

File No. 090586

Committee Item No. 2

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Subcommittee BUDGET AND FINANCE

Date 6/17/09

Board of Supervisors Meeting

Date _____

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Completed by: Gail Johnson

Date 6/12/09

Completed by: _____

Date _____

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

FILE NO. 090586

1 [Safe Streets and Road Repair General Obligation Bonds.]

2
3 **Resolution determining and declaring that the public interest and necessity demand**
4 **the resurfacing of roads, repair of sidewalks and street structures, and the redesign of**
5 **streetscapes to include curb ramps and other pedestrian safety features and the**
6 **payment of related costs necessary or convenient for the foregoing purposes; finding**
7 **that the estimated cost of \$388,000,000 for such improvements is and will be too great**
8 **to be paid out of the ordinary annual income and revenue of the City and County and**
9 **will require incurring bonded indebtedness; finding that the proposed bond is not a**
10 **project under the California Environmental Quality Act ("CEQA"); finding the proposed**
11 **bond is in conformity with the priority policies of Planning Code Section 101.1(b) and**
12 **with the General Plan consistency requirement of Charter Section 4.105 and**
13 **Administrative Code Section 2A.53; and waiving the time limits set forth in**
14 **Administrative Code Section 2.34.**

15
16 WHEREAS, The City and County of San Francisco (the "City") has experienced a
17 significant decline in the condition of City streets, sidewalks and street structures,
18 accompanied by a projected decline in revenues available for such critical infrastructure
19 projects; and,

20 WHEREAS, City staff has identified a capital improvement need totaling \$388,000,000
21 in projects relating to road resurfacing, street structure repairs, curb ramp installations,
22 sidewalk repairs, and streetscape improvements, including utility undergrounding; and,

23 WHEREAS, Substandard and crumbling streets present hazards for pedestrians,
24 people with disabilities, cyclists, motorists and transit-riders; and,

1 WHEREAS, Deteriorating streets increase vehicle maintenance costs for motorists and
2 transit operators, and compromise the mobility of emergency response vehicles; and,

3 WHEREAS, With adequate funding the City can implement cost-effective measures to
4 resurface streets before they fall into disrepair and before they must be reconstructed at a
5 much greater cost; and,

6 WHEREAS, Sidewalk improvements and curb ramps are essential to providing equal
7 access for people with disabilities to the City's network of streets and roads; and,

8 WHEREAS, Street structures such as tunnels, bridges, and stairways connect
9 residents to neighborhoods throughout the City and are in need of repair; and,

10 WHEREAS, The City's design of its streets and sidewalks does not maximize the City's
11 use of public spaces and rights-of-way; and,

12 WHEREAS, The redesign of the City's streets and sidewalks will accommodate the
13 increase in pedestrian and traffic volumes over the years; and,

14 WHEREAS, The redesign of the City's streetscapes through utility undergrounding will
15 also increase utility reliability and improve the aesthetic quality of surrounding neighborhoods;
16 and,

17 WHEREAS, Current transportation revenues are insufficient to address the capital
18 improvement need described above and the current needs of the City's roadway
19 infrastructure; and,

20 WHEREAS, The Safe Streets and Road Repair Bond (the "Bond") will improve the
21 condition of the City's streets, sidewalks, stairways, bridges, tunnels and related street
22 structures and enhance the usability and accessibility of the City's public rights-of-way through
23 the installation of curb ramps, pedestrian and bicycle safety features, and through the
24 redesign of City streetscapes, including utility undergrounding; and,

1 WHEREAS, The Bond is recommended by the City's 10-year capital plan (the "Plan"),
2 which is approved each year by the Mayor of the City and the Board of Supervisors of the City
3 (the "Board"); and,

4 WHEREAS, The Board recognizes the need to enhance and improve public safety for
5 pedestrians, cyclists, motorists, people with disabilities and transit-riders and to provide stable
6 and reliable funding for road, sidewalk and street infrastructure; now, therefore, be it

7 RESOLVED, By the Board:

8 Section 1. The Board determines and declares that the public interest and necessity
9 demand the resurfacing of roads, repair of sidewalks and street structures, and the redesign
10 of streetscapes to include utility undergrounding, curb ramps and other pedestrian safety
11 features, and the payment of related costs, including the reimbursement of public utilities and
12 other occupants of utility poles, necessary or convenient for the foregoing purposes.

13 Section 2. The estimated cost of \$388,000,000 of the Bond is and will be too great to
14 be paid out of the ordinary annual income and revenue of the City, will require an expenditure
15 greater than the amount allowed by the annual tax levy, and will require the incurrence of
16 bonded indebtedness in an amount not to exceed \$388,000,000.

17 Section 3. The Board, having reviewed the proposed legislation, finds and declares for
18 the reasons set forth in the letter from the City Planning Department, dated April 29, 2009, a
19 copy of which is on file with the Clerk of the Board in File No. 090586 and incorporated by
20 reference, that the Bond proposal is not subject to the California Environmental Quality Act
21 ("CEQA") because as the establishment of a government financing mechanism that does not
22 identify individual specific projects to be constructed with the funds it is not a project as
23 defined by CEQA and the CEQA Guidelines. The use of Bond proceeds to finance any
24 project or portion of any project will be subject to approval of the Board upon completion of
25

1 planning and any further required environmental review under CEQA for those individual
2 projects.

3 Section 4. The Board finds and declares that the proposed Bond is (i) in conformity
4 with the priority policies of Section 101.1(b) of the San Francisco Planning Code, (ii) in
5 accordance with Section 4.105 of the San Francisco Charter and Section 2A.53(f) of the
6 San Francisco Administrative Code, and (iii) consistent with the City's General Plan, and
7 adopts the findings of the City Planning Department, as set forth in the General Plan Referral
8 Report dated April 29, 2009, a copy of which is on file with the Clerk of the Board in File
9 No. 090586 and incorporates such findings by reference.

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

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

16 Section 7. Documents referenced in this resolution are on file with the Clerk of the
17 Board of Supervisors in File No. 090586, which is hereby declared to be a part of this
18 resolution as if set forth fully herein.

19
20 APPROVED AS TO FORM:
21 DENNIS J. HERRERA
22 City Attorney

23 By: Kenneth David Roux
24 KENNETH DAVID ROUX
25 Deputy City Attorney

Item 2 - File 09-0586

Note: A substitute resolution authorizing an additional \$20,000,000 (see Comment No. 4) has been submitted to the Board of Supervisors which would result in a total of \$388,000,000 in bond funds. This report is based on the original amount of \$368,000,000.

Departments: Department of Public Works (DPW)
Office of Public Finance (OPF)

Item: The proposed resolution, related to street and sidewalk improvements, establishes the following:

- a) determines and declares that the public interest and necessity demand the resurfacing of roads, repair of sidewalks and street structures, and the redesign of streetscapes to include curb ramps and other pedestrian safety features and the payment of related costs necessary or convenient for these purposes;
- b) finds that the estimated cost of \$368,000,000 for such improvements is and will be too great to be paid out of the ordinary annual income and revenue of the City and County of San Francisco and will require incurring General Obligation bonded indebtedness;
- c) finds that the proposed General Obligation bond is not subject to the California Environmental Quality Act (CEQA); and
- d) finds that the proposed bond is in conformity with the priority policies of Planning Code Section 101.1(b) and with the General Plan consistency requirement of Charter Section 4.105 and Administrative Code Section 2.34.

Background: Road resurfacing and reconstruction, street repairs, installation of curb ramps, pedestrian safety features and the repair of the City's sidewalks and street structures,¹ collectively referred to as "street and sidewalk improvements," have historically been funded with a combination of General Fund monies, State and local transportation revenues including gas tax revenues, and Federal grants. However, according to Mr. Douglas Legg, Budget and Finance Manager with DPW, the historical and current sources of funding for City street and sidewalk improvements do not provide consistent or sufficient revenues to fund such infrastructure projects. Attachment I, provided by Mr. Legg, lists the historical and proposed revenues and expenditures for street and sidewalk improvements, by category

¹ Street structures include such urban structures as stairways, pedestrian overpasses and underpasses, bridges, and tunnels.

and funding source. As discussed below in Comment No. 3, Mr. Legg states that historical sources of funding for street improvements are anticipated to diminish, and the proposed \$368,000,000 General Obligation bond would provide a consistent funding source for street and sidewalk repairs over five years, beginning in FY 2010-2011 and ending in FY 2014-2015, or approximately \$73,600,000 per year.

Attachment II to this report is an excerpt from the DPW's "Safe Streets and Road Repair Bond" report issued May 4, 2009, which provides a description of the Safe Streets and Road Repair Project. In summary, the Project would address the following:

- a) Sidewalk, street structure, and curb ramp repair and installation, consistent with the City's Capital Plan;
- b) streetscape improvements² and pedestrian and bike safety improvements, consistent with the City's Capital Plan; and
- c) street resurfacing for approximately 2,542, or 20.3 percent of the 12,517 street segments in the City. This street resurfacing would repair and maintain the subject 2,542 streets to be in better condition than the condition which is currently prescribed by the City's Capital Plan.³

According to Mr. Legg, pursuant to issuance of the proposed General Obligation bonds, all of the above Safe Streets and Road Repair projects would be indexed and prioritized based upon criteria such as transit and bicycle routes, pavement condition, frequency of usage, equitable geographic distribution, and project readiness.

² Mr. Legg advises that such streetscape improvements would include improvements called for in various area plans which have been adopted or are pending adoption by the Board of Supervisors, such as the Eastern Neighborhoods Plan.

³ DPW indexes and rates the condition of City streets according to age and deterioration, and prioritizes streets which require resurfacing. Mr. Legg advises that the City's Capital Plan, which has limited funding, specified funding street resurfacing at a level that would maintain the current average condition, but that the Capital Planning Committee decided that if voters were funding additional street maintenance with the proposed General Obligation Bonds, that the condition of the streets should be better than the current average condition. Specific streets to be resurfaced under this proposed General Obligation bond are not identified in the Safe Streets and Road Repair Bond report, although the report includes a map rating the condition of 10,219, or 81.6 percent of the City's 12,517 street segments.

Mr. Legg advises that, since Safe Streets and Road Repair General Obligation bond funding has not yet been secured, DPW has not (a) begun design work on these subject projects or (b) identified specific project locations.

- Description:** The proposed Safe Streets and Road Repair General Obligation bond would provide \$368,000,000 in bond funds to fix streets, sidewalks, bridges, and tunnels in the City, as follows:
- a) \$205,000,000 for road resurfacing and reconstruction, to repair uneven streets;
 - b) \$24,400,000 for street structure repair and replacement, which would fund repair and replacement of street structures such as bridges, stairways, and pedestrian overpasses;
 - c) \$30,000,000 for construction and reconstruction of curb ramps in compliance with Americans with Disabilities Act (ADA) requirements;
 - d) \$9,900,000 for sidewalk repair and improvements;
 - e) \$93,048,559 for streetscape improvement and enhancement, which would redesign street corridors with new safety and environmental features; and
 - f) \$5,651,441 in bond issuance, delivery, and auditing costs (\$5,283,441 in delivery and issuance costs plus \$368,000 for the Citizen's General Obligation Oversight Committee, which will perform audits of the subject bond projects).

Fiscal Impact: The subject General Obligation Bond funds for street and sidewalk improvements are anticipated in the City's ten year capital plan (File No. 09-0296). The City's Capital Planning Committee approved the proposed Safe Streets and Road Repair Project for \$368,000,000 on May 4, 2009 (see Comment No. 4).

As shown in Attachment I, in addition to the subject General Obligation Bond fund monies, General Fund monies are anticipated to continue to partially fund street structures and sidewalk improvements, but would not be used for street resurfacing or curb ramps. Mr. Legg advises that the General Fund monies listed in Attachment I for street structures and sidewalk improvements beginning in FY 2010-2011 are for inspection costs which must be completed prior to construction, and as such are an ineligible use of the subject General Obligation bond proceeds.

**Financing
Plan:**

Attachment III to this report, provided by Ms. Nadia Sesay, Director of the Office of Public Finance with the Controller's Office, presents the General Obligation bond financing plan. The plan calls for the issuance of the proposed \$368,000,000 General Obligation bonds in three issuances (series) between July 1, 2010 and July 1, 2014. The table below summarizes the estimated sources and uses of the General Obligation bond proceeds once all bonds are sold, as shown on page 1 of Attachment III.

Table 1: Estimated Sources and Uses

Estimated Sources		
Par Amount		\$ 368,000,000
Estimated Uses		
Project Costs		362,348,559
Other Uses:		
Costs of Issuance	1,200,000	
Delivery Cost ⁴	4,083,441	
GO Bond Outside Counsel	<u>368,000</u>	<u>5,651,441</u>
Total		\$ 368,000,000

Debt Service Requirements

Page 1 of Attachment III shows the estimated debt service requirements for the proposed \$368,000,000 General Obligation bond issuance. As shown on page 1 of Attachment III, once all \$368,000,000 of the General Obligation bonds have been sold, the estimated total debt service requirement between July 1, 2010 and June 30 of 2034, a period of 24 years, will be \$640,983,167, or an average of \$26,707,632 per year (\$368,000,000 in principal plus \$272,983,167 in interest at an assumed interest rate of 6.0 percent). According to Ms. Sesay, the current market interest rates for General Obligation bonds is approximately 4.54 percent, such that the actual costs to the City may be less than shown in Attachment III.

⁴ Ms. Sesay advises that the Delivery Cost includes bond insurance, City Services Auditor costs, and the underwriter's discount.

Effect on General Obligation Bonded Indebtedness Limitation

Charter Section 9.106 requires that outstanding General Obligation bonded indebtedness cannot exceed three percent of the City's assessed value of all taxable real and personal property located within the City.

As shown on page 2 of Attachment III, the City's total General Obligation debt capacity is currently \$4,238,238,850 or three percent of the City's estimated net assessed property valuation of \$141,274,628,320 for FY 2008-2009. As of May 28, 2009, the City had \$1,272,512,731 in outstanding General Obligation bonds or approximately 0.90 percent of the net assessed property valuation. With the addition of the proposed \$368,000,000 in General Obligation Bonds, outstanding bonds would be \$1,640,512,731 (\$1,272,512,731 plus \$368,000,000). As shown on page 2 of Attachment III, based on this outstanding principal amount without the consideration of other bond issuances, the \$1,640,512,731 in outstanding principal represents 1.2 percent of the net assessed valuation of \$141,274,628,320 with available debt capacity of \$2,597,726,119 (\$4,238,238,850 less \$1,640,512,731).

Impact on Property Taxes

The proposed \$368,000,000 Safe Streets and Road Repair General Obligation bonds, including the estimated \$272,983,167 of interest expense, would be repaid from increased Property Taxes on all property owners in the City.

Pursuant to Chapter 37 of the Administrative Code (Residential Rent Stabilization and Arbitration Ordinance), residential landlords who are subject to rent control would be permitted to pass through 50 percent of the Property Tax increase to the tenants in buildings constructed after 1979.

Page 3 of Attachment III illustrates the impact of the Safe Streets and Road Repair General Obligation bond debt service requirements on Property Taxes.

As shown on page 3 of Attachment III, authorization of the proposed bond funds would result in increased Property Taxes, for a single family residence assessed at \$500,000 of \$103.71 annually after deduction for the \$7,000 homeowners exemption. However, as previously authorized bond funds are redeemed, Property Taxes are accordingly decreased for homeowners.

Comments: 1. The City's 10 year Capital Plan, which was approved by the Board of Supervisors on April 7, 2009 (File No. 09-0296), estimates that the cost to maintain the current condition of the City's streets and right-of-way assets⁵ for the next 10 years is \$707,000,000 plus an additional backlog of \$513,000,000 in unfunded street repairs and maintenance projects, totaling \$1,220,000,000 over 10 years. The Capital Plan proposed to allocate \$668,000,000 for street repair and maintenance over the next 10 years, through FY 2018-2019, including the subject \$368,000,000 in General Obligation bond funds. The Capital Plan discussed the subject General Obligation bond funding in addition to Federal and State revenues, as a potential source of funds for the \$668,000,000 in recommended improvements.

According to Mr. Brian Strong, Director of the Capital Planning Program, the Capital Planning Committee discussed various other financing ideas including Sales Tax, impact fees, and General Fund monies, but approved the subject General Obligation bond as the best source of funds for the coming five year period, based on research that indicates other major cities, such as New York City and Chicago, use General Obligation bond funding rather than pay-as-you-go tax funding to finance street improvements.

According to the current 10 year Capital Plan, if the proposed General Obligation bond fails, General Fund monies would continue to address certain street repair and maintenance, but would fund such street repairs and maintenance below the current level due to (a) decreases in various alternative funding sources, as shown in Attachment I, and (b) competition for funding with other ongoing capital projects requiring General Fund monies.

Mr. Legg advises that, should the proposed General Obligation bond fail and street improvements require increased General Fund monies, the City's average street condition would decline significantly.

2. The Budget Analyst notes that the fiscal feasibility of the proposed street and sidewalk improvements is dependent on obtaining adequate financing. Approval of the General Obligation bonds requires two-thirds voter approval. According to Mr. Legg, if San Francisco voters do not approve the

⁵ Right-of-way assets are defined as publicly owned assets in the streets, such as sidewalks, street trees, and street lighting fixtures.

Memo to Budget and Finance Subcommittee
June 10, 2009 Budget and Finance Subcommittee Meeting

requested \$368,000,000 General Obligation bond, alternative funding would be required for the Safe Streets and Road Repair Project.

Mr. Legg advises that should the proposed General Obligation bonds not be approved, DPW and the Capital Planning Committee will determine potential alternative short term and long term funding sources which could finance the needed street repairs. Mr. Legg additionally advises that such alternative funding sources would be addressed in (a) the City's Capital Plan, anticipated to be released in May of 2010, and (b) DPW's FY 2010-2011 capital budget.

3. As shown in Attachment I, the subject General Obligation bond monies will not cover all of the street and sidewalks improvements in the City, and additional funding is anticipated to be secured from a variety of sources, including Certificates of Participation (COPs), Federal economic stimulus funds (2009 American Recovery and Reinvestment Act), Proposition K San Francisco Transportation Authority Sales Tax revenues, State Proposition 42 Gas Tax revenues, and General Fund monies.

4. The City's Capital Planning Committee approved the proposed Safe Streets and Road Repair Project for \$368,000,000 on May 4, 2009 (see Fiscal Impact Section above). On May 18, 2009, the Capital Planning Committee recommended adding an additional \$20,000,000 to this subject \$368,000,000 General Obligation bond for utility undergrounding.

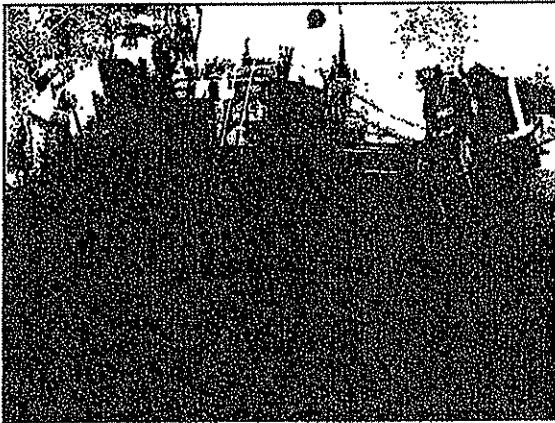
A substitute resolution for the additional \$20,000,000 for such utility undergrounding was submitted to the Board of Supervisors recently. This additional \$20,000,000 is not reflected in (a) DPW's bond report, (b) the Office of Public Finance's debt service and repayment schedule, or (c) this Budget Analyst report.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Executive Summary

Safe, accessible and well-maintained infrastructure is at the very core of services a city provides to its residents. Whether you walk, take public transit, bike, or drive; people rely on a safe, smooth, and accessible route to travel to and from work, to school or to their local shopping corridor, everyday. San Francisco's Ten-year Capital Plan addresses the need to invest in our infrastructure and proposes a General Obligation Bond that will improve the overall quality of life for all residents of San Francisco. More than half of the street segments that make up the City's infrastructure are beyond their intended life span and continue to deteriorate. The Capital Planning Committee recommends the Mayor and Board of Supervisors place a \$368 million Safe Streets and Road Repair General Obligation Bond on the November 2009 ballot. The proposed 2009 Safe Streets and Road Repair Bond will:

- Resurface deteriorated City streets
- Reduce potholes, which can cost Bay Area motorists \$760 annually in car repairs¹ and are dangerous for cyclists,
- Repair sidewalks that present barriers for people with disabilities and can be hazardous for other pedestrians ,
- Install or reconstruct curb ramps to provide better access to sidewalks as mandated by the Americans with Disabilities Act (ADA) ,
- Repair the City's street structures including bridges, stairways, retaining walls, underpasses, overpasses, guardrails, and tunnels ,
- Improve and modernize streets by installing pedestrian and bike safety, traffic calming, and greening features and promote a more livable environment ; and
- Create approximately 2,650 jobs in San Francisco



The bond addresses the need for critical repairs and improvements. As the City retires existing debt from prior general obligation bonds, that debt capacity becomes available to fund these critical projects.

¹ Keep Both Hands on the Wheel: Metro Areas with the Roughest Rides and Strategies to Make our Roads Smoother. TRIP. 2008

The 2009 Safe Streets and Road Repair Bond proposal features:

- **\$209 million for Street Resurfacing and Reconstruction.** The funds will be allocated toward the repair and reconstruction of approximately 2,500 street segments. Streets are selected based on criteria that include street condition score, type of street and usage frequency, coordination and clearance with utility companies and other City agencies, geographic location, and complaints.
- **\$24.9 million for Street Structure Repairs and Improvements.** There are 340 street structures that include bridges, guardrails, tunnels, viaducts, retaining walls, and stairways that require repairs and improvements. This bond will rehabilitate some of these street structures and ensure that they are safe to use.
- **\$30.6 million for Curb Ramp Improvements.** San Francisco is obligated to provide safe and accessible paths of travel for pedestrians; specifically those with disabilities. This bond ensures the City continues to implement the *American with Disabilities Act Transition Plan for Curb Ramps and Sidewalks* to meet its legal obligation. Approximately, 4,200 curb ramps will be constructed.
- **\$10.1 million for Sidewalk Repair and Improvements.** Buckling sidewalks pose safety hazards for pedestrians. This bond will repair and improve approximately 400,000 square feet of sidewalk maintained by the City and allow a safe and pleasant experience for pedestrians.
- **\$93 million for Streetscape Improvements.** This bond will allow the City to redesign and modernize street corridors throughout San Francisco neighborhoods. Safety enhancements include traffic calming elements, such as landscaping, tree plantings, pedestrian lighting, sidewalk expansions and bulb-outs, and bicycle enhancements.
- **\$0.4 million for financial audits** by the Citizens' General Obligation Bond Oversight Committee per Administrative Code Section 5.30 to 5.36.

The 2009 Safe Streets and Road Repair Bond has strict accountability measures, including:

- Bond complies with the Ten-year Capital Plan policy to maintain property tax rates
- Prioritizing of projects based on objective and transparent selection criteria
- A dedicated web page that will list project schedules, scope and budgets
- Public Hearings before the Capital Planning Committee and the Citizens' General Obligation Bond Oversight Committee (CGOBOC). The CGOBOC can stop future bond sales if the funds are not spent in accordance with the express will of the voters.
- Annual reports submitted to the Mayor and Board of Supervisors by CGOBOC.

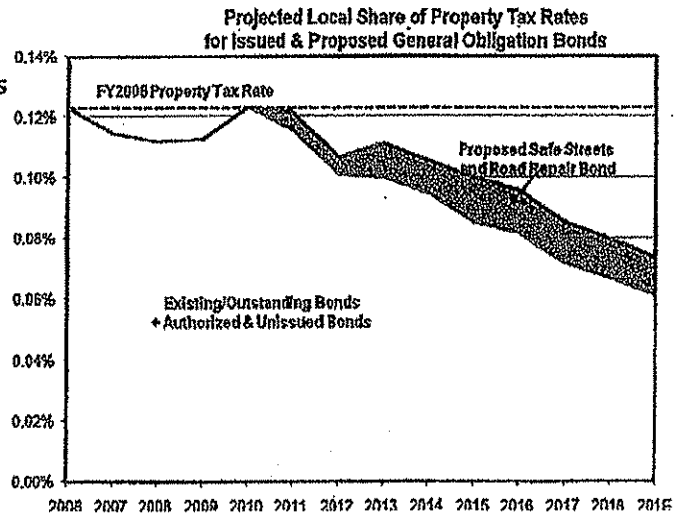
The City's street network is critical for day to day mobility and quality of life for residents and visitors whether they are drivers, transit riders, cyclists, or pedestrians. The Safe Streets and Road Repair bond is a sound investment that will provide economic and environmental benefits today and in the long-run. However, City administrators and policymakers also realize that this funding solution is only temporary. Under this bond proposal, the Director of Public Works, in conjunction with the Mayor and the City's Controller, will prepare and submit a report to the Board of Supervisors by September 2012, outlining recommendations for a long-term sustainable source to finance capital improvement needs.



City & County of San Francisco Ten-Year Capital Plan (FY 2010-2019)

The City & County of San Francisco's Capital Plan is a ten-year constrained expenditure plan for city-owned facilities and infrastructure. The document is developed annually and enables policymakers to make strategic decisions about how to fund maintenance, expansion and replacement of capital assets. First adopted by the Mayor and Board of Supervisors in 2005, the Ten-year Capital Plan prioritizes basic, critical capital projects that impact the public's safety and well being; places strong emphasis on accountability and transparency; and most importantly demonstrates the highest levels of fiscal restraint and responsibility.

The Capital Plan recommends the 2009 Safe Streets and Road Repair Bond as part of a citywide strategy to address critical capital improvement needs. As shown in the chart to the right, the grey area represents old bonds that are retiring; allowing the City to issue the Safe Streets and Roads Repair Bond so that property tax rates are below the 2006 level.



Proposed \$368 Million Bond Program Summary

The proposed \$368 million bond allocates funds to address the needs of streets and right-of-way capital programs over the next five years. Program descriptions including estimated costs and anticipated funding are detailed in the following sections.

GO Bond Proposed Budget*	
Program	Cost (millions)
Street Resurfacing and Reconstruction	\$209.0
Street Structure Repair and Replacement	\$24.9
Curb Ramp Improvements	\$30.6
Sidewalk Repair	\$10.1
Streetscape Improvements	\$93.0
Oversight and Accountability	\$0.4
Total	\$368
* Amounts include bond issuance costs detailed in the bond report	

City and County of San Francisco
Proposed General Obligation Bonds
Safe Streets and Road Repair Bond
* Estimated Debt Service

Summary	Series 1	Series 2	Series 3	Total
Issue Date	7/1/2010	7/1/2012	7/1/2014	
Assumed Interest Rate	6.00%	6.00%	6.00%	
Estimated Source of Funds				
Par Amount	\$123,000,000	\$162,800,000	\$82,200,000	\$368,000,000
Total Estimated Sources	\$123,000,000	\$162,800,000 \$0	\$82,200,000	\$368,000,000
Estimated Use of Funds				
Project Costs	\$121,112,143	\$160,430,723	\$80,805,693	\$362,348,559
Costs of Issuance	\$400,000	\$400,000	\$400,000	\$1,200,000
Delivery Cost	\$1,364,857	\$1,806,477	\$912,107	\$4,083,441
CGOBOC	\$123,000	\$162,800	\$82,200	\$368,000
Total Estimated Uses	\$123,000,000	\$162,800,000	\$82,200,000	\$368,000,000*

FY Ending	Series 1	Series 2	Series 3	Total
2011	\$10,257,000			\$10,257,000
2012	10,737,700			10,737,700
2013	10,734,700	13,578,867		24,313,567
2014	10,734,100	14,208,300		24,942,400
2015	10,735,000	14,211,600	6,857,800	31,804,400
2016	10,736,500	14,207,800	7,173,300	32,117,600
2017	10,737,700	14,211,300	7,176,100	32,125,100
2018	10,737,700	14,210,600	7,175,200	32,123,500
2019	10,735,600	14,209,800	7,175,300	32,120,700
2020	10,735,500	14,212,700	7,175,800	32,124,000
2021	10,736,200	14,207,800	7,176,100	32,120,100
2022	10,736,500	14,209,200	7,175,600	32,121,300
2023	10,735,200	14,210,100	7,173,700	32,119,000
2024	10,736,100	14,209,000	7,174,800	32,119,900
2025	10,737,700	14,209,400	7,173,000	32,120,100
2026	10,733,500	14,209,500	7,172,700	32,115,700
2027	10,737,300	14,212,500	7,173,000	32,122,800
2028	10,737,000	14,211,300	7,173,000	32,121,300
2029	10,736,100	14,209,100	7,176,800	32,122,000
2030	10,737,800	14,208,800	7,173,200	32,119,800
2031		14,208,000	7,171,600	21,379,600
2032		14,209,300	7,175,800	21,385,100
2033			7,174,300	7,174,300
2034			7,176,200	7,176,200
	\$214,244,900	\$283,564,967	\$143,173,300	\$640,983,167*

City and County of San Francisco
Controller's Office of Public Finance

*\$640,983,167 less \$368,000,000 equals \$272,983,167 representing interest expense.

**City and County of San Francisco
Proposed General Obligation Bonds
Safe Streets and Road Repair Bond
* Estimated Debt Capacity**

Net Assessed value (Fiscal year 2008-09)		\$141,274,628,320
Bond Debt Limit	3%	
Bonding Capacity		\$4,238,238,850
Outstanding GO Bonds at 5/15/09		\$1,272,512,731
Outstanding Indebtedness		0.90%
Principal Amount of Proposed 2009 Safe Streets and Road Repair Bond*		\$368,000,000
Total Outstanding Indebtedness plus Proposed 2009 Streets Bond		\$1,640,512,731
Available Debt Capacity		\$2,597,726,119
Outstanding Indebtedness plus Proposed 2009 Streets Bond		1.16%
Authorized & Unissued bonds		\$1,202,234,772
Available Debt Capacity less Authorized & Unissued Bonds		\$1,395,491,347

* Assumes that all the \$368 million in general obligation bonds are issued at the same time. The current proposal assumes 3 planned sales from 2010 through 2014.

BOND ISSUANCE ILLUSTRATION ON PROPERTY TAXES
CCSF GO Street Improvement Bonds, \$368,000,000

	<u>Street Improvement GOB</u>	
TOTAL CCSF Assessed Valuation for FY 2009-10* (Assumed Roll Growth of 6.65% from FY 2008-09 AV \$141,919,748,320)	\$ 151,357,411,583	
MAXIMUM GO BOND ISSUANCE	\$ 368,000,000	
LIFE OF BONDS (YEARS, estimated)	20	
AVERAGE ANNUAL DEBT SERVICE (estimated)	\$ 31,841,110	Semi-Annual Debt Service \$ (15,920,555)
		Annual Debt Service \$ (31,841,110)
INTEREST RATE (estimated)	6.000%	

DEBT SERVICE REQUIREMENT	Annual (Yr. 1)		Life of Bond	
PRINCIPAL (Year 1 est.)	\$ 9,761,110	30.7%	\$ 368,000,000	57.8%
INTEREST (Year 1 est.)	\$ 22,080,000	69.3%	\$ 268,822,203	42.2%
TOTAL	\$ 31,841,110		\$ 636,822,203*	

ANNUAL DEBT SERVICE \$ 31,841,110

EFFECT ON PROPERTY TAX RATE	0.0210370%
\$ PER \$100 OF ASSESSED VALUATION	\$0.02103703
\$ PER \$100,000 OF ASSESSED VALUATION	\$21.04

WITHOUT Homeowner's Exemption

EFFECT ON TYPICAL \$300,000 HOME	\$ 63.11
EFFECT ON TYPICAL \$400,000 HOME	\$ 84.15
EFFECT ON TYPICAL \$500,000 HOME	\$ 105.19

WITH Homeowner's Exemption (includes \$7,000 AV reduction)

EFFECT ON TYPICAL \$300,000 HOME--	\$ 61.64
EFFECT ON TYPICAL \$400,000 HOME--	\$ 82.68
EFFECT ON TYPICAL \$500,000 HOME--	\$ 103.71

1 Basis Point on Property Tax Rate Costs a \$300K Homeowner / yr.	\$ 30.00
1 Basis Point on Property Tax Rate Costs a \$400K Homeowner / yr.	\$ 40.00
1 Basis Point on Property Tax Rate Costs a \$500K Homeowner / yr.	\$ 60.00
1 Basis Point on Tax Rate Generates... \$ in revenue / yr.	\$ 15,135,741

*Ms. Sesay advises that the Controllers estimate of \$268,822,203 for interest is an approximation which assumes a one-time bond issuance, and the Office of Public Finance estimate of \$272,983,167 for interest (see page 1 of Attachment III) is a more accurate estimate which assumes a time-series bond issuance.

NOTES

* Basis of Tax Levy found on the Controller's Certificate of Assessed Valuation.
The Basis of Levy nets out non-reimbursable exemptions; however, it includes the revenue equivalent of the Homeowners Exemption as this is reimbursed by the State in the form of the Homeowners Subvention.

~ Includes the \$7,000 Homeowner's Exemption.

Office of the Mayor
City & County of San Francisco



Gavin Newsom

A handwritten signature in dark ink, appearing to be "Gavin Newsom", located in the top right corner of the page.

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Mayor Gavin Newsom
CC: Supervisors David Chiu, Bevan Dufty, Eric Mar, Michela Alioto-Pier,
David Campos
RE: Resolution determining and declaring that the cost necessary repairs of
roads, sidewalks and streets is too great to be paid out of the ordinary
annual income and will require incurring bonded indebtedness.
DATE: May 12, 2009

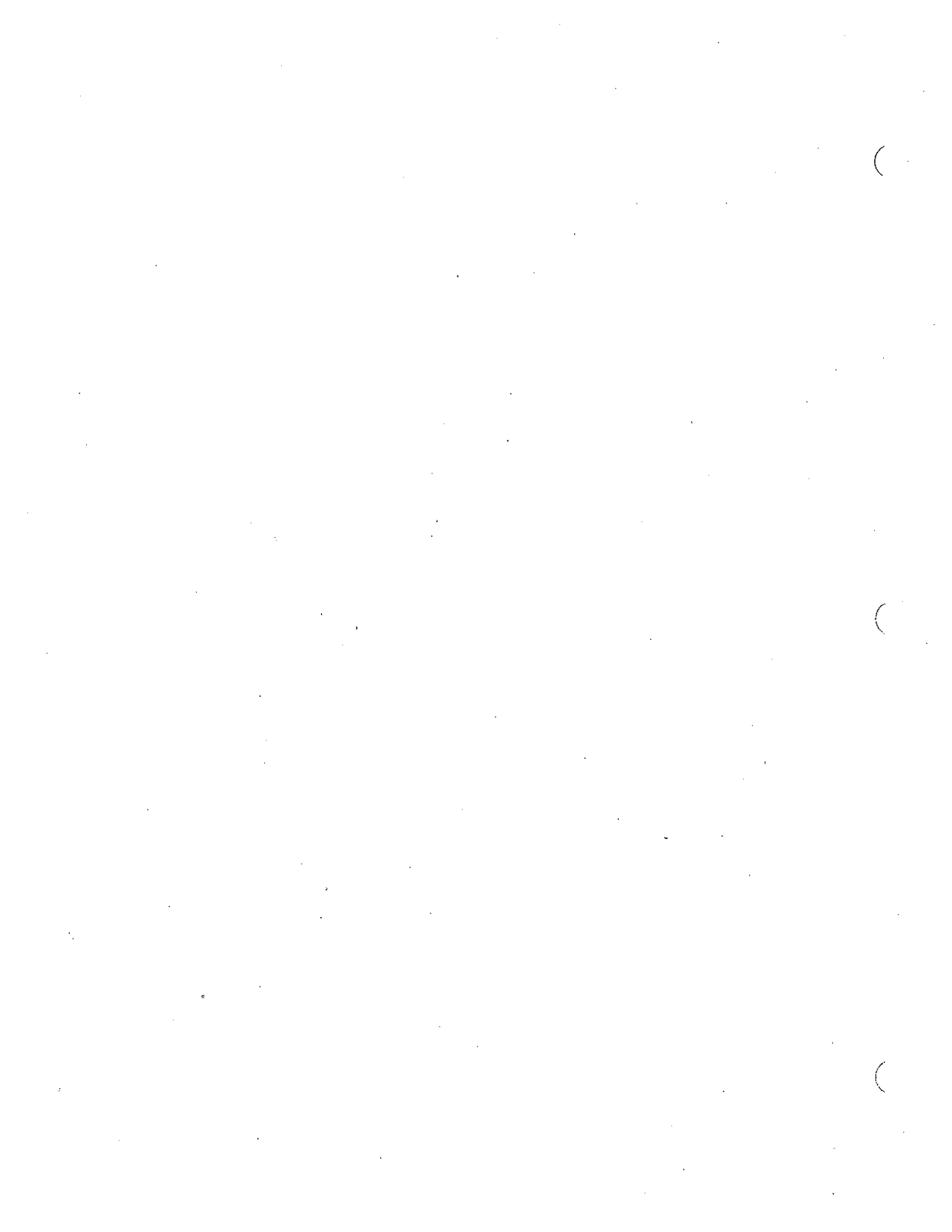
Dear Madame Clerk:

Attached for introduction to the Board of Supervisors is a resolution determining that the estimated cost of \$368,000,000 for various street improvements will be too great to be paid out of the ordinary annual income and revenue of the City and County and will require incurring bonded indebtedness. Because of the time constraints, I ask that this item be scheduled at the next Budget and Finance committee meeting.

Please note that Supervisors David Chiu, Bevan Dufty, Eric Mar, Michela Alioto-Pier and David Campos are co-sponsors of this legislation.

Should you have any questions, please contact Starr Terrell (415) 554-5262.

090586





SAN FRANCISCO PLANNING DEPARTMENT

April 29, 2009

Mr. Ramon Kong
Department of Public Works
30 Van Ness Avenue, 5th Floor
San Francisco, CA 94102

Re: Case No. 2009.0317R
Street Resurfacing, Pedestrian Safety and Access Improvements
G.O. Bond for the Nov. 2009 Ballot

Dear Mr.Kong:

This is in response to a request for a General Plan Referral the Department submitted by Frank Filice on behalf of the Department of Public Works on April 21st, 2005. In it, Mr. Filice submitted a General Plan referral request for the Department of Public Works "Safe Streets and Road Repair General Obligation (G.O.) Bond Proposal" (the "Project") for inclusion in the November 2009 Public Ballot and requested a response prior to April 27, 2009. The General Plan referral is pursuant to Section 2A.52 of the Administrative Code.

If approved by the Capital Improvements Committee, authorized by the Board of Supervisors to be placed on the November 2009 ballot and approved by the voters, the proposed G.O. Bond would fund six categories of projects, including:

1. Road reconstruction and resurfacing;
2. Street structural repair and replacement;
3. ADA Curb ramp improvements;
4. Public sidewalk repair
5. Streetscape improvements
6. Bond Oversight and Accountability

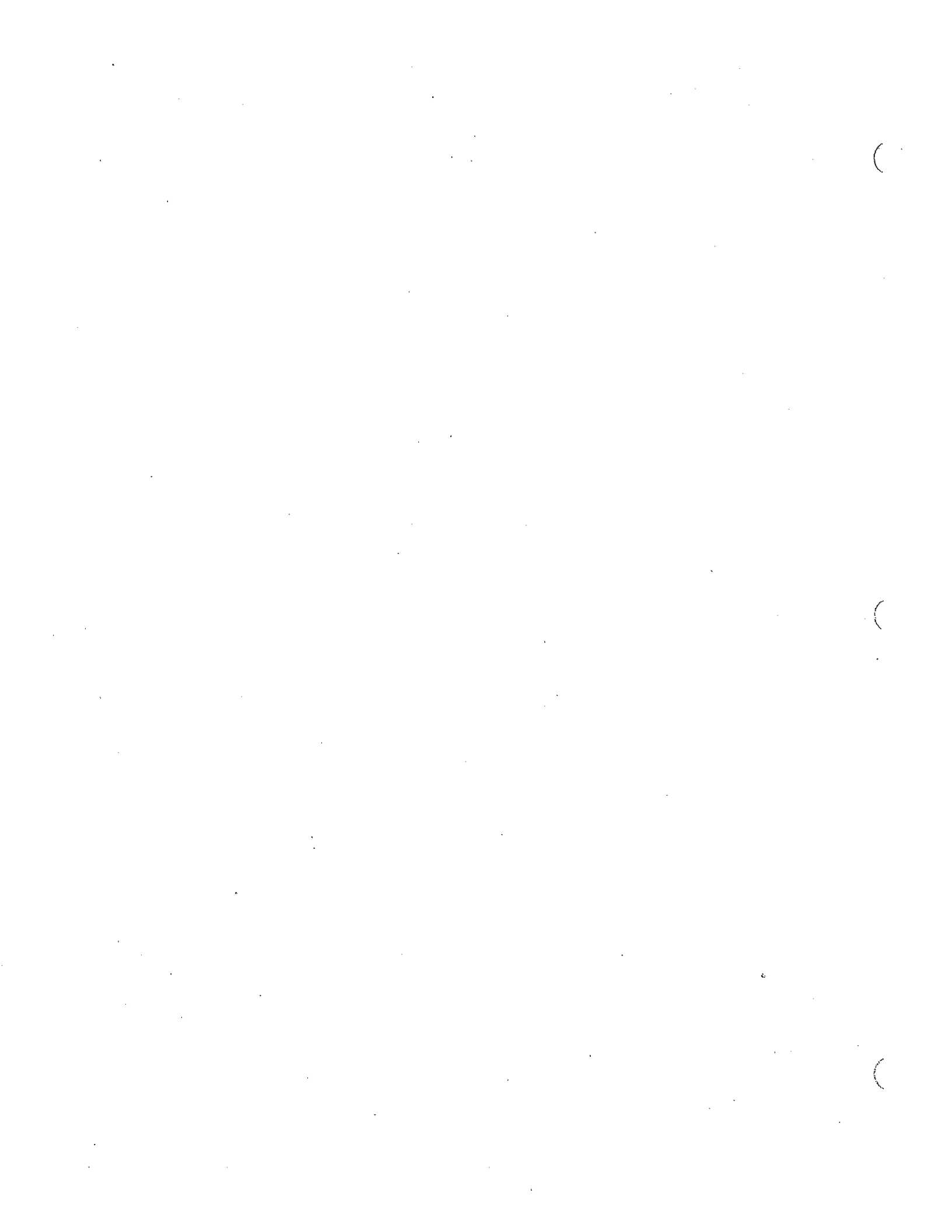
The specific projects proposed to be funded are not analyzed in this Referral due to the limited time between submitting the G.O. Bond submittal for review and the dates that the G.O. Bond will be considered by the Capital Improvement Committee (April 27, 2009) and the Board of Supervisors (April 28, 2009). A copy of the "Road Repair and Safety Improvement Bond Summary Report" is attached as Attachment 1. The document provides a summary of the types of projects to be funded by the General Obligation Bond.

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Mr. Ramon Kong

Case No. 2009.0317R

G.O. Bond for Street and Roadway Improvements for the Nov. 2009 Ballot

Page 2

The proposed General Obligation Bond is, on balance, in conformity with the intent of the General Plan to provide safe and well-maintained streets and sidewalks. If the Bond is approved and funds for street and sidewalk improvements becomes available, some projects will require project-level General Plan referrals, as required by Section 4.105 of the San Francisco Charter and § 2A.53 of the Administrative Code. Projects may also require Environmental Review and other discretionary actions by the Planning Department.

When specific project(s) are designed, the Department of Public Works (or sponsoring Department) should submit a General Plan Referral application on the specific project(s) to the Planning Department, prior to consideration of and approval of individual projects. We request that the sponsoring City Departments confer with the Planning Department to determine whether individual projects funded by the G.O. Bond are subject to a General Plan Referral, Environmental Review, or other discretionary action by the Planning Department. Any required General Plan Referral applications should be submitted early in the approval process, providing adequate time for Department review, consistent with Section 2A.53 of the Administrative Code.

Environmental Review

The Major Environmental Analysis Division of the Department has determined that the proposed General Obligation Bond is Not a Project under CEQA Guidelines Section 15378(b)(4). Individual projects, if funded, may require separate Environmental Review.

Planning Code Section 101.1 Policies

The proposed 2009 Safe Streets and Road Repair General Obligation Bond has been reviewed for consistency with the Eight Priority Policies of the Planning Code Section 101.1 and the findings are included as Attachment 2.

In summary, The proposed 2009 G.O. Bond for Street Resurfacing, Pedestrian Safety and Access Improvements is, on balance, in conformity with the General Plan. However, some of the individual projects will require project-level General Plan referrals and Environmental Review, should funding be approved. These will likely include projects in the "Streetscape Improvement" category.

Mr. Ramon Kong
Case No. 2009.0317R
G.O. Bond for Street and Roadway Improvements for the Nov. 2009 Ballot
Page 3

If you have any questions, please feel to contact me at 558-6411, or have your staff call Stephen Shotland of my staff at 558-6308. Thank you.

Sincerely,



John Rahaim
Director of Planning

Attachments

1. "Road Repair and Safety Improvement Bond Program Summary Report"
2. Planning Code Section 101.1 Findings

Copy with attachments"

Frank Filice, DPW
Elaine Warren, City Attorney
Barbara Moy, DPW/BSM
Stephen Shotland, Planning Dept.

I:\Citywide\General Plan\General Plan Referrals\2009\2009.0317R 2009 Street and Road Repair G.O. BOND.doc

Road Repair and Safety Improvement Bond Program Summary Report

The \$309 million bond proposal allocates funds to address the needs of streets and right-of-way capital programs over the next five years. A brief program summary for each program, including estimated costs and anticipated funding is outlined below.

GO Bond Proposed Budget*	
Program	Cost (millions)
Road resurfacing and reconstruction	\$139.0
Street structure repair and replacement	\$47.0
ADA Curb ramp improvements	\$30.6
Public sidewalk repair	\$20.6
Streetscape Improvements	\$71.5
Oversight & Accountability	\$3
Total	\$309
** Amounts include bond issuance costs detailed in the bond report	

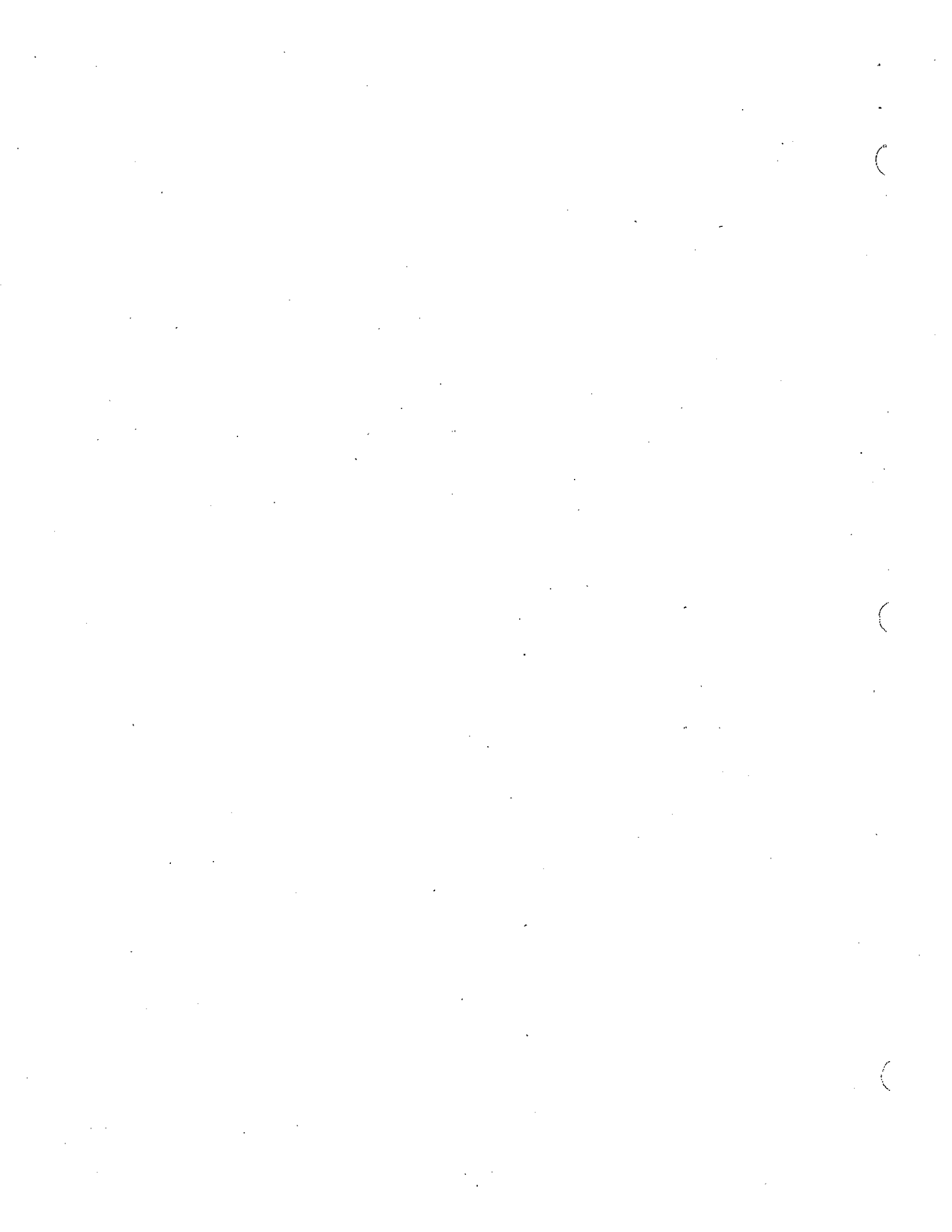
Road Resurfacing and Reconstruction

\$139 M

DPW maintains approximately 850 miles of streets and roadways comprised of 12,517 street segments. The streets provide mobility for transit riders, pedestrians, bicyclists, and motorists. To set priorities for resurfacing City-maintained streets, DPW uses a Pavement Management and Mapping System (PMMS). The PMMS applies a condition score to each street segment. According to PMMS, approximately half of the City's street segments are in need of renovation.

Prioritization of projects is determined by the pavement condition assigned by PMMS, type of street use, and transit routes. After developing a priority list, each street is cleared for utility work to avoid future excavation of newly paved streets. DPW then determines which streets to pave based on the amount of funding available in a given year. The proposed resurfacing treatment for asphalt-concrete streets will be "mill and fill", where the deteriorated asphalt concrete surface is removed and a new layer is constructed. Defective concrete streets shall be removed to their full depth and reconstructed.

Over the next 5 years, the Capital Plan projects a total of \$238 million is needed to maintain the current condition of the City's streets; although an additional \$439 million would be required to address the backlog of streets in disrepair. Projected sources of \$102 million combined with the proposed bond allocation of \$139 million (includes \$3 million in bond issuance costs) would meet the 5 year need.



Street Structure Repair and Replacement**\$47 M**

DPW maintains approximately 340 street structures including stairways, retaining walls, guardrails, pedestrian overcrossings and undercrossings, tunnels, bridges, and viaducts. This network of structures is critical to providing pedestrian access to the City's larger street and road system.

DPW's Bureau of Engineering has an on-going program to assess DPW-maintained street structures. Through this program, BOE has identified approximately 100 street structures that are in need of repair or replacement. These are street structures that are used by the public every day. Failure to correct these deficiencies increases the risk to public safety and exposure to liability.

The cost to repair structures over the next five years is estimated to be \$116 million (\$88 million annual need plus the \$28 million backlog). The only projected source of funding for street structure repair is \$4 million in federal grant funds secured for preventive maintenance on a select group of the City's bridges. The remaining unfunded need is therefore \$112 million.

The proposed allocation of proceeds from this bond proposal is \$46 million, plus \$1 million in bond issuance costs. With the funds provided from this bond, DPW will be able to repair deficiencies to street structures that are a vital part of the street and road system. By doing the needed repairs now, we can restore stairs, pedestrian overpasses, bridges, tunnels and viaducts to safe working order. These repairs will extend the life of the City's asset and greatly improve the quality of life for people who rely on these structures to access the greater pedestrian network.

Americans with Disabilities Act (ADA) Curb Ramps Improvements**\$30.6 M**

Curb ramps are essential for accessible travel on the City's pedestrian right-of-way for people with disabilities. All City departments and private contractors doing work adjacent on City corners are required to construct new curb ramps according to standards and specifications, which incorporate both federal and state disability construction codes.

Title II of the Americans with Disabilities Act (ADA) requires local entities to develop a transition plan specific to curb ramps. San Francisco's Public Right-of-Way Transition Plan describes the City's existing policies and programs to enhance accessibility in the public right-of-way, including curb ramps and sidewalks. In addition, the San Francisco Public Works Code incorporates several policies that regulate the use of outdoor furnishings and require that all

construction projects affecting the public right-of-way provide alternate routes that maintain safe and accessible path of travel for people with disabilities.

The City's ADA Transition Plan assumes construction or reconstruction of approximately 16,076 corners with curb ramps through DPW efforts as well as other city agencies and private developers. The average cost to design and reconstruct a curb return is \$13,000, creating a total citywide need of \$209 million. DPW estimates that 42% of the work will be completed as a portion of other development projects (\$88 million), while the remaining 58% (\$121 million) will be completed by DPW. The estimated need to renovate these locations over the next five years is \$36 million. Projected sources over that period are \$6 million leaving a need of \$30 million. The proposed bond allocates \$30.6 million (\$.6 million bond issuance costs), which would fund design and construction at 2,307 corners or roughly 4,246 curb ramps.

Public Sidewalk Repair	\$20.6 M
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San Francisco's Public Right-of-Way Transition Plan also guides the City's long-term plan for improving accessibility on the City's sidewalks. DPW's Bureau of Street Use and Mapping (BSM) and Bureau of Urban Forestry improve and repair public sidewalks through the following programs:

- Sidewalk Improvement and Repair program (SIRP)
- Sidewalk Replacement around City Street Trees
- Public Property Sidewalk Reconstruction

Generally, any sidewalk cracked or lifted more than ½ an inch is considered hazardous and in need of repair. Failure to correct defective sidewalks, whether they front public or private properties, increases the City's exposure to claims and lawsuits that result from trip and fall injuries. Often these injuries are serious. Claims from trip and falls on sidewalks exceed \$200,000 annually.

The Bureau of Street-Use and Mapping estimates 4 million square feet of damaged sidewalk citywide are in need of repair. Through SIRP, approximately 200,000 square feet will be repaired annually of which approximately 15% is DPW's responsibility. In addition, the Bureau of Urban Forestry (BUF) estimates over 1.8 million sq ft of damaged sidewalk around DPW-maintained street trees and 173,000 sq ft of damage at public properties that are the City's responsibility to repair. Ideally, BUF should be repairing at least 190,000 sq ft of sidewalks annually to keep pace with the need. The Capital Plan assumes, a five year need of \$25 million to improve DPW-maintained City sidewalks. Available funding over that period of time is estimated to be \$5 million, leaving a total need of \$20 million. The amount proposed to be funded through the bond is \$20 million plus \$.6 million in bond issuance costs.

Streetscape Improvements

\$71.5 M

San Francisco's streets are one of the most memorable features of the urban landscape. The City's famous hilly terrain is made all the more scenic by the steady march of streets over its rolling topography and to the water's edge. While San Francisco is renowned for its quality of life, commitment to social equity and growing concern for environmental sustainability; the streets and public rights-of-way remain vastly underutilized resources.

For too long, the City's streets have been considered useful for transportation and movement of people and goods. But it is now widely acknowledged that streets can play a multi-faceted role, from acting as safe pathways for pedestrians, bicycles, and motorists to being the centers of community life; supporting the local shopping environment, to acting as a key piece of the City's ecological infrastructure. By adding features such as bulb-outs, crosswalk treatments, lighting, street trees, landscaping and site furnishings, and other environmentally friendly features, the pedestrian realm can be radically transformed.

To address the need for improved pedestrian infrastructure, the Better Streets Policy, adopted by the Board of Supervisors and the Mayor, describes the varied roles that the City's streets should play. The policy seeks to balance the needs of all street users to ensure streets are safe and serve a multitude of social and ecological needs.

To implement recommendations from the Better Streets Policy, the bond proposes \$70 million for Streetscape Improvements plus \$1.5 million in bond issuance costs. Projects will be defined through a comprehensive prioritization process in partnership with multiple City agencies and stakeholders.

There is a wide range of types of streetscape improvements. These improvements may include:

- Sidewalk extension – increase the usable sidewalk space for pedestrians and greening
- Bulb-outs – shorten the street crossing distance and provide visibility for pedestrian safety
- Crosswalk treatment – highlight pedestrian crossing areas for pedestrian safety
- Street tree planting – provide traffic calming and ecological benefits
- Median expansion/planting – provide traffic calming and ecological benefits
- Road lighting upgrade – improve energy efficiency, street lighting and safety
- Pedestrian lighting – improve energy efficiency, pedestrian safety

- Public art – Create a sense of place and interest
- Site furnishings – Provide resting areas, bicycle racks, trash receptacles
- Storm water elements to Improve drainage and reduce flooding
- Bicycle improvements – Bicycle lanes, bicycle racks or other amenities to improve bicycle conditions

Bond Oversight and Accountability
--

\$.3M

Per the Administrative Code (Section 5.30 to 5.36) 0.1% of total bond proceeds, or \$309,000 will support audits by the Citizens' General Obligation Bond Oversight Committee (CGOBOC).

Prop M Findings - Planning Code Sect. 101.1

The proposed General Obligation Bond ("Project") is consistent with the Eight Priority Policies of Planning Code Section 101.1 in that funding would:

1. Have no adverse effect on neighborhood serving retail uses or opportunities for employment in or ownership of such businesses.
2. Have no adverse effect on the City's housing stock or on neighborhood character.
3. Have no adverse effect on the City's supply of affordable housing.
4. Not result in commuter traffic impeding MUNI's transit service or overburdening the streets or neighborhood parking.
5. Not adversely affect the industrial or service sectors or future opportunities for resident employment or ownership in these sectors.
6. Not adversely affect achieving the greatest possible preparedness against injury and loss of life in an earthquake.
7. Have no negative effect on landmarks or historic buildings.
8. Have no adverse effect on parks and open space or their access to sunlight and vistas.

Note: The proposed General Obligation Bond, if approved, would provide funds for resurfacing City streets and improvements to sidewalks, improvements to ADA access as required by ADA and Title 24. If approved by the CIAC, placed on the ballot and passed by San Francisco voters, individual projects funded by the G.O. Bond may require separate General Plan Referral(s).

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