General Fund Debt for Critical Capital Needs

February 12, 2024
COP financing has been a flexible tool for the City’s large capital needs when GO bonds have not been accessible.

49 South Van Ness, completed 2019

Veteran’s Building, completed 2016

Animal Care and Control, completed 2021
Financing needed to continue relocating public services currently in seismically vulnerable buildings

HOJ: 814-820 Bryant St, Ahern Way, 1828 Egbert acquisition and tenant improvements

Shifting staff out of 101 Grove; Maria X Martinez Clinic opening, AITC relocation, Laguna Honda M&O renovation

HSA programs and teams to exit from 170 Otis
Adopted Capital Plan - General Fund Debt Program FY2024-2033
(Post COP 2023AB Issuance, Updated Discretionary Revenue Projections as of 11/3/23)

3.25% of General Fund Discretionary Revenues

% of Discretionary GF Revenues ($) Dedicated to Debt Service

Years: 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033

- Past Authorizations & Issuances
- FY24 - 170 Otis Exit $70M
- FY24 - Critical Rep. – Recession Allowance $30M
- FY27 - HOJ Replacement Project $167M
- % of GF Dedicated to DS

Authorized & Unissued Lease Payments
FY24 - Street Repaving $30M
FY25 - Critical Rep. – Recession Allowance $30M
FY30 - HOJ Replacement Project $200M
- All GF Debt + HOJ Exit Leases (Est. $15M/year esc. @ 3%)

Revised 11-16-2023

ONESF
Building Our Future
In FY22 – FY24, COPs were needed to address pay-go constraints
Street Resurfacing Program
Capital Planning Committee
February 2024
Right Road, Right Treatment, Right Time, Right Price

From FY 09-10 to FY 23-24, Public Works has resurfaced over 8,000+. From FY 23-24 to FY 27-28+, Public Works plans to resurface over 3,000+.

Street resurfacing takes place through all districts and neighborhoods of the City.
Programming Strategy

**Invest $1 to eliminate $5+**

A city or county that invests $1 on timely maintenance to keep a section of roadway in good condition would have to spend $5 or more to restore the same road if the pavement is allowed to deteriorate.

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[Image of diagram showing the relationship between investment in timely maintenance and the preservation of pavement condition over time.]
## Accepted Streets Network Conditions

<table>
<thead>
<tr>
<th>PCI RANGE</th>
<th>Excellent No Resurfacing</th>
<th>Good Preservation</th>
<th>At-Risk Resurfacing</th>
<th>Poor Resurface w. Base</th>
<th>Very Poor Reconstruct</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>80 - 100</td>
<td>60 - 80</td>
<td>50 - 60</td>
<td>25 - 50</td>
<td>0 - 25</td>
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<tr>
<td>COST PER BLOCK</td>
<td>$---</td>
<td>$80,000.00</td>
<td>$210,000</td>
<td>$250,000</td>
<td>$360,000 - $600,000</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Excellent</th>
<th>Good</th>
<th>At-Risk</th>
<th>Poor</th>
<th>Very Poor</th>
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<tbody>
<tr>
<td>2023</td>
<td>6,795</td>
<td>4,218</td>
<td>826</td>
<td>939</td>
<td>204</td>
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<tr>
<td>2022</td>
<td>6,446</td>
<td>4,407</td>
<td>908</td>
<td>1,011</td>
<td>205</td>
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<tr>
<td>2021</td>
<td>6,708</td>
<td>4,054</td>
<td>914</td>
<td>1,084</td>
<td>211</td>
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<tr>
<td>2020</td>
<td>7,079</td>
<td>3,658</td>
<td>838</td>
<td>1,145</td>
<td>251</td>
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<tr>
<td>2019</td>
<td>7,290</td>
<td>3,345</td>
<td>1,012</td>
<td>1,124</td>
<td>181</td>
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<tr>
<td>2018</td>
<td>7,007</td>
<td>3,391</td>
<td>1,108</td>
<td>1,226</td>
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<tr>
<td>2017</td>
<td>6,847</td>
<td>3,613</td>
<td>1,052</td>
<td>1,209</td>
<td>197</td>
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<tr>
<td>2016</td>
<td>5,594</td>
<td>4,250</td>
<td>1,300</td>
<td>1,546</td>
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<tr>
<td>2015</td>
<td>4,809</td>
<td>4,396</td>
<td>1,650</td>
<td>1,817</td>
<td>220</td>
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<tr>
<td>2014</td>
<td>3,992</td>
<td>4,724</td>
<td>1,515</td>
<td>2,356</td>
<td>293</td>
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<tr>
<td>2013</td>
<td>4,484</td>
<td>4,221</td>
<td>1,886</td>
<td>1,915</td>
<td>351</td>
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Average Cost for Block of Paving

$210,000

$40,000 - Staff Time (19%)
  - $7,000 Planning
  - $13,000 Design
  - $20,000 Construction Management

$40,000 - 4 Curb Ramps (19%)

$30,000 - Localized Base Repair (14%)

$65,000 - Paving (31%)

$35,000 - Other (17%)
  - $2,000 Striping
  - $7,000 Overhead Contact System
  - $13,000 Traffic Routing
  - $10,000 Survey Monuments
  - $3,000 Miscellaneous

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Implementation: Pavement Resurfacing Criteria

Street Selection
- PCI Score
- Functional Class
- Delivery Method
- Project Readiness/Coordination
- Geographic Equity
- Funding
## Budget Sources Detailed (FY 2019 - FY 2025)

<table>
<thead>
<tr>
<th>FUND</th>
<th>DESCRIPTION</th>
<th>FY18-19</th>
<th>FY19-20</th>
<th>FY20-21</th>
<th>FY21-22</th>
<th>FY22-23</th>
<th>FY23-24</th>
<th>FY24-25</th>
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<td>$0 M</td>
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<td></td>
<td>Competitive State Grant</td>
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<td></td>
<td>Senate Bill 1 (SB-1) Gas Tax</td>
<td>$23 M</td>
<td>$24 M</td>
<td>$24 M</td>
<td>$24 M</td>
<td>$29 M</td>
<td>$30 M</td>
<td>$31 M</td>
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<tr>
<td>LOCAL</td>
<td>Proposition K / L ½-Cent Sales Tax for</td>
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<td>$8 M</td>
<td>$3 M</td>
<td>$3 M</td>
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<td></td>
<td>Transportation</td>
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<td></td>
<td>Proposition AA Vehicle Registration Fee</td>
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<td>$6 M</td>
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<td>$2 M</td>
<td>$2 M</td>
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<td></td>
<td>2020 Health &amp; Recovery Bond</td>
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<td>$0 M</td>
<td>$32 M</td>
<td>$0 M</td>
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<tr>
<td></td>
<td>General Obligation Bond</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>COPs Certificates of Participation</td>
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<td>$3 M</td>
<td>$0 M</td>
<td>$0 M</td>
<td>$30 M</td>
<td>$33 M</td>
<td>$??</td>
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<tr>
<td></td>
<td>General Fund</td>
<td>$22 M</td>
<td>$24 M</td>
<td>$6 M</td>
<td>$0 M</td>
<td>$0 M</td>
<td>$0 M</td>
<td>$??</td>
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<tr>
<td></td>
<td>General Fund</td>
<td>$22 M</td>
<td>$24 M</td>
<td>$6 M</td>
<td>$0 M</td>
<td>$0 M</td>
<td>$0 M</td>
<td>$??</td>
</tr>
</tbody>
</table>

**Challenges:** Sustainable, reliable, and consistent level of funding.

 Approximately ~40% of budget is one-time sources.

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Budget Scenarios - State of Good Repair (PCI mid-80’s)

Requires $95 M / year of Local or Other Funding Source

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Budget Scenarios - Maintain Current PCI of 75

Requires $35 M/year of Local or Other Funding Source

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Budget Scenarios - Minimal Funding

$0 M of Local or Other Funding Source
Budget Scenarios - Slower Decline

Assumption: $20 M / year of Local or Other Funding Source

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Budget Scenarios - Faster Decline

Assumption: $10 M / year of Local or Other Funding Source

Current PCI: 75

Backlog: $835 M

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Questions?
Thank you!
Appendix
## Selected Program + Financing Updates

<table>
<thead>
<tr>
<th>Program Name</th>
<th>Project Amount ($M)</th>
<th>Board Authorized ($M)</th>
<th>Status/Accomplishments</th>
<th>Sale Date</th>
<th>True Interest Cost*</th>
</tr>
</thead>
</table>
| Hall of Justice Exit & Relocation (2019)         | Up to 131 (Capital Plan FY20 – 29) | 94.6 for acquisitions & 62.0 for tenant improvements + Ahern acquisition | • Acquisitions have included 814-820 Bryant St, Ahern Way, 1828 Egbert  
• $5M was de-appropriated from the holding cells project for the HOJ roof replacement                                                                                      | 4/2021    | 2.12%              |
| Affordable Housing and Community Development (2023) | 112                 | 146.8                 | • Appropriated in 2019; authorized in June 2023 and issued in 10/2023  
• $10M of project amount remains for SRO elevators (not included in 10/2023 issuance)                                                                                     | 10/2023   | 6.29% (Taxable)    |
| Hope SF (2019)                                   | 56.9                | 83.6                  | • Funding for 569 affordable and market units at Hunters View, Sunnydale, and Potrero                                                                                                                                    | N/A       | N/A                |
| 170 Otis Exit                                    | 70                  | N/A                   | • Evaluating new sites for purchase and Civic Center for possible relocation for staff                                                                                                                               | N/A       | N/A                |

*TIC = Discount rate required for the present value of all principal & interest payments to equal the amount of funds received by the City at bond sale closing
## Selected Program + Financing Updates

<table>
<thead>
<tr>
<th>Program Name</th>
<th>Project Amount ($M)</th>
<th>Board Authorized ($M)</th>
<th>Status/Accomplishments</th>
<th>Sale Date</th>
<th>True Interest Cost*</th>
</tr>
</thead>
</table>
| 101 Grove Exit + SFGH Chiller & Cooling (2020)         | 126.2               | 157                   | • Tom Waddell/Maria X Martinez clinic opened in Jan 2023  
• Laguna Honda M&O conversion in progress  
• Planned first issuance in 2024                  | N/A                  | N/A                |
| Critical Repairs and Recovery Stimulus (2022, 2023, 2024) | • 56.7 (FY2022)    | • 67.5 (7/2021)       | • Facility renewals program authorized in three FYs 7/2021, 7/2022, 9/2023  
• $45.9M issued in 2023                             | 10/2023              | 4.226%               |
|                                                        | • 79.2 (FY2023)     | • 140 (7/2022)        |                                                                                       |           |                    |
|                                                        | • 25.6 (FY2024)     | • 77.2 (9/2023)       |                                                                                       |           |                    |
|                                                        |                     | (Combined with Streets)|                                                                                      |           |                    |
|                                                        |                     | (Combined with Streets)|                                                                                      |           |                    |
| Street Resurfacing (2023, 2024)                        | • 30 (FY2023)       | • 140 (7/2022)        | • Program authorized in two FYs 7/2022 and 9/2023  
• $30M issued for FY2023 streets                    | 10/2023              | 4.226%               |
|                                                        | • 32.8 (FY2024)     | • 77.2 (9/2023)       |                                                                                       |           |                    |
|                                                        |                     | (Combined with CR/RS) |                                                                                      |           |                    |

*TIC = Discount rate required for the present value of all principal & interest payments to equal the amount of funds received by the City at bond sale closing