

Proposition B

Ordinance calling and providing for a special election to be held in the City and County of San Francisco on Tuesday, March 3, 2020, for the purpose of submitting to San Francisco voters a proposition to incur the following bonded debt of the City and County: \$628,500,000 to finance the construction, acquisition, improvement, renovation, and seismic retrofitting of the Emergency Firefighting Water System, firefighting facilities and infrastructure, police facilities and infrastructure, facilities for the Department of Emergency Management’s 911 Call Center, and other disaster response facilities and infrastructure for earthquake and public safety and related costs necessary or convenient for the foregoing purposes; authorizing landlords to pass-through 50% of the resulting property tax increase to residential tenants in accordance with Administrative Code, Chapter 37; finding that the estimated cost of such proposed project is and will be too great to be paid out of the ordinary annual income and revenue of the City and County and will require expenditures greater than the amount allowed therefor by the annual tax levy; reciting the estimated cost of such proposed project; fixing the date of election and the manner of holding such election and the procedure for voting for or against the proposition; fixing the maximum rate of interest on such bonds and providing for the levy and collection of taxes to pay both principal and interest; prescribing notice to be given of such election; finding that a portion of the proposed bond is not a project under the California Environmental Quality Act (CEQA) and adopting findings under CEQA for the remaining portion of the proposed bond; finding that the proposed bond is in conformity with the eight priority policies of Planning Code, Section 101.1(b), and is consistent with the General Plan; consolidating the special election with the general election; establishing the election precincts, voting places, and officers for the election; waiving the word limitation on

ballot propositions imposed by Municipal Elections Code, Section 510; complying with the restrictions on the use of bond proceeds specified in California Government Code, Section 53410; incorporating the provisions of Administrative Code, Sections 5.30-5.36; and waiving the time requirements specified in Administrative Code, Section 2.34.

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

Section 1. Findings.

A. This Board of Supervisors (this "Board") recognizes the need to safeguard and enhance the City's earthquake safety and emergency response and recovery by rehabilitating critical facilities that support the City's first responders.

B. The Earthquake Safety and Emergency Response Bond (the "Bond") will provide funding to construct, improve and rehabilitate earthquake safety and emergency responsiveness facilities and infrastructure (as described below in Section 3).

C. This Board now wishes to describe the terms of a ballot measure seeking approval for the issuance of general obligation bonds to finance all or a portion of the City's earthquake safety and response needs as described below.

Section 2. A special election is called and ordered to be held in the City on Tuesday, the 3rd day of March, 2020, for the purpose of submitting to the electors of the City a proposition to incur bonded indebtedness of the City for the project described in the amount and for the purposes stated:

"SAN FRANCISCO EARTHQUAKE SAFETY AND EMERGENCY RESPONSE BOND, 2020. \$628,500,000 of bonded indebtedness to improve fire, earthquake, and emergency response by improving, constructing, and/or replacing: deteriorating cisterns, pipes, and tunnels, and related facilities to ensure firefighters a reliable water supply for fires and

disasters; neighborhood fire and police stations and supporting facilities; the City's 911 Call Center; and other disaster response and public safety facilities, and to pay related costs, with a duration up to 30 years from the time of issuance, an estimated average tax rate of \$0.015/\$100 of assessed property value, and projected average annual revenues of \$40,000,000, subject to independent citizen oversight and regular audits; and authorizing landlords to pass-through to residential tenants in units subject to Chapter 37 of the Administrative Code (the "Residential Rent Stabilization and Arbitration Ordinance") 50% of the increase in the real property taxes attributable to the cost of the repayment of the bonds."

The special election called and ordered shall be referred to in this ordinance as the "Bond Special Election."

Section 3. PROPOSED PROGRAM. All contracts that are funded with the proceeds of bonds authorized hereby shall be subject to the provisions of Chapter 83 of the Administrative Code (the "First Source Hiring Program"), which fosters construction and permanent employment opportunities for qualified economically disadvantaged individuals. In addition, all contracts that are funded with the proceeds of bonds authorized hereby also shall be subject to the provisions of Chapter 14B of the Administrative Code (the "Local Business Enterprise and Non-Discrimination in Contracting Ordinance"), which assists small and micro local businesses to increase their ability to compete effectively for the award of City contracts. The proposed program can be summarized as follows:

A. EMERGENCY FIREFIGHTING WATER SYSTEM. A portion of the Bond shall be allocated to the construction, acquisition, improvement, renovation, retrofitting, completion and seismic upgrading of the emergency firefighting water system (the "EFWS") and related facilities, including but not limited to cisterns, pipes and tunnels, and related facilities (collectively, the "EFWS Project").

B. FIREFIGHTING FACILITIES AND INFRASTRUCTURE. A portion of the Bond shall be allocated to the construction, acquisition, improvement, renovation, retrofitting and completion of critical firefighting facilities and infrastructure for earthquake safety and emergency response, including without limitation, neighborhood fire stations, a Fire Department training facility and supporting facilities (collectively, the "Firefighting Facilities and Infrastructure").

C. POLICE FACILITIES AND INFRASTRUCTURE. A portion of the Bond shall be allocated to the construction, acquisition, improvement, renovation, retrofitting and completion of police facilities and infrastructure for earthquake safety and emergency response, including without limitation, neighborhood police stations and supporting facilities (collectively, the "Police Facilities and Infrastructure").

D. 911 CALL CENTER. A portion of the Bond shall be allocated to the construction, improvement, renovation, retrofitting and completion of capital improvements to the City's 911 Call Center (the "911 Call Center").

E. DISASTER RESPONSE FACILITIES AND INFRASTRUCTURE. A portion of the Bond shall be allocated to the construction, acquisition, improvement, renovation, retrofitting and completion of seismically unsafe public facilities and infrastructure needed for effective disaster response (collectively, the "Disaster Response Facilities and Infrastructure").

F. CITIZEN'S OVERSIGHT COMMITTEE. A portion of the Bond shall be used to perform audits of the Bond, as further described in Section 15.

The proposed uses and amounts described in this Section 3 are estimates only and, with the exception of Section 3F above, are subject, without limitation, to review and revision by resolution by the Mayor and the Board.

Section 4. BOND ACCOUNTABILITY MEASURES

The Bond shall include the following administrative rules and principles:

A. OVERSIGHT. The proposed bond funds shall be subjected to approval processes and rules described in the Charter and Administrative Code. Pursuant to Administrative Code Section 5.31, the Citizens' General Obligation Bond Oversight Committee shall conduct an annual review of bond spending and shall provide an annual report of the bond program to the Mayor and the Board of Supervisors.

B. TRANSPARENCY. The City shall create and maintain a Web page outlining and describing the bond program, progress, and activity updates. The City shall hold an annual public hearing and review on the bond program and its implementation before the Capital Planning Committee. The City shall also hold periodic public hearings and reviews on the bond program and its implementation before the Police and Fire Commissions and the Citizen's General Obligation Bond Oversight Committee.

Section 5. The estimated cost of the bond financed portion of the project described in Section 2 above was fixed by the Board by the following resolution and in the amount specified below:

Resolution No. 280-19, \$628,500,000.

Such resolution was passed by two-thirds or more of the Board and approved by the Mayor of the City (the "Mayor"). In such resolution it was recited and found by the Board that the sum of money specified is too great to be paid out of the ordinary annual income and revenue of the City in addition to the other annual expenses or other funds derived from taxes levied for those purposes and will require expenditures greater than the amount allowed by the annual tax levy.

The method and manner of payment of the estimated costs described in this ordinance are by the issuance of bonds of the City not exceeding the principal amount specified.

Such estimate of costs as set forth in such resolution is adopted and determined to be the estimated cost of such bond financed improvements and financing, as designed to date.

Section 6. The Bond Special Election shall be held and conducted and the votes received and canvassed, and the returns made and the results ascertained, determined and declared as provided in this ordinance and in all particulars not recited in this ordinance such election shall be held according to the laws of the State of California (the "State") and the Charter of the City (the "Charter") and any regulations adopted under State law or the Charter, providing for and governing elections in the City, and the polls for such election shall be and remain open during the time required by such laws and regulations.

Section 7. The Bond Special Election is consolidated with the General Election scheduled to be held in the City on Tuesday, March 3, 2020. The voting precincts, polling places and officers of election for the March 3, 2020 General Election are hereby adopted, established, designated and named, respectively, as the voting precincts, polling places and officers of election for the Bond Special Election called, and reference is made to the notice of election setting forth the voting precincts, polling places and officers of election for the March 3, 2020 General Election by the Director of Elections to be published in the official newspaper of the City on the date required under the laws of the State of California.

Section 8. The ballots to be used at the Bond Special Election shall be the ballots to be used at the March 3, 2020 General Election. The word limit for ballot propositions imposed by Municipal Elections Code Section 510 is waived. On the ballots to be used at the Bond Special Election, in addition to any other matter required by law to be printed thereon, shall appear the following as a separate proposition:

"SAN FRANCISCO EARTHQUAKE SAFETY AND EMERGENCY RESPONSE BOND, 2020. To improve fire, earthquake, and emergency response by improving, constructing, and/or replacing: deteriorating cisterns, pipes, and tunnels, and related facilities to ensure firefighters a reliable water supply for fires and disasters; neighborhood fire and police stations and supporting facilities; the City's 911 Call Center; and other disaster response and public

safety facilities, and to pay related costs, shall the City and County of San Francisco issue \$628,500,000 in general obligation bonds, with a duration up to 30 years from the time of issuance, an estimated average tax rate of \$0.015/\$100 of assessed property value, and projected average annual revenues of \$40,000,000, subject to citizen oversight and regular audits?

The City's current debt management policy is to keep the property tax rate for City general obligation bonds below the 2006 rate by issuing new bonds as older ones are retired and the tax base grows, though this property tax rate may vary based on other factors."

Each voter to vote in favor of the issuance of the foregoing bond proposition shall mark the ballot in the location corresponding to a "YES" vote for the proposition, and to vote against the proposition shall mark the ballot in the location corresponding to a "NO" vote for the proposition.

Section 9. If at the Bond Special Election it shall appear that two-thirds of all the voters voting on the proposition voted in favor of and authorized the incurring of bonded indebtedness for the purposes set forth in such proposition, then such proposition shall have been accepted by the electors, and bonds authorized shall be issued upon the order of the Board. Such bonds shall bear interest at a rate not exceeding applicable legal limits.

The votes cast for and against the proposition shall be counted separately and when two-thirds of the qualified electors, voting on the proposition, vote in favor, the proposition shall be deemed adopted.

Section 10. For the purpose of paying the principal and interest on the bonds, the Board shall, at the time of fixing the general tax levy and in the manner provided by law, levy and collect annually each year until such bonds are paid, or until there is a sum in the Treasury of said City, or other account held on behalf of the Treasurer of said City, set apart for that purpose to meet all sums coming due for the principal and interest on the bonds, a tax

sufficient to pay the annual interest on such bonds as the same becomes due and also such part of the principal thereof as shall become due before the proceeds of a tax levied at the time for making the next general tax levy can be made available for the payment of such principal.

Section 11. This ordinance shall be published in accordance with any State law requirements, and such publication shall constitute notice of the Bond Special Election and no other notice of the Bond Special Election hereby called need be given.

Section 12. The Board, having reviewed the proposed legislation, makes the following findings in compliance with the California Environmental Quality Act ("CEQA"), California Public Resources Code Sections 21000 et seq., the CEQA Guidelines, 14 California Code of Regulations Sections 15000 et seq., ("CEQA Guidelines"), and Administrative Code Chapter 31 ("Chapter 31"):

A. Emergency Firefighting Water System (EFWS) Project. For the reasons set forth in the letter from the Environmental Review Officer of the Planning Department, dated May 8, 2019, a copy of which is on file with the Clerk of the Board in File No. 190494 and incorporated by reference, the Board finds that the bond proposal as it relates to funds for the EFWS Project is not subject to CEQA because as the establishment of a government financing mechanism that does not involve any commitment to specific projects to be constructed with the funds, it is not a project as defined by CEQA and the CEQA Guidelines. The use of bond proceeds to finance any project or portion of any project with funds for the EFWS Project portion of the Bond will be subject to approval of the Board upon completion of planning and any further required environmental review under CEQA for the individual EFWS projects.

B. Firefighting Facilities and Infrastructure. For the reasons set forth in the letter from the Environmental Review Officer of the Planning Department, dated May 8, 2019, a

copy of which is on file with the Clerk of the Board in File No. 190494 and incorporated by reference, the Board finds that the bond proposal as it relates to funds for Critical Firefighting Facilities and Infrastructure is not subject to CEQA because as the establishment of a government financing mechanism that does not involve any commitment to specific projects to be constructed with the funds and no site has yet been identified for a training facility, it is not a project as defined by CEQA and the CEQA Guidelines. The use of bond proceeds to finance any project or portion of any project with funds for the Critical Firefighting Facilities and Infrastructure portion of the Bond will be subject to approval of the Board upon completion of planning and any further required environmental review under CEQA for the individual Firefighting Facilities and Infrastructure projects.

C. Police Facilities and Infrastructure. For the reasons set forth in the letter from the Environmental Review Officer of the Planning Department, dated May 8, 2019, a copy of which is on file with the Clerk of the Board in File No. 190494 and incorporated by reference, the Board finds that the bond proposal as it relates to funds for Police Facilities and Infrastructure is not subject to CEQA because as the establishment of a government financing mechanism that does not involve any commitment to specific projects to be constructed with the funds, it is not a project as defined by CEQA and the CEQA Guidelines. The use of bond proceeds to finance any project or portion of any project with funds for the Police Facilities and Infrastructure portion of the Bond will be subject to approval of the Board upon completion of planning and any further required environmental review under CEQA for the individual Police Facilities and Infrastructure projects.

D. 911 Call Center. The Environmental Review Officer in the Planning Department determined that the 911 Call Center project is exempt from environmental review as a Class 1 Categorical Exemption, existing facilities, in a written determination dated May 8, 2019, and

contained in Planning Department File No. 2019-005262EEC and this Board's File No. 190494.

E. Disaster Response Facilities and Infrastructure. For the reasons set forth in the letter from the Environmental Review Officer of the Planning Department, dated May 8, 2019, a copy of which is on file with the Clerk of the Board in File No. 190494 and incorporated by reference, the Board finds that the bond proposal as it relates to funds for Disaster Response Facilities and Infrastructure is not subject to CEQA because as the establishment of a government financing mechanism that does not involve any commitment to specific projects to be constructed with the funds, it is not a project as defined by CEQA and the CEQA Guidelines. The use of bond proceeds to finance any project or portion of any project with funds for the Disaster Response Facilities and Infrastructure portion of the Bond will be subject to approval of the Board upon completion of planning and any further required environmental review under CEQA for the individual Disaster Response Facilities and Infrastructure projects.

Section 13. The Board finds and declares that the proposed Bond is (i) in conformity with the priority policies of Section 101.1(b) of the Planning Code, (ii) in accordance with Section 4.105 of the Charter and Section 2A.53(f) of the Administrative Code, and (iii) consistent with the City's General Plan, and adopts the findings of the Planning Department, as set forth in the General Plan Referral Report dated May 8, 2019, a copy of which is on file with the Clerk of the Board in File No. 190494 and incorporates such findings by reference.

Section 14. Under Section 53410 of the California Government Code, the bonds shall be for the specific purpose authorized in this ordinance, and the proceeds of such bonds will be applied only for such specific purpose. The City will comply with the requirements of Sections 53410(c) and 53410(d) of the California Government Code.

Section 15. The Bonds are subject to, and incorporate by reference, the applicable provisions of Administrative Code Sections 5.30 – 5.36 (the "Citizens' General Obligation Bond Oversight Committee"). Under Section 5.31 of the Citizens' General Obligation Bond Oversight Committee, to the extent permitted by law, one-tenth of one percent (0.1%) of the gross proceeds of the Bonds shall be deposited in a fund established by the Controller's Office and appropriated by the Board of Supervisors at the direction of the Citizens' General Obligation Bond Oversight Committee to cover the costs of such committee.

Section 16. The time requirements specified in Section 2.34 of the Administrative Code are waived.

Section 17. The City hereby declares its official intent to reimburse prior expenditures of the City incurred or expected to be incurred prior to the issuance and sale of any series of the Bonds in connection with the Project. The Board of Supervisors hereby declares the City's intent to reimburse the City with the proceeds of the Bonds for expenditures with respect to the Project (the "Expenditures" and each, an "Expenditure") made on and after that date that is no more than 60 days prior to the passage of this Ordinance. The City reasonably expects on the date hereof that it will reimburse the Expenditures with the proceeds of the Bonds.

Each Expenditure was and will be either (a) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the Expenditure), (b) a cost of issuance with respect to the Bonds, (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a party that is not related to or an agent of the City so long as such grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the City. The maximum aggregate principal amount of the Bonds expected to be issued for the Project is \$628,500,000. The City shall make a reimbursement allocation, which is a written allocation by the City that evidences the City's use of proceeds of the applicable series of Bonds to

reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the related portion of the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. The City recognizes that exceptions are available for certain “preliminary expenditures,” costs of issuance, certain de minimis amounts, expenditures by “small issuers” (based on the year of issuance and not the year of expenditure) and Expenditures for construction projects of at least 5 years.

Section 18. The appropriate officers, employees, representatives and agents of the City are hereby authorized and directed to do everything necessary or desirable to accomplish the calling and holding of the Bond Special Election, and to otherwise carry out the provisions of this ordinance.

Section 19. Documents referenced in this ordinance are on file with the Clerk of the Board of Supervisors in File No. 190494, which is hereby declared to be a part of this ordinance as if set forth fully herein.