

File No. 181151

Committee Item No. 9
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS
AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date January 30, 2019

Board of Supervisors Meeting

Date _____

Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
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- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
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- Form 126 – Ethics Commission
- Award Letter
- Application
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OTHER (Use back side if additional space is needed)

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Completed by: Linda Wong
Completed by: Linda Wong

Date January 25, 2019
Date _____

[Appropriation from 2006 and 2007 Lease Revenue Bond Reserves - Rossi Pool Project - \$4,000,000 - De-Appropriation and Re-Appropriation - Rossi Pool Project - GGP Golf Course Clubhouse Project - \$4,000,000 - Recreation and Park Department - FY2018-2019]

Ordinance appropriating \$4,000,000 consisting of other non-operating revenue from 2006 and 2007 Lease Revenue Bond Reserves to the Recreation and Park Department to support the Rossi Pool Project, and de-appropriating \$4,000,000 of Open Space funding from the Rossi Pool Project and re-appropriating \$4,000,000 to the Golden Gate Park Golf Course Clubhouse Project in FY2018-2019.

Note: **Unchanged Code text and uncodified text** are in plain Arial font.
Additions to Codes are in *single-underline italics Times New Roman font*.
Deletions to Codes are in *strikethrough italics Times New Roman font*.
Board amendment additions are in double-underlined Arial font.
Board amendment deletions are in ~~strikethrough Arial font~~.

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

Section 1. The sources of funding outlined below are herein appropriated to reflect the funding available for Fiscal Year 2018-2019.

1 **SOURCES Appropriation**

2	Fund /	Project & Activity /	Account	Description	Amount
3	Department ID	Authority			
4	XXXXX	10013432-0026	479999	Other Non-Operating	\$4,000,000
5	TBD	Angelo J. Rossi Pool -	Other Non-	Revenue from 2006	
6	/	Playground /	Operating	and 2007 Lease	
7	262676	XXXXX	Revenue	Revenue Bond	
8		TBD		Reserves	
9					
10	Total SOURCES Appropriation				\$4,000,000

11
 12 Section 2. The uses of funding outlined below are herein appropriated in Fiscal Year 2018-
 13 2019, and reflect the projected uses of funding to support the Rossi Pool Project.

14
 15 **USES Appropriation**

16	Fund /	Project & Activity /	Account	Description	Amount
17	Department ID	Authority			
18	XXXXX	10013432-0026	567000	Bldgs, Struct & Imprv	\$4,000,000
19	TBD	Angelo J. Rossi Pool -	Bldgs, Struct, &	Proj-Budget	
20	/	Playground /	Imprv Proj-		
21	262676	XXXXX	Budget		
22		TBD			
23	Total USES Appropriation				\$4,000,000

Section 3: De-appropriation and re-appropriation of \$4,000,000 in Open Space funding. The uses of funding outlined below are herein de-appropriated and re-appropriated in account 567000 Buildings, Structures, & Improvements Project – Budget and reflect the projected uses to fund the Recreation and Park Department’s Capital Budget for Fiscal Year 2018-2019.

USES De-appropriation

Fund / Department ID	Project & Activity / Authority	Account	Description	Amount
13360	10013432-0026	567000	Open Space – Bldgs, Struct & Imprv Proj-	\$4,000,000
SR Open Space - Continuing	Angelo J. Rossi Pool - Playground / 20190 RP Open Space	Bldgs, Struct, & Imprv Proj- Budget	Struct & Imprv Proj- Budget	
/	20190 RP Open Space	Budget		
262676	Reserve			
Total USES De-appropriation				\$4,000,000

USES Re-appropriation

Fund / Department ID	Project & Activity / Authority	Account	Description	Amount
13360	10033810-0006	567000	Open Space – Bldgs, Struct & Imprv Proj-	\$4,000,000
SR Open Space - Continuing	RP GGP Golf Clubhouse Budget / 20190 RP Open Space	Bldgs, Struct, & Imprv Proj- Budget	Struct & Imprv Proj- Budget	
/	20190 RP Open Space	Budget		
262676	Reserve			
Total USES Re-appropriation				\$4,000,000

1 Section 4: The Controller is authorized to record transfers between funds and adjust the
2 accounting treatment of sources and uses appropriated in this ordinance as necessary to
3 conform to Generally Accepted Accounting Principles.
4
5

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

8 By: BSW
9 BUCK DELVENTHAL
Deputy City Attorney

FUNDS AVAILABLE
BEN ROSENFELD, Controller

By: [Signature]
BEN ROSENFELD
Controller

<p>Item 9 File 18-1151</p>	<p>Department: Public Utilities Commission (PUC)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed ordinance would (1) appropriate \$4,000,000 from the 2006 and 2007 Lease Revenue Bond debt service reserves to the Recreation and Park Department to support the Rossi Pool Project, and (2) de-appropriate \$4,000,000 of Open Space funding from the Rossi Pool Project, and re-appropriate these funds to the Golden Gate Park Golf Course Clubhouse Project for FY 2018-19. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The Golden Gate Park Golf Course Clubhouse is operated under a lease agreement between the Recreation and Park Department and Golden Gate Park Golf Foundation, a nonprofit organization also known as “First Tee”. The Clubhouse was extensively damaged in a fire in July 2018, requiring demolition. • The Recreation and Park Commission approved \$4 million in Open Space Fund monies to rebuild for the Golden Gate Park Golf Course Clubhouse in October 2018. In order to make Open Space Fund monies available for the Clubhouse Project, the Recreation and Park Department plans to transfer \$4 million in Open Space Fund monies from the Rossi Pool Project to the Clubhouse Project. The Department would then allocate \$4 million in tax-exempt 2006 and 2007 Lease Revenue Bond proceeds, set aside but not needed for a debt service reserve, to the Rossi Pool Project to replace the Open Space Fund monies. The Recreation and Park Department determined that use of tax-exempt bonds was not appropriate for the reconstruction of the Golden Gate Park Golf Course Clubhouse, because it is leased by a private entity. • The Golden Gate Park Golf Course Clubhouse Project is currently in the design phase, and construction is anticipated to begin in April 2020. The project is expected to be completed in January 2021. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The \$4 million budget for the Golden Gate Park Golf Course Clubhouse project is fully funded by the Open Space Fund allocation. The Recreation and Park Commission approved the use of Open Space Fund monies the Golden Gate Park Golf Course Clubhouse project in October 2018. As mandated by Charter Section 16.107, the Parks, Recreation, and Open Space Advisory Committee (PROSAC), provided review and comment on the addition of the Golden Gate Park Golf Course Clubhouse to the FY 2019-20 Annual Capital Expenditure Plan on January 8, 2019. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed ordinance. 	

MANDATE STATEMENT

Charter Section 9.105 provides that amendments to the Annual Appropriation Ordinance be subject to Board of Supervisors approval by ordinance, after the Controller certifies the availability of funds.

BACKGROUND

2006 and 2007 Lease Revenue Bond Issuances

Lease revenue bonds are a type of revenue bond used to finance the construction of facilities, including state office buildings, correction facilities, courthouses, and state fire facilities. Lease revenue bonds have a lessee (government agency) that pays rent to use the facility. The rent payments are used to pay back investors who purchased the bonds used to finance the construction of the facility.

Open Space Fund

The voters approved Charter Section 16.107 to establish the Park, Recreation and Open Space Fund in 2000 (Open Space Fund), setting aside property taxes equivalent to \$0.025 for each \$100 of assessed value. The Charter authorizes the Board of Supervisors to approve revenue bonds, including lease revenue bonds, to be repaid by Open Space Fund revenues, for the acquisition, construction, rehabilitation, and improvement of Recreation and Park property. The Board of Supervisors previously approved issuance of 2006 and 2007 Lease Revenue Bonds, to be repaid by Open Space Fund revenues.

2006 and 2007 Lease Revenue Bond

The Series 2006 and 2007 Lease Revenue Bonds were issued for a total of \$66,945,515, and were used to fund various park, playground, and recreation center projects; pool projects; Lake Merced improvements; and the Lincoln Park master plan.

The Board of Supervisors approved refunding of the outstanding balance in Series 2006 and 2007 Lease Revenue Bonds in May 2018 (File 18-0362). Total estimated costs to refund the Series 2006 and 2007 Lease Revenue Bonds, including repayment of the outstanding balance, issuance costs, and the new debt service reserve fund, were \$45.6 million. Sources to cover the estimated costs of \$45.6 million were refunding bond proceeds and prior debt service reserve funds established under Series 2006 and 2007 Lease Revenue Bonds and not used. According to the Budget and Legislative Analyst report to the May 10, 2018 Budget and Finance Committee, the Office of Public Finance stated that approximately \$4,051,000 refunding bond proceeds may be allotted to fund a debt service reserve for the refunding bonds.

According to Mr. Antonio Guerra, Capital Finance Manager for the Recreation and Park Department, the Controller's Office of Public Finance and the City Attorney's Office determined that the debt service reserve for the refunding bonds was not necessary.¹ Therefore, \$4 million

¹ According to Ms. Jamie Querubin, Controller's Office of Public Finance, the City achieved savings without an increase in financing costs by structuring its refunding bonds without a debt service reserve. The net present value

previously allocated to the 2018 Refunding Bonds for a new debt service reserve fund are available for other projects.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would (1) appropriate \$4,000,000 from the 2006 and 2007 Lease Revenue Bond debt service reserves to the Recreation and Park Department to support the Rossi Pool Project, and (2) de-appropriate \$4,000,000 of Open Space funding from the Rossi Pool Project, and re-appropriate these funds to the Golden Gate Park Golf Course Clubhouse Project for FY 2018-19.

Rossi Pool Improvement Project

Angelo J. Rossi Playground is located at the corner of Anza Street and Arguello Boulevard. The approximately 300,000 square foot park has a large lawn area for baseball and other field sports, children's play area, pool building, maintenance building, and sport courts. In March 2016, the Recreation and Park Department began the planning and civic design phase of the project, which now includes improved park accessibility and renovation of the pool, pool building, and maintenance storage facility. The Recreation and Park Department is currently soliciting bids for construction, which is set to begin in May 2019. The project is scheduled to be substantially completed April 2020. The Recreation and Park Department has allocated \$8,200,000 from the 2012 Clean and Safe Parks Bond and \$5,730,000 from the Open Space Continuing Capital Fund, for a total project cost of \$13,930,000.

Golden Gate Park Golf Course Clubhouse Project

In July 2018, a two-alarm fire extensively damaged the Golden Gate Park Golf Course Clubhouse (the Clubhouse). Due to the fire damage, the Clubhouse had to be fully demolished. The Recreation and Park Department plans to rebuild the building for an approximate cost of \$4,000,000. The project is currently in the design phase, and construction is anticipated to begin in April 2020. The project is expected to be completed in January 2021.

Open Space Fund Approval

According to the Charter Section 16.107, Open Space Fund monies can be used to provide park and recreational facilities, as long as the property is under the jurisdiction of the City. The Recreation and Park Commission approves the annual budget for the fund, and according to Charter Section 4.102.3, approved modifications for the budget. In October 2018, the Recreation and Park Commission approved the transfer of \$4 million from the Open Space Fund from the Rossi Pool Project to the Golden Gate Park Course Clubhouse, backfilled by the allocation of \$4 million in tax-exempt Series 2006 and 2007 Lease Revenue Bond proceeds to the Rossi Pool Project. The Capital Planning Committee reviewed the proposal and recommended approval of the transfer by the Board of Supervisors on November 5, 2018.

As mandated by Charter Section 16.107, the Parks, Recreation, and Open Space Advisory Committee (PROSAC), provided reviewed and comment on the addition of the Golden Gate Park Golf Course Clubhouse to the FY 2019-20 Annual Capital Expenditure Plan in January 2019.

of gross debt service savings from the 2006 and 2007 Lease Revenue Bonds refunding is \$4.9 million, or 11.0 percent, as opposed to an estimate of \$1.9 million, or 4.6 percent, with the funding of a debt service reserve.

FISCAL IMPACT

The proposed re-allocation of \$4 million in Open Space Fund revenues from the Rossi Pool Project to the Golden Gate Park Golf Course Clubhouse, to be backfilled by the allocation \$4 million in tax-exempt Series 2006 and 2007 Lease Revenue Bond proceeds to the Rossi Pool Project, would result in no net change to the budget of the Rossi Pool Project, but will fully fund the reconstruction of the Golden Gate Park Golf Course Clubhouse.

The First Tee of San Francisco manages the Golden Gate Park Golf Course Clubhouse through a separate 501(c)(3) foundation, the Golden Gate Park Golf Foundation. According to Mr. Guerra, although \$4 million in tax-exempt Series 2006 and 2007 Lease Revenue Bond proceeds, set aside but not needed for a debt service reserve, are available, the Recreation and Park Department determined that use of tax-exempt bonds was not appropriate for the reconstruction of the Golden Gate Park Golf Course Clubhouse, which is leased by a private entity.² Therefore, the proposed ordinance re-allocates Open Space Fund revenues, which are local revenues generated from a property tax set-aside, from Rossi Pool to the Golden Gate Golf Course Clubhouse, and allocates tax-exempt bond proceeds to the Rossi Pool, which is a public pool operated by the Department, to backfill the loss of Open Space Fund revenues.

The budget for the Golden Gate Park Golf Course Clubhouse project is shown in Table 1 below.

Table 1: Golden Gate Park Golf Course Clubhouse Budget

Construction Contract(s)	\$2,100,000
Construction Contingency (13%)	<u>\$315,000</u>
Subtotal Construction	\$2,415,000
Soft Costs *	\$1,035,000
Project Management	350,000
Soft Cost Reserve**	<u>200,000</u>
Subtotal Soft Costs	\$1,585,000
Total Project	\$4,000,000

*Includes architecture and engineering services, hazmat services, construction management, cost estimators, permit fees, materials and testing, and utility connection fees.

** Five percent of the total project budget is set aside in a reserve for unforeseen complications or delays before a project begins construction, such as unanticipated design problems, permitting, and CEQA delays.

According to Mr. Tokes Ajike, Director of Capital Planning, 60 percent of a project’s total budget going to hard costs, and 40 percent going towards soft costs, is typical for Park and Recreation projects. The Recreation and Park Department plans to conduct a public bid process for construction of the building. Construction management will be provided by the City’s Department of Public Works construction management team.

RECOMMENDATION

Approve the proposed ordinance.

² Under the existing lease between First Tee and the Recreation and Park Department, First Tee is responsible for maintaining the premises in good condition while the City is responsible for all capital repairs and replacement.



TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Mawuli Tugbenyoh
RE: Appropriation of \$4,000,000 of Other Non-Operating Revenue from 2006 and 2007 Lease Revenue Bond Reserves for Rossi Pool Project – De-appropriation of \$4,000,000 of Open Space Funding from the Rossi Pool Project and re-appropriation of \$4,000,000 to the Golden Gate Park Golf Course Clubhouse Project – Recreation and Park Department – FY2018-2019
DATE: 11/27/2018

Ordinance appropriating \$4,000,000 consisting of other non-operating revenue from 2006 and 2007 Lease Revenue Bond Reserves to the Recreation and Park Department to support the Rossi Pool Project, and de-appropriating \$4,000,000 of Open Space funding from the Rossi Pool Project and re-appropriating \$4,000,000 to the Golden Gate Park Golf Course Clubhouse Project in FY2018-19.

Should you have any questions, please contact Mawuli Tugbenyoh at 415-554-6298.

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BOARD OF SUPERVISORS
SAN FRANCISCO
BY