appropriation are placed on Controller's Reserve pending receipt of the Water Revenue Bond proceeds.

Descriptions of the proposed projects are included in the attachment.

FISCAL IMPACT

The Public Utilities Commission annually adopts a 10-Year Capital Plan and 10-Year Financial Plan in accordance with Charter Section 8B.123. The 10-Year Financial Plan evaluates the SFPUC's revenue requirements for the Water Enterprise, Wastewater Enterprise and Hetch Hetchy Enterprise to fund operations, maintenance and capital investment activities. The

Public Utilities Commission adopted the FY 2016-17 to FY 2025-26 Capital Plan and Financial Plan at the February 9, 2016 Commission meeting.

Water Rate Increases in FY 2016-17 and FY 2017-18

The SFPUC bills residential customers for a combined water and sewer bill. The average monthly residential combined water and sewer bill in FY 2015-16 is \$86, of which \$40 is water and \$46 is sewer. According to the FY 2016-17 to FY 2025-26 Financial Plan, the SFPUC plans a 10 percent increase in water rates in FY 2016-17 and 7 percent increase in water rates in FY 2017-18 to cover the Water Enterprise's operating and capital costs. The SFPUC estimates that the average monthly residential water bill will increase by \$4 in FY 2016-17, from \$40 in FY 2015-16 to \$44 in FY 2016-17; and by \$3 in FY 2017-18, from \$44 in FY 2016-17 to \$47 in FY 2017-18.

In accordance with Charter Section 8B.125, the SFPUC is responsible for setting the rates, fees and other charges for water and sewer. The SFPUC's action on all rates, fees and charges is subject to rejection, within 30 days of submission, by resolution of the Board of Supervisors. If the Board of Supervisors does not act within 30 days, the SFPUC proposed rates become effective without further Board of Supervisors action.

POLICY CONSIDERATION

According to the SFPUC's Chief Financial Officer, the SFPUC's policy is to seek bond authorization and capital program appropriation approval from the Board of Supervisors, and subsequently submit legislation to the Board of Supervisors to approve the actual sale of the bonds and associated financing documents. Therefore, SFPUC will submit future legislation to the Board of Supervisors to approve the sale of up to \$264,997,468 in Water Revenue Bonds.²

However, according to the proposed ordinance (File 16-0472), the "Board hereby authorizes the issuance and sale of Water Revenue Bonds in one or more series from time to time by the Commission pursuant to Proposition E...in an aggregate principal amount not to exceed \$264,997,468..." While the proposed ordinance requires Public Utilities Commission approval of the final offering document related to the sale of bonds and other related agreements and financing documents, the proposed ordinance does not require Board of Supervisors approval. The proposed ordinance only requires that these documents "be filed with the Clerk of the Board". Therefore, the File 16-0472 should be amended to specify that SFPUC will submit future legislation to the Board of Supervisors to approve the sale of bonds authorized by the subject ordinance (other than refunding bonds), and the related financing documents.

RECOMMENDATIONS

1. Amend File 16-0472 to specify that SFPUC will submit future legislation to the Board of Supervisors to approve the sale of bonds authorized by the subject ordinance (other than refunding bonds), and the related financing documents.
2. Approve File 16-0472 as amended and File 16-0468.

² The SFPUC will not submit legislation to the Board of Supervisors to approve refunding bonds that comply with the provisions of the proposed ordinance (File 16-0473), which are discussed above.

Attachment

Project	Description
Local Water Conveyance	<ul style="list-style-type: none"> The long term program funds management of all linear assets in the local water distribution system between transmission or storage and customer connection. Funding is approved for 15 miles per year pipe line replaced or upgraded.
Water Transmission	<ul style="list-style-type: none"> Upgrades to the Transmission System including pipeline improvements and replacements, valve replacements, metering upgrades, cathodic protection, pump station upgrades and vault upgrades.
Calaveras Dam	<ul style="list-style-type: none"> Replacement of original dam; project budget increased by more than 200% from the baseline budget of \$265.2 million in 2004 to the total projected budget of \$810 million due to unanticipated subsurface conditions. Construction is now 76% complete.
Westside and Local Recycled Water	<ul style="list-style-type: none"> Funding request due to additional pipeline costs, engineering and environmental review for recommendation of a new alternative site.
Alameda Creek Projects	<ul style="list-style-type: none"> Diversion of water from Alameda Creek to Calaveras Reservoir and restoration of watershed
Regional Building and Grounds	<ul style="list-style-type: none"> Project replaces existing facilities with LEED facilities, adds storage and reconfigures the yard. Upgrades and functional restoration at Millbrae Headquarters including administrative offices, shops and laboratory facilities.
Supply and Storage	<ul style="list-style-type: none"> Upgrades to structures to meet State Division of Safety of Dams requirements. Includes Potable Reuse project to identify opportunities for direct and indirect potable water reuse and the Daly City Recycled Water Expansion Project providing 3.4 mgd recycled water to customers of the Regional Water System.
Long Term Monitoring	<ul style="list-style-type: none"> Meeting monitoring and permitting requirements of the water supply system and watershed
Regional Water Treatment	<ul style="list-style-type: none"> Major upgrades to Sunol Valley and Harry Tracy Water Treatment Plants to achieve higher level of performance and reliability.
Bioregional Habitat Restoration	<ul style="list-style-type: none"> Mitigation of habitat impact
New Irvington Tunnel	<ul style="list-style-type: none"> New seismically safe tunnel adding redundancy to water system. Construction was substantially complete in 2015. Remaining work is contractor's puc list, site restoration and final in-service training.
Local Groundwater Supply	<ul style="list-style-type: none"> Additional funding for continuation of project duration due to updated schedule forecast and associated changes in estimated costs.
Pump Station Upgrades	<ul style="list-style-type: none"> Provides long term funding for renewal and rehabilitation of major water pump stations and hydroneumatic tanks that boost pressure within the San Francisco distribution system.
Watershed and Land Management	<ul style="list-style-type: none"> Program supports projects that improve and/or protect the water quality and/or ecological resources affected by the operation of the SFPUC. Project includes the repair, replacement, maintenance, and construction of road, fences, trails, and other ecosystem restoration.

Project	Description
Automated Water Meter Program	<ul style="list-style-type: none"> Funding complete final phase of installation of automated water meter.
Seismic Upgrade of Bay Division Pipeline	<ul style="list-style-type: none"> Lining repair
Communications and Monitoring	<ul style="list-style-type: none"> Program includes a microwave project to provided critical redundant communication and funding for security improvements.
Building and Grounds	<ul style="list-style-type: none"> Funding for capital improvements at CDD facilities and structures. Projects include yard improvements to increase efficiency and reliability, a fueling station and CDD Control Center to house all systems in a single seismically reliable building.
Regional Groundwater Storage	<ul style="list-style-type: none"> Project replaces existing facilities with LEED facilities, adds storage and reconfigures the yard. Upgrades and functional restoration at Millbrae Headquarters including administrative offices, shops and laboratory facilities.
Systems Monitoring and Control	<ul style="list-style-type: none"> Improvements to facilities for controlling and monitoring San Francisco's water distribution system. Enhancements to SCADA system for remote monitoring of pressure, flow, and valve position, fiber optic and security system upgrades to improve safety and reliability.

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE
MAYOR

May 2, 2016

Angela Calvillo, Clerk of the Board of Supervisors
City Hall, 1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Dear Ms. Calvillo:

Attached is the Mayor's proposed May 1 Budget comprised of the following 13 departments: Airport Commission, Board of Appeals, Child Support Services, Environment, Law Library, the Public Library, Municipal Transportation Agency, Port, Public Utilities Commission, Rent Board, Retirement System, and Office of County Education. Also attached are the following 11 pieces of legislation:

- One supplemental appropriation ordinance for the Two-Year Capital Budgets for the Municipal Transportation Authority (MTA)
- One resolution approving the issuance and sale of revenue bonds by the MTA
- One supplemental appropriation ordinance for Mission Bay Improvement Fund for Warrior Arena Improvement Capital Projects for the MTA
- One supplemental appropriation ordinance for surplus revenue and reappropriation for debt service payment for the Public Library
- Three supplemental appropriation ordinances for the Two-Year Capital Budgets of each of the Public Utilities Commission (PUC) Enterprises – Water, Wastewater, and Hetch Hetchy
- Three resolutions approving the issuance and sale of Power, Water, and Wastewater revenue bonds by the PUC
- One Proposition J Contract/Certification resolution of Specified Contracted-Out Services Previously Approved for Enterprise Departments (MTA, PUC, Airport, and Port)

Additionally, there are two letters attached; one memo from the Controller related to the MTA budget and a release of reserve request for the PUC. We request that all items be scheduled for the May 18, 2016 Budget and Finance meeting.

If you have any questions please feel free to contact me at 554-6253.

Sincerely,

A handwritten signature in black ink, appearing to read "Melissa Whitehouse".

Melissa Whitehouse
Mayor's Budget Director, Acting

cc: Members of the Board of Supervisors
Harvey Rose
Controller

1 DR. CARLTON B. GOODLETT PLACE, ROOM 200
SAN FRANCISCO, CALIFORNIA 94102-4681
TELEPHONE (415) 554-6141

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