

File No. 171010

Committee Item No. 7

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date October 19, 2017

Board of Supervisors Meeting

Date _____

Cmte Board

- | | | |
|-------------------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" 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 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)

| | | |
|--------------------------|--------------------------|-------|
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |

Completed by: Linda Wong Date October 12, 2017

Completed by: Linda Wong Date _____

1 [Ordinance Amendment - Increasing the Public Utilities Commission Water Revenue Bond
2 Issuance - Not to Exceed \$286,730,430]

3 **Ordinance amending Ordinance No. 112-16, as amended by Ordinance No. 154-17, to**
4 **authorize an increase of the issuance and sale of tax-exempt or taxable Water Revenue**
5 **Bonds and other forms of indebtedness (as described below) by the San Francisco**
6 **Public Utilities Commission (Commission) in an aggregate principal amount not to**
7 **exceed \$286,730,430 to finance the costs of various capital water projects benefitting**
8 **the Water Enterprise, including in addition to the purposes heretofore approved,**
9 **certain Bioregional Habitat Restoration costs (as described below) pursuant to**
10 **amendments to the Charter of the City and County of San Francisco enacted by the**
11 **voters on November 5, 2002, as Proposition E; authorizing the issuance of Water**
12 **Revenue Refunding Bonds; declaring the Official Intent of the Commission to**
13 **reimburse itself with one or more issues of tax-exempt or taxable bonds or other forms**
14 **of indebtedness; and ratifying previous actions taken in connection therewith.**

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

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

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

25 A. On November 5, 2002, the voters of the City and County of San Francisco (the
"City") approved Proposition E ("Proposition E"), which among other things, authorized the

1 San Francisco Public Utilities Commission (the "Commission") to issue revenue bonds,
2 including notes, commercial paper or other forms of indebtedness, when authorized by
3 ordinance approved by a two-thirds vote of the Board of Supervisors, for the purpose of
4 reconstructing, replacing, expanding, repairing or improving water facilities or clean water
5 facilities or combinations of water and clean water facilities under the jurisdiction of the
6 Commission; and

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

12 C. This Board adopted Ordinance No. 112-16 to authorize the issuance of not to
13 exceed \$264,997,468 of the Commission's Water Revenue Bonds and other forms of
14 indebtedness (including SRF Loans, as defined therein) (the "Initial Ordinance") to finance the
15 costs of various capital projects benefitting the Water Enterprise (the "Capital Improvement
16 Projects" such projects being more fully described in the Commission Resolution 16-0035);
17 and

18 D. In order to finance the costs of the purchase of property located at 1657-1663
19 Rollins Road, Burlingame, California (the "Rollins Road Property") that served as the primary
20 work location for SFPUC staff from Water Quality Division, the Natural Resources & Land
21 Management Division, and the Water Supply & Treatment Division, the Board amended the
22 Initial Ordinance and adopted Ordinance No. 154-17 to increase the bonding authorization by
23 \$9,132,962 to provide funds to acquire the Rollins Road Property; and

24 E. In order to comply with federal and state permit requirements to compensate for
25 impacts to a broad range of habitats and special-status species associated primarily with the

1 Calaveras Dam Replacement Project, the Lower Crystal Springs Dam Improvement Project,
2 the Crystal Springs/ San Andreas Transmission Upgrade Project, and the Bay Division
3 Pipeline No. 5 Project, the SFPUC is required, among other things, to undertake activities
4 required by the Bioregional Habitat Restoration (BHR) program.

5 F. In order to finance costs related to the BHR program, the Board has determined
6 to increase the bonding authorization of the Initial Ordinance, as amended, by \$12,600,000 to
7 provide funds for constructing wetlands, removing non-native species, and planting native
8 species on watershed lands owned by the SFPUC ("BHR Costs").

9 Section 2. Authorization to Issue Water Revenue Bonds and other forms of
10 indebtedness. The Board hereby amends the Ordinance No. 112-16, as amended by
11 Ordinance 154-17, to increase the authorization of the issuance and sale of Water Revenue
12 Bonds in one or more series from time to time by the Commission pursuant to Proposition E
13 and in accordance with the Commission Resolution, and the execution and delivery of SRF
14 Loan agreements, in an aggregate principal amount not to exceed \$286,730,430 (inclusive of
15 financing costs), at a maximum rate or rates of interest of not to exceed twelve percent (12%)
16 per annum to finance a portion of the costs of the design, acquisition and construction of the
17 Capital Improvement Projects, including in addition to the purposes heretofore approved, the
18 BHR Costs. All other terms and conditions of Ordinance No. 112-16, as amended by
19 Ordinance 154-17, are hereby incorporated by reference as if set forth in full herein, and
20 except as amended by the terms of this Ordinance remain in full force and effect.

21 Section 3. General Authority. The Controller, Treasurer, the City Attorney and other
22 officers of the City and their duly authorized deputies and agents are hereby authorized and
23 directed, jointly and severally, to take such actions and to execute and deliver such
24 certificates, agreements, requests or other documents, as they may deem necessary or
25 desirable to facilitate the issuance, sale and delivery of the Water Revenue Bonds, Refunding

1 Bonds, to obtain bond insurance or other credit enhancements with respect to such
2 obligations, to obtain surety, to obtain title and other insurance with respect to the facilities to
3 be financed, and otherwise to carry out the provisions of this Ordinance. The Commission is
4 hereby directed to provide the final form to the Clerk of the Board of any disclosure document
5 prepared in connection with the execution of any Water Revenue Bonds or Refunding Bonds,
6 and the final executed Installment Sale Agreement or other document reflecting the
7 incurrence of an SRF Loan, within 30 days of the closing of such transactions.

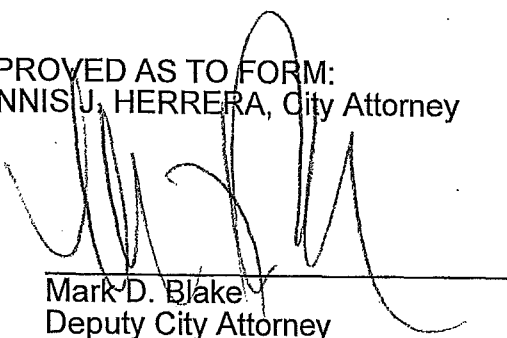
8 Section 4. Ratification of Prior Actions. All actions authorized and directed by this
9 Ordinance in connection with the issuance of the Water Revenue Bonds or other forms of
10 indebtedness (including SRF Loans), Refunding Bonds, and heretofore taken are hereby
11 ratified, approved and confirmed by this Board.

12 Section 5. File Documents. All documents referred to as on file with the Clerk of the
13 Board are in File Nos. 160472.

14 Section 6. Effective Date. Pursuant to Charter Section 8B.124, this Ordinance shall
15 take effect thirty (30) days after its adoption.

16
17 APPROVED AS TO FORM:
18 DENNIS J. HERRERA, City Attorney

19
20 By:


21 Mark D. Blake
22 Deputy City Attorney

23 n:\financlas2017\1300183\01220503.docx
24
25

LEGISLATIVE DIGEST

[Ordinance Amendment - Increasing the Public Utilities Commission Water Revenue Bond Issuance - Not to Exceed \$286,730,430]

Ordinance amending Ordinance No. 112-16, as amended by Ordinance No. 154-17, to authorize an increase of the issuance and sale of tax-exempt or taxable Water Revenue Bonds and other forms of indebtedness (as described below) by the San Francisco Public Utilities Commission (Commission) in an aggregate principal amount not to exceed \$286,730,430 to finance the costs of various capital water projects benefitting the Water Enterprise, including in addition to the purposes heretofore approved, certain Bioregional Habitat Restoration costs (as described below) pursuant to amendments to the Charter of the City and County of San Francisco enacted by the voters on November 5, 2002, as Proposition E; authorizing the issuance of Water Revenue Refunding Bonds; declaring the Official Intent of the Commission to reimburse itself with one or more issues of tax-exempt or taxable bonds or other forms of indebtedness; and ratifying previous actions taken in connection therewith.

Existing Law

This law proposes to amend Ordinance No. 112-16, as amended by Ordinance 154-17, which authorized the issuance and sale of Water Revenue Bonds by the San Francisco Public Utilities Commission up to \$274,130,448, to finance capital projects of the water enterprise, including the Rollins Road property and other costs.

Background Information

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

The proposed Ordinance amends Ordinance No. 112-16, as amended by Ordinance 154-17 (the "Prior Ordinances") to increase the bonding authorization to \$286,730,430 from \$274,130,448 to provide additional funds for Bioregional Habitat Restoration costs which arise from federal and state permit requirements to compensate for impacts to habitats and special-status species associated primarily with the Calaveras Dam Replacement Project, the Lower Crystal Springs Dam Improvement Project, the Crystal Springs/ San Andreas Transmission Upgrade Project, and the Bay Division Pipeline No. 5 Project.

FILE NO. 171010

The Bonds will be issued under an Amended and Restated Indenture dated as of January 1, 2002, as further amended and supplemented from time to time, between the Commission and U. S. Bank National Association. Bonds authorized by the Prior Ordinance, as amended, will be issued for any purposes of the Water Enterprise, including, without limitation, the financing or refinancing of capital additions, improvements, repairs and replacements to the Water Enterprise, including the acquisition of the Rollins Road Property and .

All other terms of the Prior Ordinances remain in effect, and are incorporated by reference.

| | |
|--|---|
| <p>Items 6 and 7 Files 17-1011 and 17-1010</p> | <p>Department: Public Utilities Commission (PUC)</p> |
|--|---|

EXECUTIVE SUMMARY

Legislative Objectives

- **File 17-1011:** The proposed ordinance would appropriate \$12,600,000 of Water Revenue Bond proceeds to fund the vegetation restoration and Bioregional Habitat Restoration (BHR) projects in order to mitigate the environmental impacts of the Water System Improvement Program (WSIP).
- **File 17-1010:** The proposed ordinance would amend Ordinance No. 112-16, as amended by Ordinance No. 154-17, to increase the issuance of Water Revenue Bonds by \$12,600,000, from the amount of \$274,130,430 previously authorized by the Board of Supervisors under Ordinance No. 154-17 to the new amount of \$286,730,430.

Key Points

- The WSIP consists of 83 critical water infrastructure projects needed to meet water quality requirements, ensure seismic and delivery reliability and meet water supply goals in an environmentally sustainable manner. In order to construct the WSIP projects, the SFPUC committed, through federal and state regulatory permits, to perform on site and off site mitigation of the program’s environmental impacts. Two major initiatives required from the federal and state regulatory permits and approvals for WSIP include the vegetation restoration of WSIP construction sites, and habitat restoration and enhancements at various locations on property owned by the SFPUC in the Alameda Creek and Peninsula watersheds as part of the BHR program.
- The Board of Supervisors previously approved the issuance of (a) \$264,997,468 in Water Revenue Bonds in June 2016 (Ordinance No. 112-16) to fund various water capital projects, and (b) \$9,132,962, increasing the Water Revenue Bond authorization to \$274,130,430 in June 2017 to purchase the Rollins Road property (Ordinance No. 154-17). The increase \$12,600,000 to pay for vegetation restoration and BHR projects would increase the total Water Revenue Bond authorization to \$286,730,430.

Fiscal Impact

- SFPUC estimates a 4 percent annual interest for 30-year revenue bonds, to be sold during the winter of FY 2017-18. Based on total costs of \$13,023,256 (\$12,600,000 allocated to projects plus underwriter’s discount and issuance costs), debt service over 30-years is estimated at \$22,594,085, including interest of \$9,570,829. Average annual debt service of \$753,136 will be funded through rates and charges to SFPUC Water customers.

Policy Consideration

- SFPUC pays for debt service on Water Revenue Bonds and other Water Enterprise debt through water rates charged to customers. According to SFPUC’s FY 2017-18 through FY 2026-27 Financial Plan, water rates charged to retail customers are expected to increase by approximately 11 percent in FY 2018-19 and 10 percent in FY 2019-20 to cover Water Enterprise operating costs and debt service.

Recommendation

- Approve the proposed ordinances.

MANDATE STATEMENT

Charter Section 8B.124 authorizes the San Francisco Public Utilities Commission (SFPUC) to issue revenue bonds, including notes, commercial paper or other forms of indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board of Supervisors, to reconstruct, replace, expand, repair or improve water or clean water facilities under the jurisdiction of the SFPUC.

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

On November 5, 2002, San Francisco voters approved Proposition E, which authorized the San Francisco Public Utilities Commission (SFPUC) to issue water revenue bonds to reconstruct, replace, expand, repair, or improve SFPUC water facilities when authorized by ordinance and approved by a two-thirds vote of the Board of Supervisors.

The Water System Improvement Program (WSIP) consists of 83 critical water infrastructure projects needed to meet water quality requirements, ensure seismic and delivery reliability and meet water supply goals in an environmentally sustainable manner. In order to construct the WSIP projects, the SFPUC committed, through federal and state regulatory permits, to perform on site and off site mitigation. Two of the three¹ major initiatives required from the federal and state regulatory permits and approvals for WSIP include the following as part of the Long Term Monitoring Permit Program (LTMPP):

- **Vegetation Restoration of WSIP Construction Sites:** The purpose of this program is to revegetate the WSIP construction sites to preconstruction conditions or better. The program includes planting, monitoring and maintenance activities related to restoring and revegetating the WSIP project sites.
- **Bioregional Habitat Restoration (BHR) Program:** The purpose of this program is to compensate for the WSIP construction impacts to a broad range of habitats and special status species by restoring and enhancing habitats primarily through constructing wetlands, removing non-native species and planting native vegetation. The program includes approximately 2,000 acres of habitat restoration and enhancements at various locations on property owned by the SFPUC in the Alameda Creek and Peninsula watersheds.

¹ The third major initiative is fisheries monitoring and habitat restoration in the Alameda and Peninsula watersheds, which is not part of this appropriation request.

DETAILS OF PROPOSED LEGISLATION

File 17-1010: The proposed ordinance would amend Ordinance No. 112-16, as amended by Ordinance No. 154-17, to authorize an increase of the issuance and sale of tax-exempt or taxable Water Revenue Bonds and other forms of indebtedness by the SFPUC in an aggregate principal amount not to exceed \$286,730,430 to finance the costs of various capital water projects benefitting the Water Enterprise, including certain BHR program and vegetation restoration costs 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; authorize the issuance of Water Revenue Refunding Bonds; declare the Official Intent of the SFPUC to reimburse itself with one or more issues of tax-exempt or taxable bonds or other forms of indebtedness; and ratify previous actions taken in connection therewith.

File 17-1011: The proposed ordinance would appropriate \$12,600,000 of proceeds from Water Enterprise Revenue Bonds to fund the LTMPP for vegetation restoration of the WSIP construction sites and the BHR program, as required by the related federal and state regulatory permits in FY 2017-18 and place \$12,600,000 of proceeds on Controller's Reserve pending receipt of proceeds of indebtedness.

Increase in Water Revenue Bond Authorization by \$12,600,000 (File 17-1010)

On June 14, 2016, the Board of Supervisors approved the issuance of not to exceed \$264,997,468 of SFPUC Water Revenue Bonds to finance various SFPUC water capital projects (File 16-0468, Ordinance No. 112-16). On June 15, 2017, the Board approved the increase of the issuance and sale of tax-exempt or taxable Water Revenue bonds and other forms of indebtedness by SFPUC to an aggregate principal amount not to exceed \$274,130,430 to finance the costs of various capital water projects benefitting the Water Enterprise, including new funding of \$9,132,962 to finance the cost of the acquisition of the Rollins Road property (File 17-0678, Ordinance No. 154-17).

The proposed ordinance would amend Ordinance No. 154-17, increasing the bond authorization amount by \$12,600,000, from \$274,130,430 to \$286,730,430. Revenue bonds will be issued during the winter of FY 2017-18.

\$12,600,000 Appropriation to WSIP Programs (File 17-1011)

The proposed ordinance would appropriate \$12,600,000 of Water Revenue Bond proceeds as follows:

- \$10,400,000 for the BHR program
- \$2,200,000 for vegetation restoration of the WSIP construction sites

According to Mr. Tim Ramirez of SFPUC, the appropriation would allow the continuation of both programs that are part of the SFPUC's ongoing fulfillment of federal and state permitting requirements and California Environmental Quality Act (CEQA) commitments associated with WSIP environmental impacts. The specific requirements for SFPUC's mitigation obligations on BHR sites were established by the permitting agencies issuing the environmental permits for WSIP projects, including the United States Army Corps of Engineers, United States Fish and

Wildlife Service, National Marine Fisheries Service, San Francisco Bay Regional Water Quality Control Board, and the California Department of Fish and Wildlife. The BHR program also fulfills requirements of WSIP CEQA documents developed by the City's Planning Department.

According to Mr. Ramirez, the appropriation is needed because SFPUC neglected to allocate funding for these programs in the FY 2017-18 budget due to internal miscommunication during the mid-cycle budget process. Mr. Ramirez stated that this is being rectified in the current budget process for future fiscal years.

Issuance of Water Revenue Bonds and Commercial Paper

According to Mr. Mike Brown of SFPUC, costs for the BHR program and the vegetation restoration of the WSIP construction sites at \$12,600,000 would be immediately funded through SFPUC's commercial paper program², which would allow SFPUC to begin work on the projects before the bond issuance. The commercial paper would then be refunded with the issuance of SFPUC revenue bonds during the winter of FY 2017-18. To date, Mr. Brown advises that the SFPUC has not issued any of the previously authorized Water Revenue Bonds, totaling \$274,130,430.

Under the proposed ordinance authorizing the increase in the amount and issuance of Water Revenue Bonds, Mr. Brown advises that these bonds will be sold on a competitive and tax-exempt basis.

FISCAL IMPACT

Table 1 below shows the breakdown of the requested supplemental appropriation ordinance (File 17-1011) for the \$12,600,000 required for the vegetation restoration and BHR programs in FY 2017-18.

² Commercial paper is short term, low interest debt that can be used as interim funding for capital projects pending the issuance of long term bonds. The Board of Supervisors previously authorized the Water Enterprise Commercial Paper Program in an amount not-to-exceed \$500 million.

Table 1: Total FY 2017-18 Cost of Programs and Remaining \$12,600,000 to be Appropriated

| Activity | Total Estimated Cost | Appropriated to Date | Remaining Funds Required |
|---|----------------------|----------------------|--------------------------|
| Vegetation Restoration of WSIP Construction Sites Program | | | |
| Planning, Program Management, and Environmental Review | \$495,000 | \$120,000 | \$375,000 |
| On-going Construction and Habitat Improvements | \$1,065,000 | \$200,000 | \$865,000 |
| Compliance Monitoring | \$1,170,000 | \$210,000 | \$960,000 |
| <i>Total Cost for Vegetation Restoration of WSIP Construction Sites Program</i> | <i>\$2,730,000</i> | <i>\$530,000</i> | <i>\$2,200,000</i> |
| BHR Program | | | |
| Planning, Program Management, and Environmental Review | \$1,733,000 | \$280,000 | \$1,453,000 |
| On-going Construction and Habitat Improvements | \$4,654,000 | \$774,000 | \$3,880,000 |
| Compliance Monitoring | \$6,873,000 | \$1,806,000 | \$5,067,000 |
| <i>Total Cost for BHR Program</i> | <i>\$13,260,000</i> | <i>\$2,860,000</i> | <i>\$10,400,000</i> |
| Total Cost for All Programs | \$15,990,000 | \$3,390,000 | \$12,600,000 |

Debt Financing

Table 2 below shows the estimated cost for the issuance of the \$12,600,000 of revenue bonds to finance the LTMP for vegetation restoration of the WSIP construction sites and the BHR program.

Table 2: Estimated Costs of Issuance

| | Amount |
|--|---------------------|
| Project Funds | \$12,600,000 |
| Underwriter's Discount * | 32,558 |
| Cost of Issuance** | 390,698 |
| Estimated Total Costs of Issuance | \$13,023,256 |

* Underwriter's Discount is the difference between the price that the underwriter pays the issuer for the bonds and the price at which it sells the bonds in a public offering.

**Cost of Issuance includes fees for rating agencies, financial advisors, attorneys, Revenue Bond Oversight Committee, City Services Auditor

Source: SFPUC

The projected \$423,256 expense for the underwriter's discount and cost of issuance for the \$12,600,000 project would be funded from previous SFPUC authorized appropriations.

The SFPUC estimates an approximate 4 percent annual interest rate for 30-year revenue bonds, which are anticipated to be sold during the winter of FY 2017-18. Based on a total cost of \$13,023,256 shown in Table 2 above, total debt service over the 30-year term is estimated at \$22,594,085, including interest costs of \$9,570,829 and average annual debt service payments

of \$753,136. Annual debt service will be budgeted each year in the SFPUC's Water Enterprise operating budget, subject to Board of Supervisors appropriation approval, and funded through rates and charges to SFPUC Water customers.

Water Enterprise Capital Projects Bond Authorization

The total authorization of the issuance and sale of water revenue bonds in an aggregate principal amount not to exceed \$286,730,430 includes the requested funding of \$12,600,000 to finance the LTMPP, for vegetation restoration of the WSIP construction sites and the BHR program (File 17-1010).

Table 3 below shows the projects to be funded by the \$286,730,430 in Water Revenue Bond proceeds, including \$274,130,430 previously appropriated by the Board of Supervisors (Files 16-0468 and 17-0677) and \$12,600,000 requested for appropriation (File 17-1011).

Table 3: Sources and Uses of \$286,730,430 in Water Revenue Bond Proceeds

| | |
|---|-----------------------------|
| Source of Funds | |
| Proceeds from Sale of Water Revenue Bonds | \$286,730,430 |
| Total Sources | \$286,730,430 |
| Uses of Funds | |
| <u>Previously Appropriated</u> | |
| <i>Appropriated Under File 16-0648</i> | |
| Regional Water Treatment Program | 10,013,000 |
| Water Transmission Program | 13,979,000 |
| Buildings & Ground Regional | 14,743,000 |
| Local Water Conveyance/Distribution | 105,300,000 |
| Automated Water Meter Program | 2,000,000 |
| Buildings & Ground Improvements | 1,750,000 |
| Systems Monitoring & Control | 600,000 |
| Local Water Supply – Other Recycled Water Projects | 3,500,000 |
| Pump Station Upgrades | 4,000,000 |
| San Francisco Groundwater Supply | 4,995,000 |
| SF Westside Recycled Water Project | 27,806,000 |
| Water Infrastructure | 15,100,000 |
| Joint Water - Bonds | 3,150,000 |
| Mountain Tunnel - Joint Water | 21,245,400 |
| <i>Subtotal, File 16-0648</i> | <i>\$228,181,400</i> |
| Rollins Road (File 17-0677) | 9,132,962 |
| <i>Subtotal, Previously Appropriated</i> | <i>\$237,314,362</i> |
| LTMPP: Vegetation Restoration and BHR Programs (File 17-1011) | 12,600,000 |
| <i>Subtotal Project Costs</i> | <i>249,914,362</i> |
| Financing Costs | 35,958,018 |
| City Services Auditor | 725,552 |
| Revenue Bond Oversight Committee | 132,498 |
| <i>Subtotal Financing/Other Costs</i> | <i>36,816,068</i> |
| Total Uses | \$286,730,430 |

POLICY CONSIDERATION**Impact of Debt Service on Water Rates Charged to Retail Customers**

According to SFPUC's FY 2017-18 through FY 2026-27 Financial Plan, estimated annual debt service in FY 2017-18 on SFPUC's Water Revenue Bonds and other Water Enterprise debt is \$260.7 million, increasing to \$305.8 million in FY 2019-20, which would include debt service on the proposed \$286,730,430 in Water Revenue Bonds.

SFPUC pays for debt service on Water Revenue Bonds and other Water Enterprise debt through water rates charged to customers. According to SFPUC's FY 2017-18 through FY 2026-27 Financial Plan, water rates charged to retail customers are expected to increase by approximately 11 percent in FY 2018-19 and 10 percent in FY 2019-20 to cover Water Enterprise operating costs and debt service.

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.

RECOMMENDATION

Approve the proposed ordinances.

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

MEMORANDUM

TO: Harlan Kelly, Jr., General Manager, Public Utilities Commission
Ben Rosenfield, City Controller, Office of the Controller
Jose Cisneros, Treasurer, Office of the Treasurer and Tax Collector
Jon Givner, Deputy City Attorney, Office of the City Attorney

FROM: Linda Wong, Assistant Clerk, Budget and Finance Committee

DATE: October 4, 2017

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Budget and Finance Committee has received the following proposed legislation:

File No. 171010

Ordinance amending Ordinance No. 112-16, as amended by Ordinance No. 154-17, to authorize an increase of the issuance and sale of tax-exempt or taxable Water Revenue Bonds and other forms of indebtedness (as described below) by the San Francisco Public Utilities Commission (Commission) in an aggregate principal amount not to exceed \$286,730,430 to finance the costs of various capital water projects benefitting the Water Enterprise, including in addition to the purposes heretofore approved, certain Bioregional Habitat Restoration costs (as described below) pursuant to amendments to the Charter of the City and County of San Francisco enacted by the voters on November 5, 2002, as Proposition E; authorizing the issuance of Water Revenue Refunding Bonds; declaring the Official Intent of the Commission to reimburse itself with one or more issues of tax-exempt or taxable bonds or other forms of indebtedness; and ratifying previous actions taken in connection therewith.


If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Todd Rydstrom, Office of the Controller
Michelle Allersma, Office of the Controller
Juliet Ellis, Public Utilities Commission
Amanda Kahn Fried, Treasurer, Office of the Treasurer and Tax Collector

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *for* Mayor Edwin M. Lee 
RE: Amending Ordinance 112-16, as amended by Ordinance 154-17---SFPUC
Water Revenue Bond Issuance----Not to Exceed \$286,730,430
DATE: September 19, 2017

Attached for introduction to the Board of Supervisors is an ordinance amending Ordinance No. 112-16, as amended by Ordinance 154-17, to authorize an increase of the issuance and sale of tax-exempt or taxable Water Revenue Bonds and other forms of indebtedness (as described below) by the San Francisco Public Utilities Commission (Commission) in an aggregate principal amount not to exceed \$286,730,430 to finance the costs of various capital water projects benefitting the Water Enterprise, including in addition to the purposes heretofore approved, certain Bioregional Habitat Restoration costs (as described below) pursuant to amendments to the Charter of the City and County of San Francisco enacted by the voters on November 5, 2002 as Proposition E; authorizing the issuance of Water Revenue Refunding Bonds; declaring the Official Intent of the Commission to Reimburse Itself with one or more issues of tax-exempt or taxable bonds or other forms of indebtedness; and ratifying previous actions taken in connection therewith.

Should you have any questions, please contact Mawuli Tugbenyoh (415) 554-5168.

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2017 SEP 19 PM 4:03
