



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Greg Wagner
Controller
ChiaYu Ma
Deputy Controller

Anna Van Degna
Director of Public Finance

MEMORANDUM

TO: Honorable Members, Capital Planning Committee

FROM: Anna Van Degna, Director of the Office of Public Finance
Vishal Trivedi, Office of Public Finance
Min Guo, Office of Public Finance

DATE: Monday, May 5, 2025

SUBJECT: Resolution Providing for the Issuance of not to exceed \$390,000,000 Aggregate Principal Amount of City and County of San Francisco General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024)

Resolution Authorizing the Issuance and Sale of General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024), Series 2025F in an amount not to exceed \$218,000,000

Recommended Action

We respectfully request that the Capital Planning Committee consider for review and recommendation to the Board of Supervisors (the "Board") two resolutions authorizing the issuance and approving the sale of general obligation bonds for the 2024 Healthy, Safe and Vibrant San Francisco bond program including: 1) a resolution allowing the issuance of not to exceed \$390,000,000 of bonds; and 2) a resolution approving a first bond issuance in an amount not to exceed \$218,000,000.

In connection with this request, the legislation authorizing issuance and approving the sale of these bonds, and a supplemental appropriation ordinance to appropriate the proceeds, and related supporting documents were introduced at the Board of Supervisors meeting on April 8, 2025. We have requested that the items be heard at the scheduled Budget and Finance Committee meeting on May 14, 2025.

Background

In November 2024, voters approved Proposition B (2024 Healthy, Safe and Vibrant SF Bond Authorization) (“2024 Proposition B”), which authorized the issuance of up to \$390,000,000 in general obligation bonds to finance the acquisition or improvement of temporary shelters, particularly for families; facilities that deliver healthcare services, including preventive care and behavioral health services, such as the Chinatown Public Health Center; critical repairs, renovations, and seismic upgrades at Zuckerberg San Francisco General Hospital and Trauma Center and Laguna Honda Hospital; and pedestrian and street safety improvements, streetscape enhancements, and other public space improvements. No bonds have been issued yet under 2024 Proposition B. The proposed issuance would be the first issuance under this authorization.

Financing Parameters

The proposed legislation would approve the issuance and sale of the City’s General Obligation Bonds, Series 2025F (the “Series 2025F Bonds”) under 2024 Proposition B and appropriation of the Series 2025F Bond proceeds from the sale.

Table 1 below outlines the sources and uses for the Series 2025F Bonds, based on an estimate provided by Fieldman, Rolapp & Associates, a municipal advisory firm registered with the Municipal Securities Rulemaking Board (MSRB). The information below is intended to advise the Board regarding the proposed financing in accordance with Section 5852.1 of the California Government Code.

Table 1: Estimated Sources & Uses of the Series 2025F Bonds

<u>Estimated Sources:</u>	Series 2025F
<u>Not-to-Exceed Par Amount</u>	\$218,000,000.00
Estimated Par	\$213,850,000.00
Reserve for Market Uncertainty	4,150,000.00
Total Sources	\$218,000,000.00
<u>Estimated Uses:</u>	
<u>Project Fund Deposit</u>	
Project Fund	\$212,073,153.69
CSA Audit Fee	424,146.31
Total Project Fund Deposits	\$212,497,300.00
<u>Delivery Date Expenses</u>	
Cost of Issuance	\$925,000.00
CGOBOC Fee	213,850.00
Underwriter’s Discount	213,850.00
Total Delivery Date Expenses	\$1,352,700.00
Reserve for Market Uncertainty	\$4,150,000.00
Total Uses	\$218,000,000.00

Source: Fieldman, Rolapp & Associates, Inc.

Based upon an estimated tax-exempt true interest cost of 4.95% for the Series 2025F Bonds, the Office of Public Finance estimates that this would result in an average annual debt service cost of about \$17,030,000. The anticipated par amount of \$213,850,000 is estimated to generate about \$126,720,000 in interest payments, resulting in approximately \$340,570,000 in total debt service over the anticipated 20-year term of the bonds.

Detailed descriptions of the projects to be financed with proceeds of the Series 2025F Bonds are included in the Bond Accountability Report to be prepared by Department of Public Health, Department of Public Works and San Francisco Municipal Transportation Agency. In addition, a portion of the bond proceeds will be used to pay certain expenses incurred in connection with the issuance and delivery of the bonds, and the periodic oversight and review of the projects by City Services Auditor (“CSA Audit”) and the Citizens’ General Obligation Bond Oversight Committee (“CGOBOC”).

Property Tax Impact

Repayment of annual debt service on the Series 2025F Bonds will be recovered through increases in annual property taxes, the rate of which is estimated to average \$0.00485 per \$100 of assessed value or \$4.85 per \$100,000 of assessed value over the anticipated 20-year term of the bonds. The owner of a residence with an assessed value of \$600,000, assuming a homeowner’s exemption of \$7,000, would pay average additional property taxes to the City of approximately \$28.75 per year if the proposed amount of \$213,850,000 of Series 2025F Bonds are sold.

Debt Limit

The City Charter imposes a limit on the amount of general obligation bonds the City can have outstanding at any given time. That limit is 3.00% of the assessed value of property in the City. For purposes of this provision of the Charter, the City calculates its debt limit based on total assessed valuation net of non-reimbursable and homeowner exemptions. On this basis, the City’s general obligation debt limit for fiscal year 2024-25 is approximately \$10.54 billion, based on a net assessed valuation of approximately \$351.3 billion. As of April 1, 2025, the City had \$2.80 billion of general obligation bonds outstanding, which equals approximately 0.80% of the net assessed valuation for fiscal year 2024-25. If all the City’s voter-authorized and unissued general obligation bonds were issued, the total debt burden would be 1.19% of the net assessed value of property in the City. If the Board approves the issuance of the Series 2025F Bonds and they are issued, the debt ratio would increase by approximately 0.06%, to 0.86% — within the 3.00% legal debt limit.

Capital Plan

The City’s adopted Capital Plan includes a financial constraint regarding the City’s planned use of general obligation bonds, such that debt service on approved and issued general obligation bonds would not increase property owners’ long-term property tax rates associated with repayment of debt service in any given year above fiscal year 2006 levels. The fiscal year 2006 property tax rate for the general obligation bond fund was \$0.1201 per \$100 of assessed value. If the Board approves the issuance of the Series 2025F Bonds, the property tax rate for general obligation bonds for fiscal year 2025-26 would be maintained below the fiscal year 2006 rate and within the Capital Planning Committee’s approved financial constraint.

Additional Information

The appropriation ordinance and resolutions were introduced at the Board meeting on Tuesday, April 8, 2025. The forms of the related financing documents — including the Bond Purchase Contract, Official Notice of Sale, Notice of Intention to Sell, Preliminary Official Statement, Appendix A, Continuing Disclosure Certificate and related documents — were also submitted at that time.

Financing Timeline

Milestones

Board of Supervisors (“BoS”) Introduction
Capital Planning Committee Hearing of Resolutions
Budget & Finance Committee Hearing
BoS Consideration of Resolutions and First Reading of Ordinance
BoS Second Reading of Ordinance
Estimated Sale & Closing

Dates*

April 8, 2025
May 5, 2025
May 14, 2025
Week of May 19, 2025
Week of June 2, 2025
Summer 2025

**Please note that dates are preliminary and may change.*

Your consideration of this matter is greatly appreciated. Please contact Anna Van Degna (anna.vandegna@sfgov.org), Vishal Trivedi (vishal.trivedi@sfgov.org) or Min Guo (min.guo@sfgov.org) if you have any questions.