

Annual General Obligation Bond Program Report

Fiscal Year 2016-17

A high-level overview of scope, schedule, budget, and key findings for the City's general obligation bond programs.



August 15, 2017

City & County of San Francisco
Office of the Controller
City Performance

About City Performance

The City Services Auditor (CSA) was created in the Office of the Controller through an amendment to the San Francisco City Charter that was approved by voters in November 2003. Within CSA, City Performance ensures the City's financial integrity and promotes efficient, effective, and accountable government.

City Performance Goals:

- City departments make transparent, data-driven decisions in policy development and operational management.
- City departments align programming with resources for greater efficiency and impact.
- City departments have the tools they need to innovate, test, and learn.

City Performance Team:

Peg Stevenson, *Director*
Kyle Patterson, *Project Manager*
Joe Lapka, *Project Manager*
David Weinzimmer, *Performance Analyst*
Omar Corona, *San Francisco Fellow*



For more information, please contact:

David Weinzimmer
Office of the Controller
City and County of San Francisco
(415) 554-7656 | david.weinzimmer@sfgov.org

Or visit:

<http://sfcontroller.org>



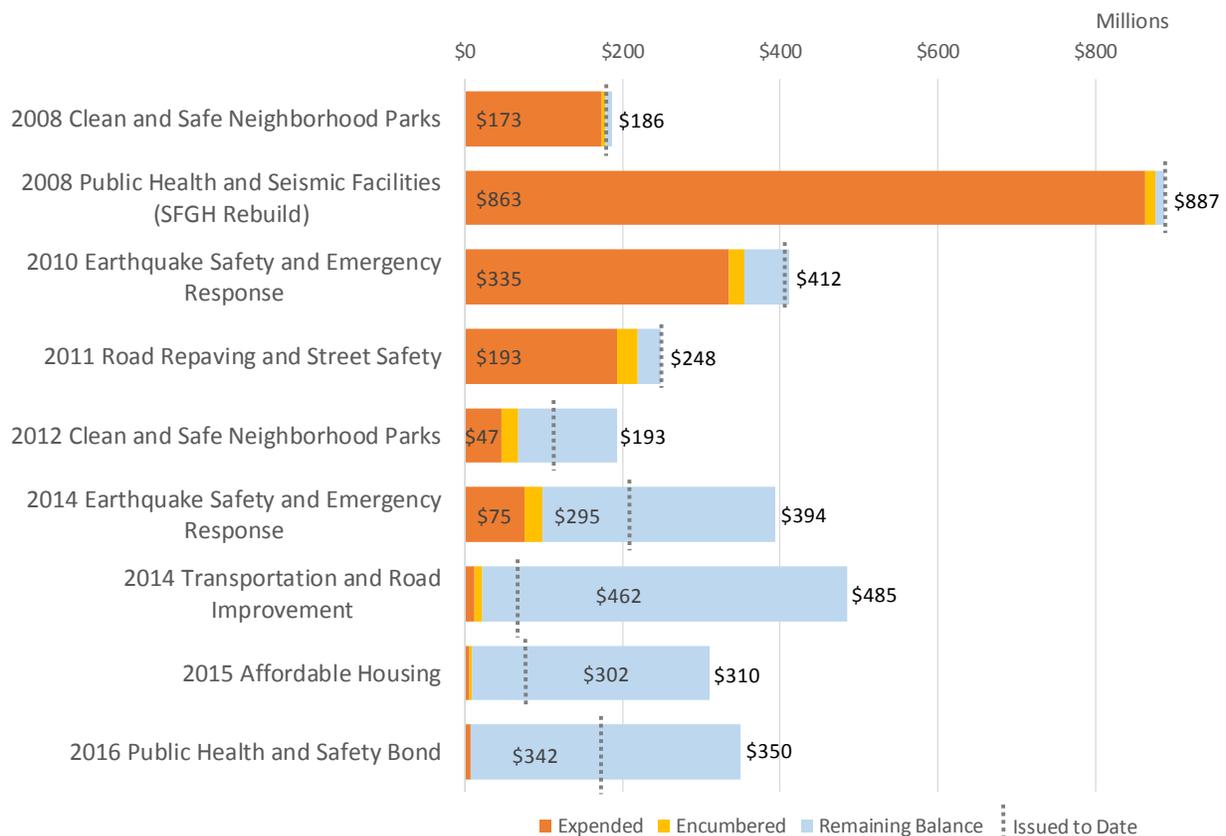
City and County of San Francisco

Office of the Controller - City Performance

Executive Summary and Recommendations

Purpose of Report and Background: This report provides a high-level overview of the scope, schedule, and budget status of the City's nine active general obligation (GO) bond programs. It aids the Citizen's General Obligation Bond Oversight Committee, policy makers, and the public in understanding the status of the programs funded by the City's \$3.5 billion GO bond portfolio.

General Obligation Bond Program Status (as of December 31, 2016)



Note: Total bond amounts in the table above may differ from voter authorized amounts due to exclusion of cost of issuance or appropriation of interest earned.

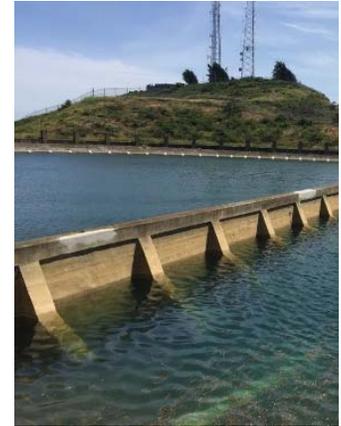
Key Findings about the Bond Programs

- 2008 Clean and Safe Neighborhood Parks:** The overall bond program is delayed by about four years due to delays in regulatory approvals, extended public outreach, and difficulty coordinating with site staff.
- 2008 SFGH and Trauma Center Earthquake Safety (SFGH Rebuild):** Because of funding for pre-bond planning, this major



project was completed under budget and was delayed by only three months. The remaining budget is funding four follow-on projects.

- **2010 Earthquake Safety and Emergency Response:** The program is delayed by over two years; lower than expected cost of issuance has allowed the program to add new projects to the Neighborhood Fire Stations – Focused Scope component.
- **2011 Road Repaving and Street Safety:** The program is delayed by one year, with individual components delayed one to three years due to interdepartmental coordination, extended public outreach, and unexpected site conditions. The City's pavement condition index (PCI) has improved significantly from 64 (2011) to 69 (2016), attributable substantially to the bond program.
- **2012 Clean and Safe Neighborhood Parks:** The program is delayed 19 months due to coordination with adjacent sites (Waterfront Parks) and staffing constraints, mitigation of operational impacts, and coordination (Neighborhood Parks).
- **2014 Earthquake Safety and Emergency Response:** The program has had multiple changes in scope: flexible water supply systems have been replaced with other emergency firefighting water system improvements; the Police Facilities component has added a simulation training facility for use of force; and the Traffic Company & Forensic Services Division project has added facilities for the SFPD's new Body Worn Camera Unit.
- **2014 Transportation and Road Improvement:** The overall bond program is not delayed, though there have been delays at the project level for Muni Forward projects due to outreach and engagement, contractor issues, and interdepartmental coordination.
- **2015 Affordable Housing:** The largest portion of bond funds are for the Affordable Housing component, which funds both new construction and stabilization of existing housing. The bond is MOHCD's only funding source for households above 120% of area median income (AMI).
- **2016 Public Health and Safety Bond:** The largest portion of bond funds is for Zuckerberg San Francisco General Building 5, the site's former main hospital building. The bond had its first issuance in February 2017.



General Findings and Recommendations

- **All bond programs are on budget with limited changes in scope.** However, almost all bond programs have experienced some degree of delay to schedules. Among bond programs passed before 2014, all have experienced overall program delays between one and four years (except for the 2008 SFGH Rebuild Bond, for which the main project was completed with 3 months of delay). Schedule changes at the component level within these bond programs have reached as high as seven years, but have averaged

two years. Bond programs passed since 2014 have generally experienced limited schedule changes to date, but similar delays are expected.

- **More funding for pre-bond planning would help bond programs create more precise scopes, schedules, and budgets and spend funds more quickly.** Pre-bond funding would allow for more extensive assessments of site conditions and needs, and was suggested as an improvement by seven of the eight bond programs interviewed. More pre-bond funds helped keep the SFGH Rebuild project on time and under budget. By contrast, most other programs have had to spend an initial period of time after bond passage on project selection and/or studies and assessments.
- **Historic preservation requirements are unpredictable, presenting a significant challenge to departments.** Multiple departments expressed increased challenges in recent years in securing approvals for renovations and planning corresponding budgets and schedules. This issue was mentioned by five of the eight bond programs interviewed.
- **Pre-issuance planning and regular CGOBOC reporting should be standardized to enhance accountability and transparency of planned expenditure schedules and other key bond information.** Documentation submitted to the Office of Public Finance varies by bond program and issuance, making it more difficult to assess whether bonds are meeting planned expenditure schedules. Standardized pre-issuance planned expenditure schedules would be useful for CGOBOC oversight, since they would provide a benchmark specific to each bond program against which GOBOC could monitor progress on an ongoing basis.

The information in this report is gathered from reviewing many data sources (presentations, City websites, FAMIS, documentation from the Office of Public Finance, and data submitted by bond program accountants). Enhanced standardization of data reporting and tracking could allow CGOBOC to have the type of information presented in this report more readily available on a regular basis.

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Background

General obligation (GO) bonds are debt instruments issued by the City to fund capital projects that do not directly generate revenue, such as roads, parks, and bridges. GO bonds allow the City to make critical capital improvements to strengthen aging infrastructure, better respond to and recover from an earthquake, increase the City's stock of affordable housing, and improve the City's transportation system, parks, and public health and safety buildings.

GO bonds must be approved by a two-thirds vote of the electorate. Since 2008, voters have approved nine GO bonds totaling \$3.5 billion. These bond programs are listed in the table below. The total budget of these bond programs may have increased slightly due to interest earned on issued debt. A portion of the bond authorizations, typically 1 to 2 percent, is set aside to cover the expected cost of issuance of bond debt, which are the costs associated with the sale and issuance of bonds. In addition to GO bonds, the City funds capital projects by several other means, including revenue bonds, general fund revenues, and user fees.

Voter-approved GO Bonds since 2008

Year	Bond Program	Authorization (\$ millions)	Completion Date*
2008	Clean and Safe Neighborhood Parks	185.0	June 2019
2008	SFGH and Trauma Center Earthquake Safety	887.4	August 2015 **
2010	Earthquake Safety and Emergency Response	412.3	December 2020
2011	Road Repaving and Street Safety	240.0	December 2018
2012	Clean and Safe Neighborhood Parks	195.0	June 2020
2014	Earthquake Safety and Emergency Response	400.0	June 2021
2014	Transportation and Road Improvement	500.0	December 2022
2015	Affordable Housing	310.0	December 2023
2016	Public Health and Safety	350.0	November 2022

Notes:

* As of December 31, 2016.

** August 2015 is the actual completion date for the bond program's main project, and three of four follow-on projects complete as of July 2017. The completion date of the last set of miscellaneous follow-on projects is to be determined.

Project versus Programmatic Work

For planning, funding, and other management purposes, each bond program is typically divided into one or more components. Each component represents a distinct project area of work and is assigned to a lead department. For example, the 2008 Clean and Safe Neighborhood Parks bond program consists of three components. The Waterfront Parks

component is led by the Port of San Francisco, while the Citywide Programs and Neighborhood Parks components are led by the Recreation and Parks Department.

Bond program components may be stand-alone, large-scale projects or ongoing, recurring programs. Programmatic work tends to consist of smaller individual improvements implemented over an extended period of time (such as curb ramp installation), while projects typically consist of large-scale, one-time public works (such as the construction of the new Public Safety Building).

Making a distinction between project and programmatic work is helpful in understanding how departments track and report on the status of each component. Project work can be more easily understood through set phases, planned start and end dates, and budgets. Since programmatic work covers many smaller projects, performance measures tend to be reported at the component level.

Methodology

To provide a high-level review of the City's nine active GO bond programs, City Performance asked departments to provide scope, schedule, and budget data at the component level for each bond program as of December 31, 2016.¹ As relevant, departments also provided additional performance data, such as the number of projects in each development phase or asset conditions (such as Pavement Condition Index). City Performance followed up by interviewing bond program managers and in some cases bond component project managers to obtain more qualitative information and to better understand the data provided.

Bond program managers were also asked to provide component-level data on change orders, which are defined as work that is added to or removed from a contract's original scope of work, causing changes to the contract amount or completion date. Change orders are discussed in each chapter only insofar as they are relevant to a high-level understanding of the bond program's scope, schedule, and budget status.

The data presented in this report was collected from departmental reporting systems, quarterly bond program reports to the Citizens' General Obligation Bond Oversight Committee, bond program presentations to the Capital Planning Committee, CCSF websites, FAMIS, documentation from the Office of Public Finance, and bond program accountants. In addition, CSA conducted 9 interviews with 27 bond program managers and staff.

The remaining sections of this report review the scope, schedule, and budget status as well as other key findings for the following bond programs:

- 2008 Clean and Safe Neighborhood Parks
- 2010 Earthquake Safety and Emergency Response
- 2011 Road Repaving and Street Safety
- 2012 Clean and Safe Neighborhood Parks

¹ All figures are as of December 31, 2016 unless otherwise noted.

- 2014 Earthquake Safety and Emergency Response
- 2014 Transportation and Road Improvement
- 2015 Affordable Housing
- 2016 Public Health and Safety

In order to highlight changes in bond program schedules that have occurred since our last report, the schedule data presented in the charts that follow reflect projections as of as of December 31, 2016 as well as projections as of March 31, 2016 (the basis for our FY 2016 report).

For an overview of the budgets, expenditures, and encumbrances of active bond programs at both the bond and component level, see **Appendix A**. For an analysis by the Office of Public Finance of the cumulative spend rate for the first issuance of each bond program, see **Appendix B**. For a glossary of terms used throughout this report, see **Appendix C**. For a summary of all GO bond-related audits completed by CSA from July 1, 2016 to June 30, 2017, see **Appendix D**. For an abbreviated update on the 2008 San Francisco General Hospital and Trauma Center Earthquake Safety (SFGH Rebuild) bond, see **Appendix E**.

2008 Clean and Safe Neighborhood Parks Bond

Scope

The 2008 Clean and Safe Neighborhood Parks (CSNP) bond includes three components, two of which are led by the Recreation and Parks Department (RPD) and the last of which is led by the Port of San Francisco (Port).

- **Citywide Programs** (\$38 million): Led by RPD, this component is split into five subprograms: restroom repair, renovation of playfields, assessing and repairing trees, restoring trails, and a Community Opportunity Fund.²
- **Neighborhood Parks** (\$115 million): Led by RPD, this component includes capital improvements to 12 parks with a specific focus on seismic safety, general physical condition, and adequacy for basic recreational use.
- **Waterfront Parks** (\$34 million): Led by the Port, this component consists of nine capital improvement projects intended to improve waterfront open spaces.³

There have been no changes to the scope of the bond program in the past year. Previously the Waterfront Parks component included ten projects, but the Tulare Park project was postponed indefinitely because the bids received for it were over budget; the Port intends to identify another means of delivering Tulare Park with separate funds.

Schedule and Progress

All components of the 2008 CSNP bond have experienced significant delays, with the overall bond program being delayed from an original projected end date of February 28, 2015 to a revised projected end date of June 30, 2019.

At a glance

Passed: February 2008

Amount: \$185 million

Spending: \$173 of \$186 million issued (93%)*

Delays: Overall bond program delayed just over four years

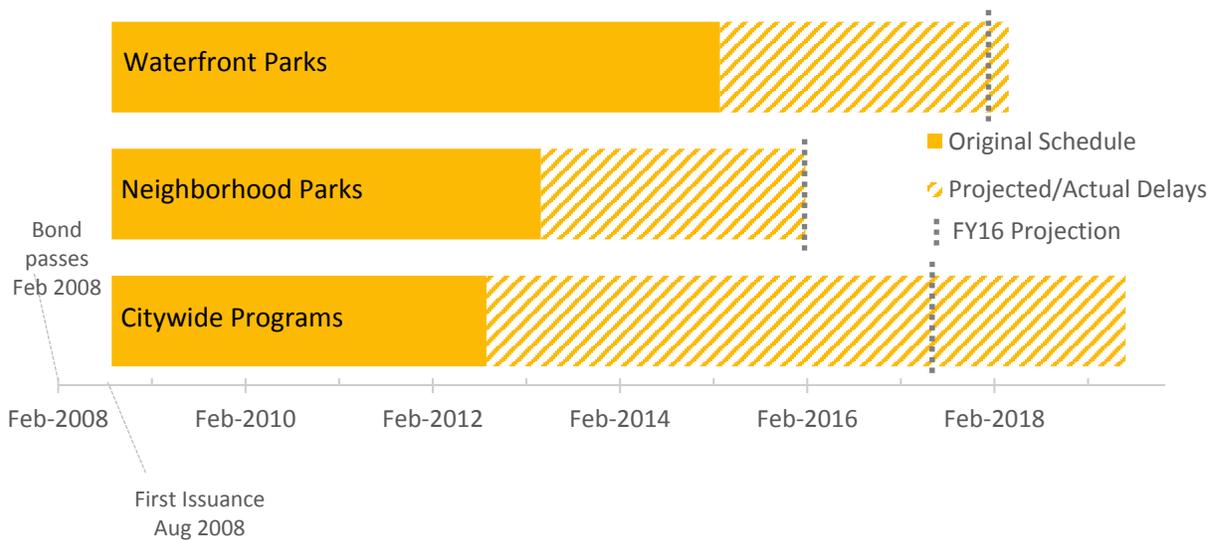
Progress: Neighborhood Parks component completed, remaining components to be completed by June 2019*

*as of December 31, 2016

² The Community Opportunity Fund allows residents, neighborhood groups, and park advocates to initiate improvements by matching community-nominated projects with private gifts and grants.

³ Crane Cove Park is the largest project within the Waterfront Parks component, and is funded by both the 2008 and 2012 CSNP bonds. A 10-acre park at Crane Cove was identified through the community-driven Pier 70 Preferred Master Plan. The two bonds together will deliver Phase 1 of Crane Cove Park (the first 7.5 acres), while future bonds or other funds may be used to deliver Phase 2.

Bond Schedule by Component



The Neighborhood Parks component reached completion in January 2016 with the reopening of Mission Dolores Park. This component was delayed by almost three years due to historic preservation issues and litigation at various sites. The two other components are still in progress.

Bond Progress by Component



Since last year, the projected schedule for Waterfront Parks has been delayed by two months due to delays on the Crane Cove Park project. Although the Port expected to receive a permit for waterside work from the U.S. Army Corps of Engineers in the Fall of 2016, the permit still has not been issued as of the writing of this report. Since waterside work is only permitted from June to November, further delay on the permit remains a risk for the project's timeline. However, the Port has adapted by splitting up Crane Cove construction to allow some work to move forward while the waterside permit is pending. Construction has already begun at Crane Cove, and the project is expected to reach completion in June 2018.

The Citywide Programs component has been delayed by an additional two years to June 30, 2019. Within Citywide Programs, only playfields were complete as of December 2016 (though the restroom repair subprogram was also completed in May 2017 with the reopening of Alamo Square). In both the 2008 and 2012 CSNP bond programs, the forestry and trails subprograms have been delayed due to coordination with operations staff, while the Community Opportunity Fund has been delayed due to the slower than expected pace of completing projects through community partnerships. However, the RPD forestry division

was reorganized in summer 2016 and has begun assessing its capital needs, and RPD expects to solicit bids for a package of forestry improvements in Summer 2017. Likewise, trails-related projects and staff are better able to move forward following the March 2017 adoption of the Significant Natural Resource Areas Management Plan EIR. A small amount of money remains in four Community Opportunity Funds projects.

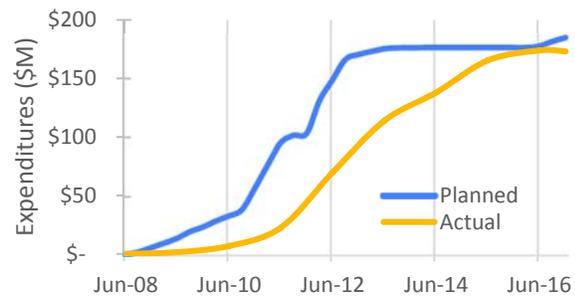
Budget and Spending

As of December 31, 2016, \$173 million dollars of bond funding (93% of total) had been expended, and only 4% of bond funds remained unencumbered. The bond sold its final issuance in February 2016.

As explained in the previous section, the remaining balance of funds is driven primarily by operational constraints within Citywide Programs and delays at Crane Cove Park.

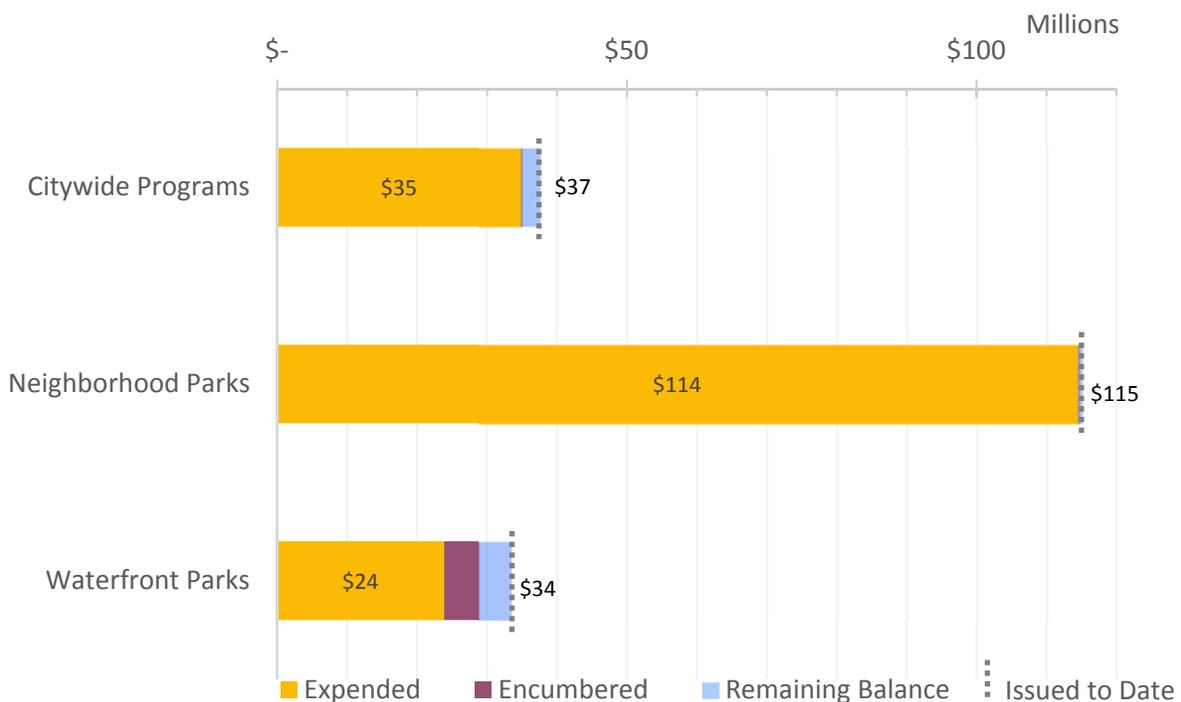
Planned versus Actual Expenditures

As planned before each issuance



Bond Expenditures and Encumbrances

As of December 31, 2016



Construction has begun at Crane Cove Park for the first of two major contracts and the second contract has been advertised, so the Port expects to spend down the remaining balance relatively quickly. Due to the most recent cost estimates coming in over budget, the Port has repackaged portions of the project out of the construction base bid package into bid alternates. The Port is

seeking additional third-party funds, and to the extent they are successful in obtaining them they will be able to incorporate those bid alternates into the project.

This is a strategy that RPD has also used to keep Neighborhood Parks projects within budget. Several of RPD's Neighborhood Parks project budgets have benefitted from impact fees, which have allowed them to deliver amenities that could not be funded solely by the GO bond.

Other Key Findings

- An important lesson from the 2008 CSNP bond program was that potentially complicated CEQA and historic preservation issues need substantial lead time before construction. These issues caused significant delays at Mission Dolores Park and other sites. RPD has applied this lesson in the sequencing of projects in the 2012 CSNP bond program with success.
- The Port has learned important lessons about the complexity of building parks on the waterfront, both from a regulatory and technical perspective. Waterfront parks projects require additional, time-intensive permits from the Bay Conservation and Development Commission and the U.S. Army Corps of Engineers. Furthermore, building along the waterfront and on piers adds complexity to technical details such as drainage, corrosion, and designing pier structures to support the additional weight of parks.
- The CSNP bond programs have had a significant impact on the City's ability to deliver capital improvements at parks. While both the Port and RPD benefit from some third-party funds and augment GO bond funds with other funding sources, the CSNP bond is the primary funding source for almost all projects within the bonds' portfolios. RPD notes that over the past decade, over 80% of its Capital Division activity has been funded by the two CSNP bonds.

2010 Earthquake Safety & Emergency Response Bond

Scope

The 2010 Earthquake Safety and Emergency Response bond is managed by San Francisco Public Works and San Francisco Public Utilities Commission (PUC). The bond program includes three components:

- **Auxiliary Water Supply System (AWSS)** (\$104 million): Led by PUC, the 47 AWSS projects include studies and improvements to tanks, reservoirs, pumping stations, pipelines/tunnels, and cisterns that comprise the emergency firefighting water system. The scope and location of improvements were prioritized using reliability scores from probabilistic modeling of the availability of firefighting water after a major earthquake.
- **Neighborhood Fire Stations (NFS)** (\$71 million): Led by Public Works in coordination with the San Francisco Fire Department (SFFD), the NFS component consists of seismic upgrades, improvements to support SFFD operations, and other health and safety improvements to 22 of the City's 44 fire stations. Within this component, there are three subcomponents: Seismic, Comprehensive, and Focused Scope projects. The NFS scope was determined based on a comprehensive survey of all neighborhood fire stations in 2009, which identified \$350 million of immediate capital needs.
- **Public Safety Building (PSB)** (\$237 million): Led by Public Works in coordination with the SFFD and San Francisco Police Department (SFPD), the PSB serves as a seismically safe replacement for the SFPD Headquarters and the Southern District Police Station, as well as a new fire station for the Mission Bay neighborhood. This component also includes the rehabilitation of historic Fire Station #30, which serves as the new home for the SFFD Arson Task Force and provides a meeting space for City and community use. The PSB was completed in April 2015.

There have been few changes to the bond program's scope over the past year. Due to cost savings and interest earned, the NFS program has been able to add one new project to the Focused Scope subprogram and expects to add more over the next year. As reported last

At a glance

Passed: June 2010

Amount: \$412 million

Spending: \$335 of \$412 million issued (81%)*

Delays: Overall bond program delayed 27 months

Progress: Public Safety Building component completed, remaining components to be completed by December 2020*

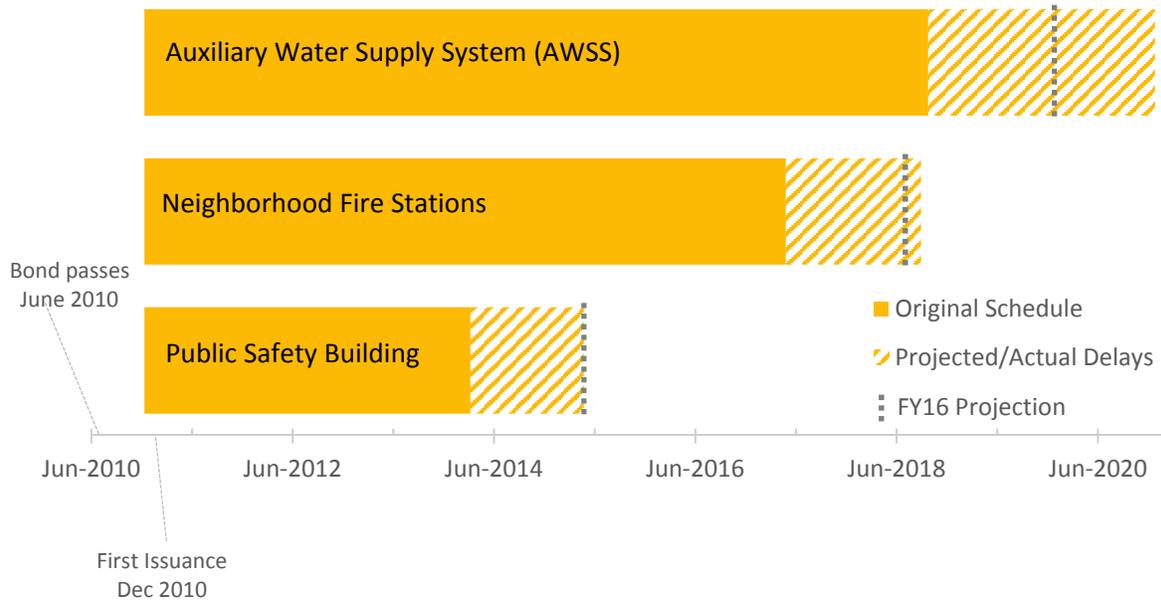
*as of December 31, 2016

year, the NFS program scope had been previously reduced due to the reallocation of the Fire Station 35 project to the 2014 ESER NFS program.⁴

Schedule and Progress

All components of the 2010 ESER bond have experienced delays of 13 to 27 months, with the overall bond program being delayed from an original projected end date of September 30, 2018 to a revised projected end date of December 31, 2020.

Bond Schedule by Component



The Public Safety Building project reached substantial completion on April 28, 2015.



In the past year, the AWSS component was delayed by one year to December 2020. The Pumping Station 1 project has been delayed due to technical issues with engine exhaust systems, and Pumping Station 2, which will be the last project within the AWSS component is unable to start until Pumping Station 1 is complete, since only one pumping station can be offline at a time. In addition, Pumping Station 2 received only one bid, which came in more than \$3 million over the estimated budget, and as

⁴ Previously, the NFS program moved Fire Station 35 (FS35) from the 2010 ESER program to the 2014 ESER program. FS35 was planned to move from Pier 22 ½ to Pier 30/32 as part of the Golden State Warriors Arena, but due to the Warriors' decision to locate in Mission Bay the FS35 project moved back to Pier 22 ½. For this reason, and due to funding pressure from unforeseen conditions with historic structures at neighborhood fire stations, the FS35 project moved into the NFS component of the 2014 ESER bond program.

such is being re-bid. Depending on the results for the second RFP, the component could potentially be delayed beyond December 2020.

The NFS component has been delayed by an additional three months to September 2018. The last project (a complete demolition and rebuild of Fire Station 5) went to bid in December 2016 and issued a notice to proceed in March 2017. Additional focused scope projects, funded by cost savings from lower-than-expected costs of issuance and interest earned, are also expected to be complete by September 2018.



Bond Progress by Component



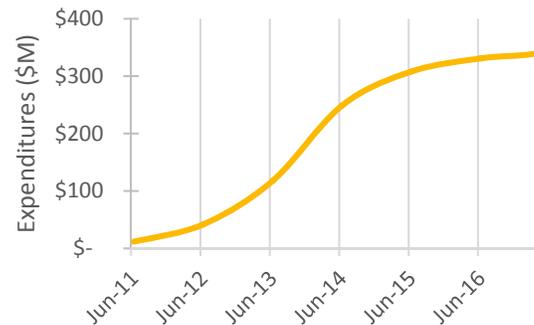
Budget and Spending

As of December 31, 2016, \$335 million dollars of bond funding (81% of total) had been expended, and 14% of bond funds remained unencumbered. The bond sold its sixth and final issuance in April 2016.

While bond program spending has progressed at a slower rate during fiscal years 2016 and 2017, it is expected to accelerate in fiscal year 2018, particularly as the two largest NFS projects (Fire Station 5 and Fire Station 16) will be in construction.

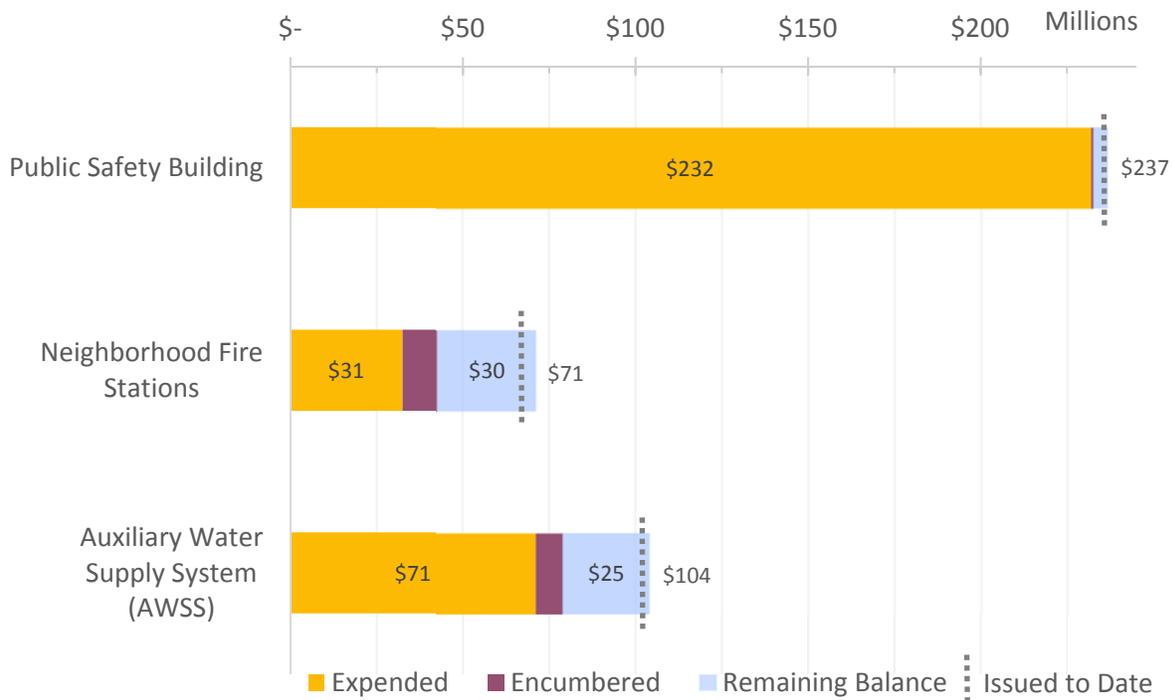
The 2010 ESER program has experienced lower-than-anticipated costs of issuance due to the participation of more departments in recent issuances. As a result of these cost savings as well as interest earned, the program has been able to allocate more funds for projects within the NFS component, which will be used on additional NFS Focused Scope improvements.

Actual Expenditures⁵ Cumulative, FY2011 to March 2017



⁵ The chart shows only actual cumulative expenditures and does not show planned expenditures since pre-issuance documents filed with the Office of Public Finance projected the bond's encumbrance schedule rather than its expenditure schedule.

Bond Expenditures and Encumbrances



Note that the total balance for a bond component may be greater than the amount issued to date due to appropriation of interest earned.

Other Key Findings

- Public Works reports that it was helpful to have funds available after building occupancy of the Public Safety Building. The availability of funds allowed Public Works to make additional improvements to the building to better address previously unidentified user needs. Specifically, after SFPD moved into the PSB, they requested minor alterations to reconfigure the Department Operations Center, and due to the availability of savings from the construction budget, Public Works was able to fund this work without seeking general funds.
- As many bond programs noted, more pre-bond funding for planning and assessments would allow Public Works to collaborate with departments to create more precise and accurate scopes and budgets. This is especially true for renovations, which would benefit from pre-bond funding to perform more extensive assessments of existing conditions.

2011 Road Repaving & Street Safety Bond

Scope

The 2011 Road Repaving and Street Safety bond is managed by San Francisco Public Works, except for one component managed by the San Francisco Municipal Transportation Agency (SFMTA). The bond program includes five components:

- **Sidewalk and Accessibility Improvements** (\$22 million): This component includes three subprograms:
 - **Accelerated Sidewalk Abatement Program (ASAP)** is a complaint-driven program to repair 152,000 square feet of damaged sidewalks.
 - **Sidewalk Inspection and Repair Program (SIRP)** is a condition-driven program to repair 600 square blocks of the damaged sidewalks.
 - **Curb Ramp Program** has a goal of upgrading 1,350 curb ramps to provide better accessibility in accordance with the Americans with Disabilities Act (ADA).
- **Street Resurfacing** (\$147 million): This component will repave, repair, and reconstruct 1,423 blocks of streets to improve surface quality and ensure safety for all road users.
- **Streetscape, Pedestrian Safety, and Bicycle Safety** (\$52 million): Led by San Francisco Public Works in coordination with the SFMTA, this component consists of 64 projects, including 24 large-scale projects to improve the street design quality and environment, and 40 smaller projects (referred to as Follow-the-Paving projects) to implement pedestrian and bicycle safety improvements in tandem with street resurfacing.
- **Street Structures** (\$7 million): This component will repair 40 of the City's approximately 350 street structures including stairways, retaining walls, pedestrian bridges, vehicular bridges, viaducts, and tunnels.
- **Traffic Signal Improvements** (\$20 million): Led by the SFMTA, this component will improve or replace traffic signals at 456 intersections, including the addition of a transit signal priority system at 440 intersections, new traffic signals at 10 intersections, and traffic signal infrastructure such as conduit work at six locations.

At a glance

Passed: November 2011

Amount: \$248 million

Spending: \$193 of \$248 million issued (78%)*

Delays: Overall bond program delayed one year

Progress: One bond component completed, remaining components to be completed by December 2018*

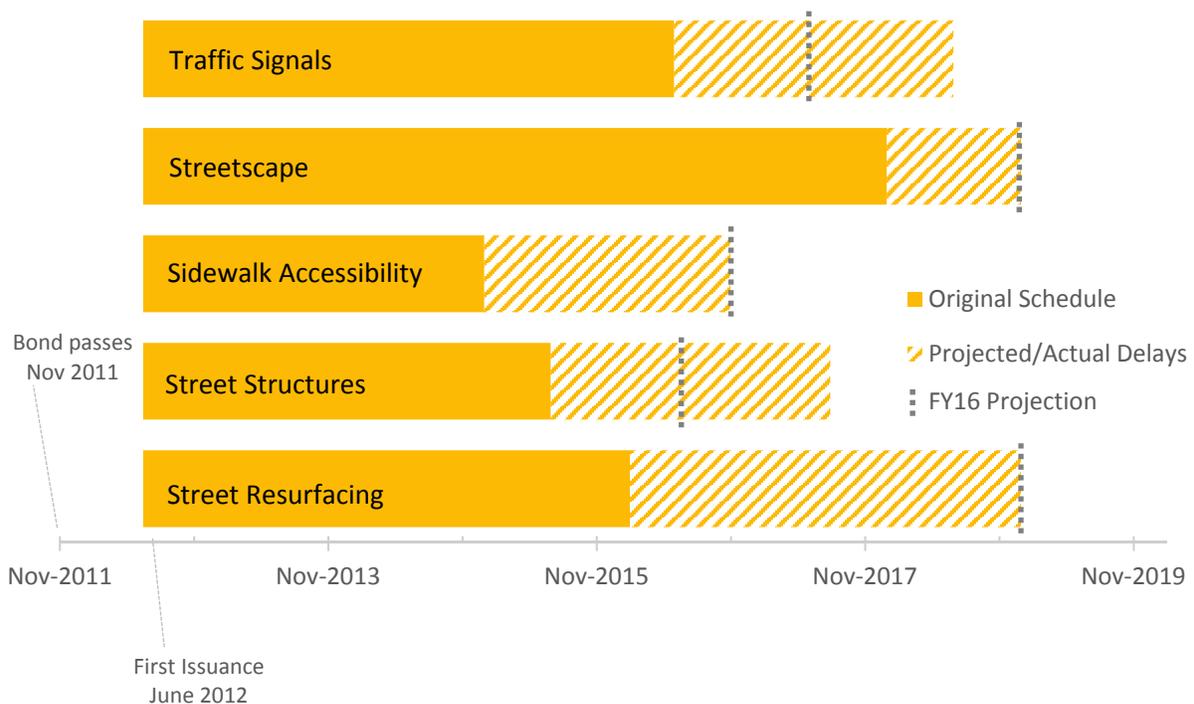
*as of March 21, 2017

Since the bond's inception, San Francisco Public Works has revised the goals for multiple components.⁶ For example, five Follow-the-Paving projects have been removed from the Streetscape component in the last year either because they were completed with non-bond funds or due to concerns stemming from higher-than-projected costs, schedule changes due to interdepartmental or utilities coordination, environmental review, or more extensive public outreach needs.

Schedule and Progress

All components of the Road Repaving & Street Safety bond have experienced at least some delay, with the overall bond program being delayed from an original projected end date of December 31, 2017 to a revised projected end date of December 31, 2018.

Bond Schedule by Component



The only bond component schedules that have been revised over the past year are for the Street Structures and Traffic Signals components, which have each been pushed back by an additional 13 months compared to last year's report. The Traffic Signals component was pushed back since the previous end date erroneously referred to the expenditure of funds from the second bond issuance, and not the completion of the entire component. The Street Structures component's end date originally referred to the end date for bond-funded construction work, which was completed in February 2017; the component's end date has

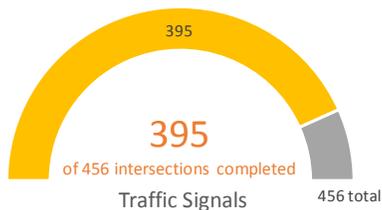
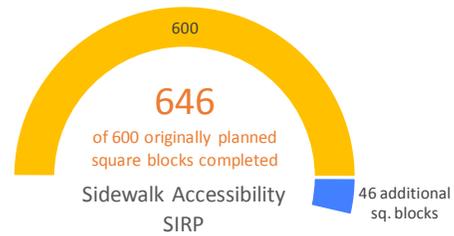
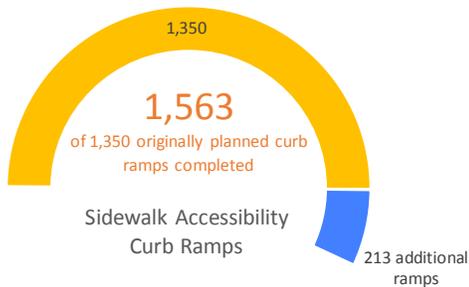
⁶ The ASAP subprogram's goal was revised from an original goal of 68,000 square feet to 152,000 square feet. The curb ramp program was revised from 1,700 to 1,350 curb ramps. Street resurfacing was revised multiple times from an original goal of 1,275 to 1,423 blocks, most recently due to the allocation of funds from HOPE SF to the repaving program.

been revised to July 2017 account for completion of bond-funded design and environmental work on the Bonview Street Retaining Wall and Richland Avenue Bridge projects.

As reported last year, delays to Street Resurfacing were primarily due to coordination with other departments and utilities to limit disruption from repeated rounds of street construction. As paving work is typically the last element of a street project to be implemented, it is easily affected by delays in other upstream work. The Sidewalk Accessibility component, which was completed in October 2016, was delayed due to unexpected site conditions, primarily below-grade basements that interfered with the installation of curb ramps. A major source of delay for Streetscape projects was the need for more extensive community outreach and more time to address public concerns than anticipated. In addition, Streetscape projects were delayed by the need for additional coordination with the Public Utilities Commission on water and sewer upgrades.

Bond Progress by Component

As of March 21, 2017



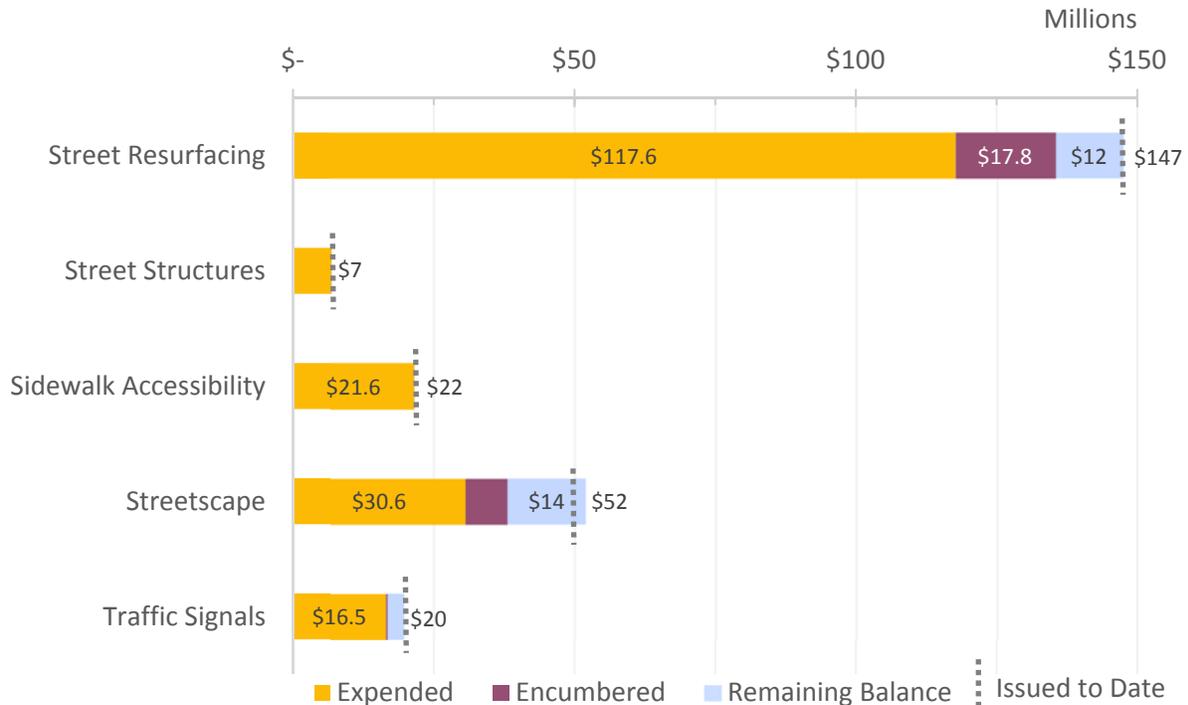
All bond components have had significant progress, with Sidewalk Accessibility subcomponents surpassing projected scope.

Budget and Spending

Bond spending is reported as of March 21, 2017 due to data availability from San Francisco Public Works.⁷ As of March 21, 2017, \$193 million dollars (78% of total) of bond funding had been expended, and only 12% of bond funds remained unencumbered. The bond sold its final issuance in April 2016.

Bond Expenditures and Encumbrances

As of March 21, 2017



Note that the total balance for a bond component may be greater than the amount issued to date due to appropriation of interest earned.

There is variation across bond components in the extent to which they have been able to leverage external funds. Projects within the Traffic Signals, Street Structures, and Sidewalk Accessibility components in general have been mostly or entirely bond-funded, though Sidewalk Accessibility work continues using non-bond funds. By contrast, the Street Resurfacing and Streetscape projects almost always use bond funds as one of many funding sources. For example, with repaving projects, Public Works issues a Notice of Intent (NOI) before paving so that other agencies and utilities can join the project with sewer, water, utility, or transportation capital improvements. For a four-block repaving project on Potrero Avenue, this led to the limited bond-funded repaving budget being combined with other sewer, water, and transit improvement work to become a significantly larger project, sharing some fixed costs across multiple entities. In total, the Street Resurfacing component

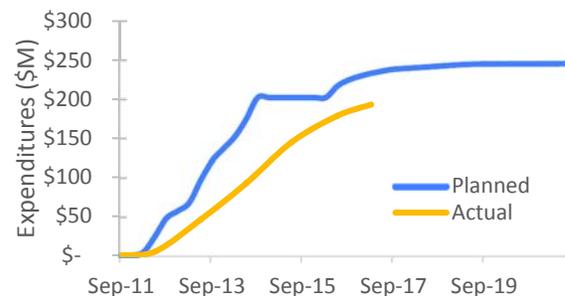
⁷ Financial information reported is from an updated version of data provided by San Francisco Public Works for the March 23, 2017 GOBOC meeting. It includes interest earned and the third (final) bond sale, and excludes accountability and cost of issuance.

has been able to leverage its \$147 million budget with about twice as much external funding from other City agencies such as the SFPUC and SFMTA combining their work with Public Works.

The bond funds have been a significant resource in San Francisco Public Works' efforts to improve street surface quality. The bond funds allowed Public Works to increase the annual repaving budget from \$25 million in 2011 to \$65 million thereafter, improving pavement condition index (PCI) from 64 to 69 from 2011 to 2016. Public Works expects the pavement condition index to drop rapidly if funding returns to pre-bond levels.

Planned versus Actual Expenditures

As planned before each issuance



Other Key Findings

There have been a number of challenges and lessons learned throughout the course of the bond program.

- San Francisco Public Works and its sister agencies have improved their coordination practices over the course of the bond program. Public Works project managers have learned that while coordination leads to better outcomes for the public (fewer rounds of disruptive street construction, and possibly cost savings from economies of scale), it often results in project schedules significantly longer than those of historical repaving projects. Public Works must both plan for these longer project schedules and proactively communicate these expectations to the public.
- The simultaneous increase in construction projects across multiple City agencies and the private sector poses challenges in project delivery. Aside from the limited pool of local contractors available to bid on projects, an increasing number of projects require extensive interagency coordination. At the same time that Public Works has accelerated repaving work, the SFPUC has set a goal of delivering 15 miles per year of water and sewer work, while the SFMTA is also delivering Muni Forward and Vision Zero projects on streets across the City. These projects not only compete for contractors, but also for resources such as Muni Transit Supervisors and substitute motor coaches when projects impact the overhead lines used by trolley buses. This will be an increasing challenge going forward, as substitute motor coaches are already in short supply and the Van Ness Improvement Project is expected to use the majority of these vehicles for an extended time period.
- While the original bond program had selection criteria for Streetscape projects, it did not apply those criteria to create a project list. Public Works had to spend time setting up a selection process after the bond had already been passed. Pre-bond funding for up-front planning would have allowed Public Works to start construction on Streetscape projects more quickly after bond passage.

2012 Clean and Safe Neighborhood Parks Bond

Scope

The 2012 Clean and Safe Neighborhood Parks (CSNP) bond includes four components, three of which are led by the Recreation and Parks Department (RPD) and the last of which is led by the Port of San Francisco (Port).

- **Citywide Parks** (\$21 million): Led by RPD, this component focuses on the restoration of natural features, construction of recreational assets, and improvement of connectivity and access at three parks that serve the entire City.⁸ It is the single new component compared to the 2008 CSNP bond.
- **Citywide Programs** (\$41 million): Led by RPD, this component is split into five subprograms: renovating playgrounds ("Let's Play SF!"), assessing and repairing trees, water conservation, restoring trails, and a Community Opportunity Fund.⁹
- **Neighborhood Parks** (\$97 million): Led by RPD, this component includes capital improvements to 15 parks with a specific focus on seismic safety, general physical condition, and adequacy for basic recreational use.
- **Waterfront Parks** (\$35 million): Led by the Port, this component consists of four capital improvement projects intended to improve waterfront open spaces.

The 2012 CSNP bond continues RPD and the Port's work from the 2008 CSNP bond by extending the capital improvement programs to additional sites. Crane Cove Park, within the Waterfront Parks component, is the only major park project included in both the 2008 and 2012 CSNP bonds.

There have been no changes in the past year to the number of projects in each component, though the Port did previously reduce the number of projects in the Waterfront Parks component from seven to four. These parks were removed due to feasibility concerns and based on community and stakeholder feedback prioritizing more amenities at Crane Cove; the funds from the three cancelled projects were redirected to the Crane Cove Park project.

At a glance

Passed: November 2012

Amount: \$195 million

Spending: \$47 of \$115 million issued (41%)*

Delays: Overall bond program delayed 19 months

Progress: 2 projects completed, bond program to be completed by June 2020*

*as of December 31, 2016

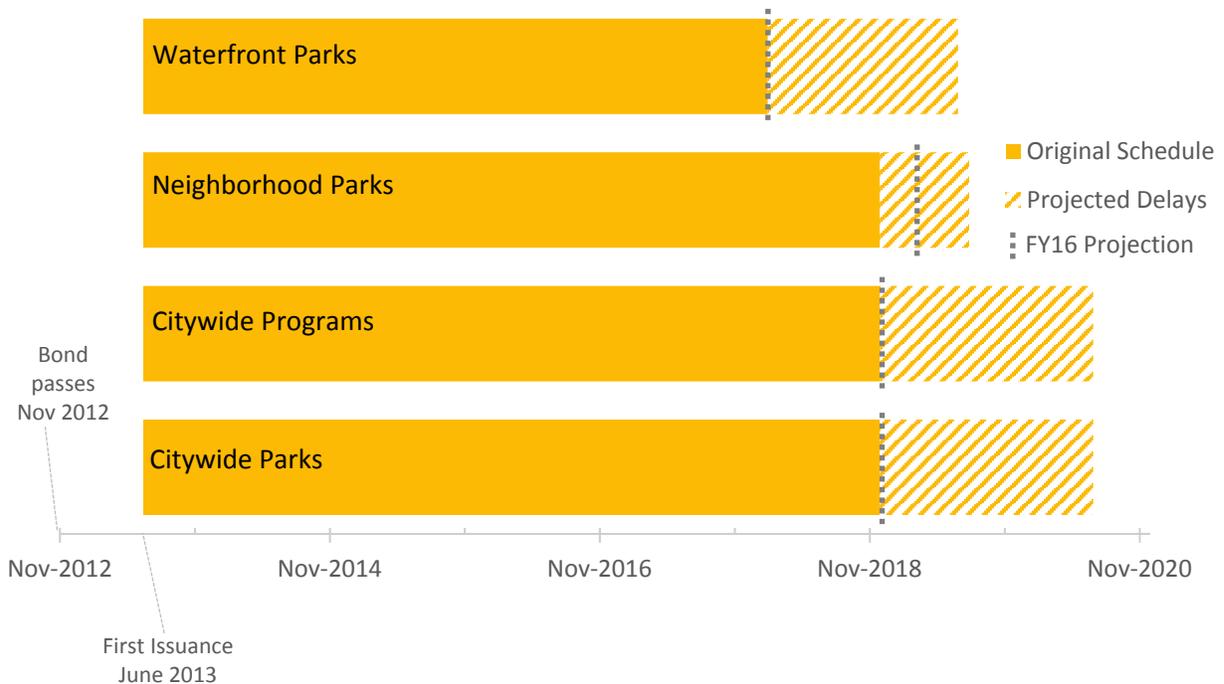
⁸ Golden Gate Park, John McLaren Park, and Lake Merced Park were identified by RPD as parks that serve the entire City.

⁹ The Community Opportunity Fund allows residents, neighborhood groups, and park advocates to initiate improvements by matching community-nominated projects with private gifts and grants.

Schedule and Progress

All components of the 2012 CSNP bond have experienced delays of 7 to 19 months, with the overall bond program being delayed by 19 months from an original projected end date of November 30, 2018 to June 30, 2020.

Bond Schedule by Component



One park has been completed within the Waterfront Parks component (Northeast Wharf Plaza Park). This component's projected completion date has been delayed by 17 months due to Port staffing constraints as well as coordination with neighboring projects. In particular, the Agua Vista Park site is located between the Mission Bay Bayfront Park site, a proposed new ferry landing, and the new Golden State Warriors Arena. While the Port has completed the schematic design for Agua Vista, it is waiting until the adjacent sites' schematic designs and placement of the ferry landing are finalized in July 2017 before starting work on detailed designs. Agua Vista will be the last park delivered in the Waterfront Parks component, with an expected completion date of June 2019. As discussed in the 2008 CSNP bond chapter, Crane Cove Park has also experienced delays, particularly due to a delayed permit from the U.S. Army Corps of Engineers, but this has not affected the 2012 CSNP bond's overall schedule.

3 of 38 projects were completed by December 2016 – one Waterfront Park and two Neighborhood Parks.

As of December 31, 2016, two Neighborhood Parks had been completed (Gilman Playground and Joe DiMaggio Playground), with two additional parks completed spring 2017 (South Park and Mountain Lake Park Playground) and two more projects in construction. The Neighborhood Parks component has been delayed by eight months for various reasons:

- **Staffing constraints** have been one source of delay, and RPD's Capital Division has increased its staffing capacity by 30% to avoid further staff-related project delays.
- **Reducing operational impacts** of construction has also resulted in delays. For example, there are only nine pools in RPD's system, so to reduce negative impacts on users only one pool is closed at a time.
- **Coordination** with stakeholders has also caused delays. For instance, work at Margaret S. Hayward Playground has been delayed due to coordination with the Department of Emergency Management and other tenants on the site. In addition, both South Park and Willie "Woo Woo" Wong Playground received impact fee funding allowing RPD to deliver more amenities, but this in turn causes delays to the project timeline.

Coordinating with third-party funding sources has also been a cause of delay to the Community Opportunity Fund within the Citywide Programs component. The delays to forestry and trails programs as described with respect to the 2008 CSNP bond program have also affected these same programs in the 2012 CSNP bond program. These Citywide Programs from the two bond programs are moving forward together and RPD expects to spend down all 2012 CSNP Citywide Programs funds by June 2020, one year after the projected completion of the same component within the 2008 CSNP bond program.

RPD's three Citywide Parks projects are currently in planning and design with expected completion in June 2020.

Budget and Spending

As of December 31, 2016, \$47 million dollars (24% of total) of bond funding had been expended. The bond program has issued \$115 million to date, or 60% of the total bond authorization.

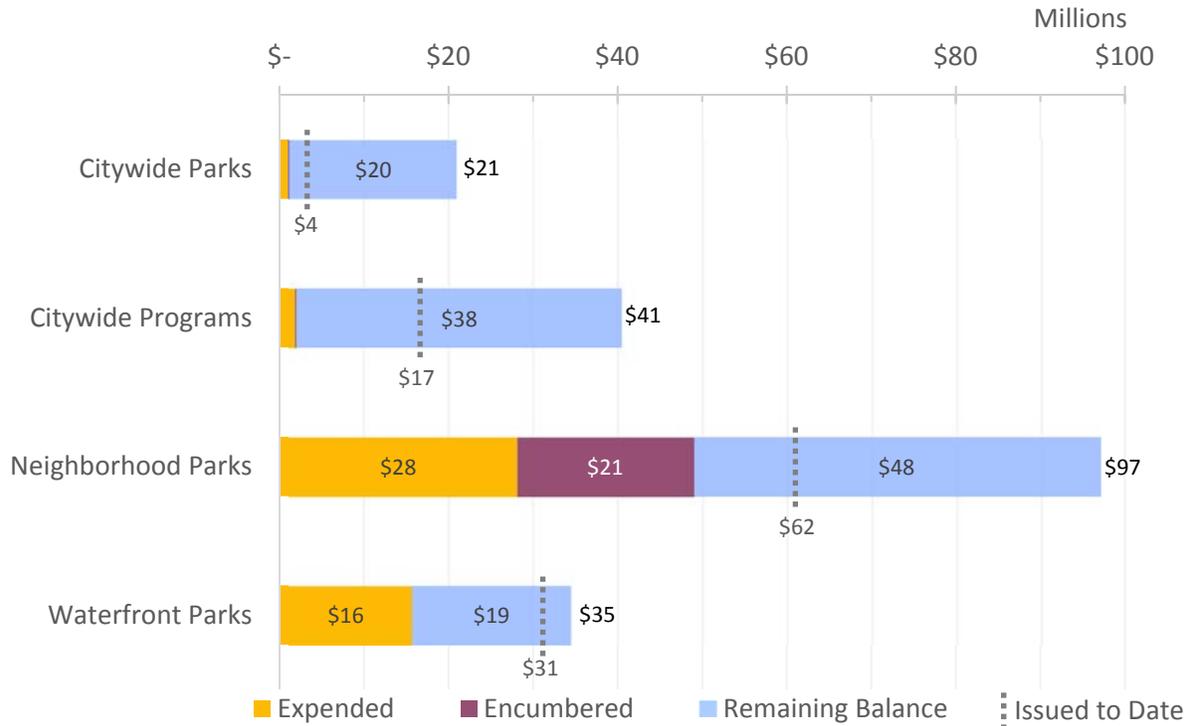
The majority of spending through December 2016 (60%) has been within the Neighborhood Parks component. Less than 5% of bond funds within the Citywide Parks and Citywide Programs components had been expended, indicative of the delayed project timelines within those components.

Planned versus Actual Expenditures

As planned before each issuance



Bond Expenditures and Encumbrances



Other Key Findings

- The Port has found it challenging to move projects like Agua Vista Park forward when there are so many interdependent, adjacent projects at different stages of design. At the same time, the CSNP bond funds have been crucial for the Port being able to build new parks ahead of the significant growth along the waterfront.
- While RPD has developed expertise in evaluating existing site conditions for landscapes, playgrounds, and other recreational amenities, the Department has learned that it needs to develop more robust methodologies for evaluating existing site conditions for building renovations. Among other benefits, this would help RPD in setting more realistic project budgets and contingencies. As of Spring 2017, RPD was preparing an RFP for a Lifecycle Asset Planning System, which will include an updated assessment of RPD's facility conditions.

2014 Earthquake Safety & Emergency Response Bond

Scope

The 2014 Earthquake Safety and Emergency Response bond is managed by the San Francisco Public Utilities Commission (PUC) and San Francisco Public Works. The bond program includes five components:

- Neighborhood Fire Stations (NFS)** (\$81 million): Led by Public Works in coordination with the San Francisco Fire Department (SFFD), the NFS component consists of 44 projects, including seismic upgrades, improvements to support SFFD operations, and other health and safety improvements. The projects are located at 23 of the City's 44 fire stations, most of which did not receive improvements under the 2010 ESER bond. As with the 2010 ESER bond, there are three subcomponents: Seismic, Comprehensive, and Focused Scope projects.
- Emergency Firefighting Water System (EFWS)** (\$54 million): Led by PUC, this component is an extension of the Auxiliary Water Supply System (AWSS) work from the 2010 ESER bond. EFWS is a broader term encapsulating other, non-AWSS improvements to the City's emergency firefighting water system. The component's 24 projects include studies and improvements to tanks, reservoirs, pumping stations, pipelines/tunnels, and cisterns. The scope and location of improvements were prioritized using reliability scores from probabilistic modeling of the availability of firefighting water after a major earthquake.
- Police Facilities** (\$30 million): Led by Public Works in coordination with the San Francisco Police Department (SFPD), this component funds 14 projects that will make select improvements at every district station (except for the Southern Station, which is located in the new Public Safety Building) and SFPD's Lake Merced Range and Academy. The projects focus on compliance with state and federal mandates (such as ADA accessibility), critical building systems such as HVAC, electrical, and plumbing, and seismic safety. Projects were developed based on assessments and studies at each facility, which identified \$250 million (in 2014 dollars) in capital needs for essential improvements.¹⁰

At a glance

Passed: June 2014

Amount: \$400 million

Spending: \$75 of \$208 million issued (36%)*

Delays: Overall bond program delayed 3 months

Progress: 37 of 84 projects completed (44%), all components to be completed by June 2021*

*as of December 31, 2016

¹⁰ According to Public Works' assessments, many of the district stations are in severe need of capital investments, with serious sewage and plumbing repairs needed, leaks from ceilings into work areas,

- **Traffic Company and Forensic Services Division Facility** (\$162 million): Led by Public Works in coordination with the SFPD, this component relocates and seismically upgrades the facilities for the SFPD's motorcycle unit and crime lab. The Traffic Company is currently located in the seismically-deficient Hall of Justice while the crime lab is located at the Hunters Point Naval Shipyard. The Hall of Justice and the facility at Hunters Point Naval Shipyard are both slated for future demolition.
- **Office of the Chief Medical Examiner** (\$66 million): Led by Public Works in coordination with the San Francisco General Services Agency (GSA), this component provides for construction of a new facility for the Office of the Chief Medical Examiner, which is currently located at the Hall of Justice. The new building will be better aligned with accreditation standards and will provide a modern facility.



There have been multiple changes to the 2014 ESER bond program scope in the past year:

- **EFWS:** The PUC had been planning to deliver flexible water supply system (FWSS) improvements in the 2014 ESER bond, and studied various types of FWSS investments. However, based on feedback from SFPD and PUC stakeholders, FWSS has since been removed from the bond program. The \$21.5 million budget is being reassigned to the Potable Co-Benefits Pipeline¹¹, Ingleside AWSS Pipeline, and Mariposa/Terry Francois Boulevard AWSS Pipeline, and University Mound Pump projects, as well as other previously defined projects to accommodate project cost changes. In addition, the project count has decreased for EFWS due to project consolidation, but this consolidation is purely administrative and does not represent a change in scope.
- **Police Facilities:** In response to new agency priorities, the \$1.7 million project to improve the Golden Gate Stables has been removed from the bond program and replaced with a new simulation weapons training facility for use of force. Located at Lake Merced Range, it expands upon the outdated facilities at the Academy. A very small, urgent repair of a concrete wall at Park Station has also been added to this component.
- **Traffic Company and Forensic Services Division Facility:** A request was made subsequent to the passage of the bond to incorporate facilities for a new Body Worn Camera Unit to support the SFPD's adoption of body worn cameras for its sworn staff. The cost impact of these facilities is about \$2.5 million. The building design has been

poor ventilation and indoor air quality, and reliance on jerry-rigged repairs such as duct tape and extension cords in the absence of more durable building improvements.

¹¹ The Potable Co-Benefits Pipeline will provide drinking water but may also be pressurized to serve as part of the EFWS network in case of emergency. The majority of its budget is funded by water rates, with the ESER program funding the marginal cost of improvements to allow the pipeline to carry pressurized water for EFWS.

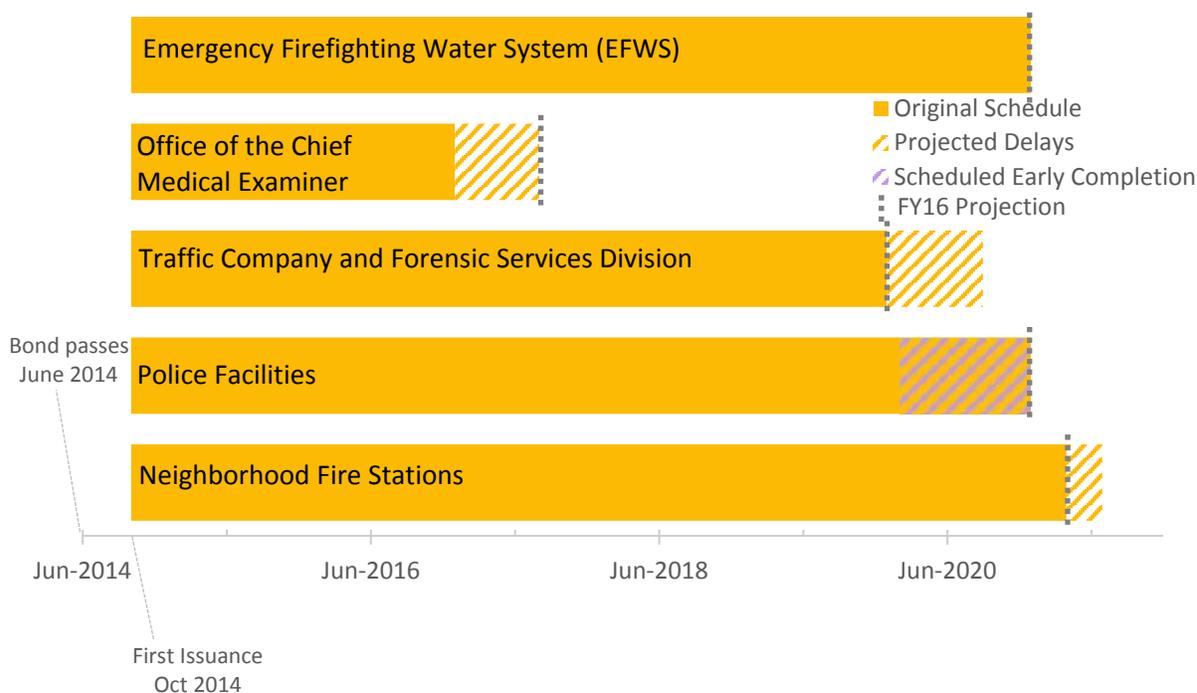
modified to provide this accommodation and now includes lab and office space for the 10 FTEs for the new unit.¹²

As reported in more detail in the 2010 ESER bond program chapter and also in last year's report, previously the NFS program moved Fire Station 35 from the 2010 ESER NFS program to the 2014 ESER NFS program.

Schedule and Progress

There have been changes to the schedule for all components other than EFWS. The overall bond program is delayed by three months, from March 31, 2021 to June 30, 2021.

Bond Schedule by Component



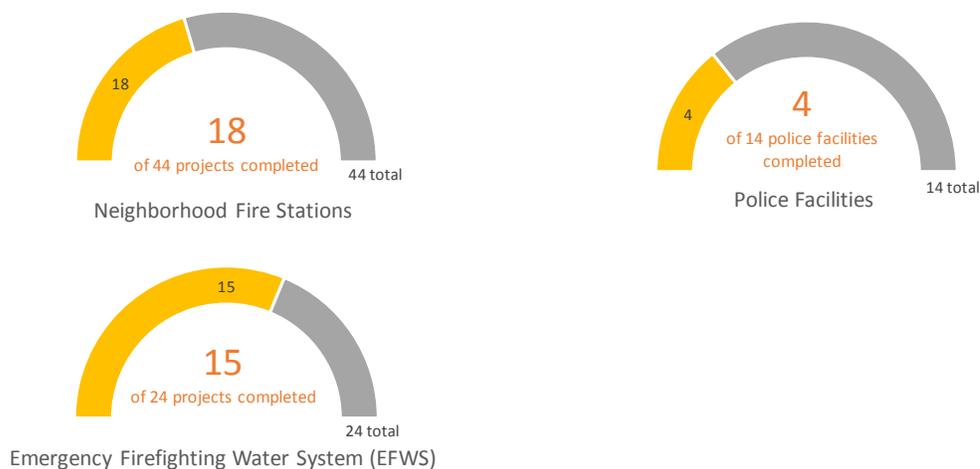
Multiple components have experienced schedule changes in the past year. The Traffic Company and Forensic Services Division project has been delayed by eight months, to August 2020. The initial schematic design phase submittal resulted in a project that could not be delivered within the fixed budget. As a result, Public Works is currently working with the architect to realign the design with the budget. Since the project released its RFP for a construction manager/general contractor (CM/GC) in May 2017, it is possible that the schedule or budget may be revised upon selection.

¹² The NFS program is reporting a lower number of projects this year as well, but this is due to repackaging of improvements at multiple sites into consolidated projects. There has been no change in the underlying scope associated with the 2014 ESER NFS program.

The NFS component has been delayed by three months due to the latest schedule update for Fire Station 35, the fireboat station to be located at Pier 22 ½. However, Public Works expects that the schedule for NFS may improve over the next year. The construction schedule is a criterion in the RFP to determine the selection of a design-build contractor for the project, so depending on the offers received from contractors the schedule may be shortened. Lastly, the Police Facilities component, originally projected to be completed in December 2020, is now projected to be completed approximately nine months earlier, in March 2020.

There has been progress in all components since last year. While NFS has repackaged projects, resulting in a nominally smaller project count completed this year than last, the cumulative amount expended within NFS has doubled over March to December 2016.

Bond Progress by Component



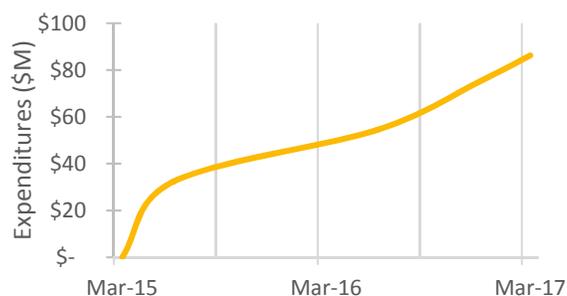
Since last year, the Police Facilities component completed its first four projects, and EFWS completed an additional three projects. Eleven of the 15 projects completed in EFWS have been structural assessments, with the remaining projects being the most expensive in the bond component.

Budget and Spending

As of December 31, 2016, \$75 million dollars of bond funding (19% of total) had been expended, with the majority of those funds spent on the Office of the Chief Medical Examiner (\$36 million) and Traffic Company and Forensic Services Division (\$22 million). The bond had issued \$208 million of debt, 52% of the total bond authorization.

Actual Expenditures¹³

Cumulative, FY2015 to March 2017

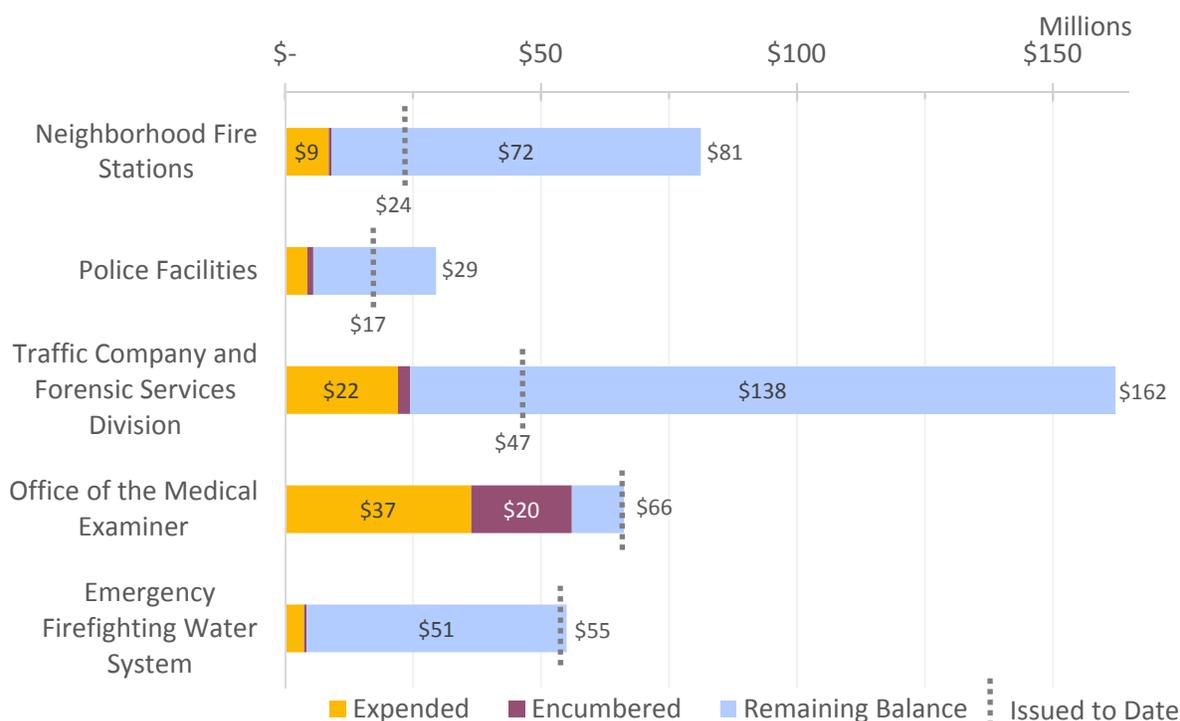


¹³ The chart shows only actual cumulative expenditures and does not show planned expenditures since pre-issuance documents filed with the Office of Public Finance projected the bond's encumbrance schedule rather than its expenditure schedule.

Since last year, \$2.3 million was transferred from the NFS component to the Office of the Chief Medical Examiner project to cover cost overruns.¹⁴

The chart on the next page shows bond expenditures and encumbrances as of December 31, 2016. As noted earlier, the majority of the projects completed in the EFWS component have been structural assessments, which are of relatively low dollar value. For this reason, the portion of funds expended for the EFWS component is significantly lower than the portion of projects completed to date.

Bond Expenditures and Encumbrances



Other Key Findings

- Public Works has found that it is important to be flexible with project delivery mechanisms that best respond to market conditions. For the relatively smaller projects within the NFS component, Public Works has avoided using a general contractor and has instead bid out each specialty trade contract directly as packages of improvements across multiple addresses. By doing so, they avoid paying unnecessary overhead to a general contractor for coordination, allow Public Works to self-perform some work, and are able to achieve higher local business enterprise (LBE) rates. By contrast, using a general contractor in a design-bid-build model has

¹⁴ Within the 2010 ESER bond program, savings from reduced cost of issuance and interest earned were allocated to NFS, offsetting this transfer within the 2014 ESER bond program.

been much more efficient for medium-sized projects than a CM/GC model due to the heated bid environment for trade contracts.

- Particularly with renovations, historic preservation requirements for projects can be unpredictable. In the past, Public Works has been given some discretion on the historic impact of modifications to doors, windows, and other elements, or to determine if a project falls within categorical exemption. However, the historic preservation process is now more centralized at the Planning Department, and project managers find it challenging to plan for their projects when it is not clear whether a building will be deemed historic.

2014 Transportation and Road Improvement Bond

Scope

The 2014 Transportation and Road Improvement bond comprises eight components. The SFMTA manages seven of these components and San Francisco Public Works manages the eighth.

- **Muni Forward Rapid Network Improvements** (\$191 million): This component will fund a restructure of transit service on Muni's high ridership lines to improve travel times and reliability, increase accessibility, and improve pedestrian safety.
- **Caltrain Upgrades** (\$39 million): This component funds part of San Francisco's share of reliability and safety improvements to Caltrain, including a new Advanced Signal System mandated by the Railroad Safety Act of 2008, which will improve safety and system performance.
- **Accessibility Improvements** (\$30 million): These improvements will enhance accessibility to transit for people with limited mobility or other disabilities. This component is currently expected to fund the installation of canopies over shared BART/Muni Metro station entrances to protect station escalators from the elements, improving reliability.
- **Muni Facility Upgrades** (\$70 million): This component funds the design and construction of projects to improve operations and accommodate expanded fleet needs at Muni's operations and maintenance facilities.
- **Major Transit Corridor Improvements** (\$28 million): This component upgrades streets that anchor the transit system to increase transit speed, reliability, and safety. It complements Muni Forward improvements by focusing on street corridors (e.g., the Better Market Street project) rather than individual transit routes.
- **Pedestrian Safety Improvements** (\$68 million): This component funds targeted pedestrian safety projects identified through WalkFirst, a data-driven effort to deliver effective engineering improvements to high-risk streets. These projects support the City's Vision Zero policy to end traffic fatalities by 2024.
- **Traffic Signal Improvements** (\$22 million): This component funds upgrades to traffic signals and operations, including 29 traffic signal improvements on and adjacent to Market Street. The installation of Pedestrian Countdown Signals (PCS) and Audible

At a glance

Passed: November 2014

Amount: \$500 million

Spending: \$12 of \$66 million issued (18%)*

Delays: None expected to overall bond program

Progress: 2 projects completed; all components to be completed by December 2022*

*As of December 31, 2016

Pedestrian Signals (APS) along with the upgraded traffic signals will improve safety for people crossing streets, including the visually impaired.

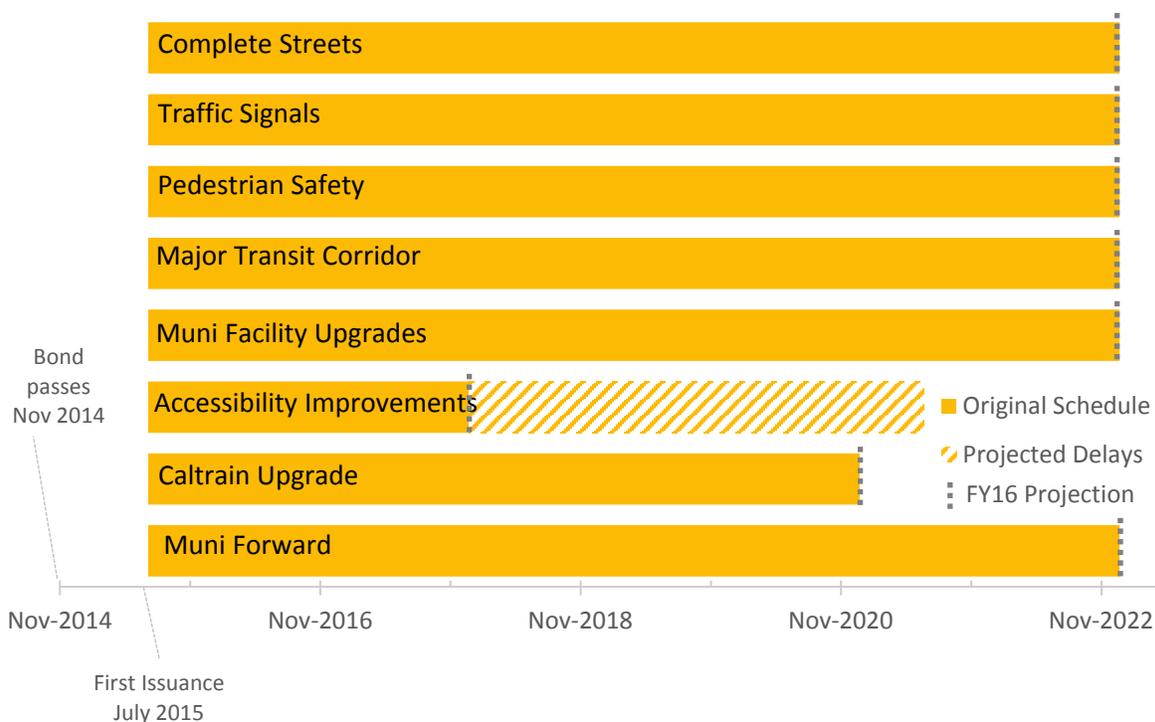
- Complete Streets Improvements** (\$52 million): This component provides funding for pedestrian and bicycle enhancements and public space improvements. It complements the 2011 Road Repaving and Street Safety bond by enabling coordinated projects to deliver these improvements under one construction contract. Its goal is to enable safe, convenient, and comfortable travel for all users through safer, well-defined bikeways and other improvements.

There have not been significant changes to the scope over the last year.

Schedule and Progress

The Transportation and Road Improvement bond had its first issuance of \$66 million in July 2015. Presently the Accessibility Improvements component is the only one with a delay to its projected completion date. Originally scheduled for completion in December 2017, the SFMTA now estimates that the work will be completed in June 2021. This component provides funding for the second phase of BART station canopies work, but the first phase is not yet complete.

Bond Schedule by Component



All other components are still projected to be completed within their original timelines, but there have been delays to individual projects within those components. In particular, the bond's first issuance allocated the majority of funds (\$43.6 million) to Muni Forward Rapid

Network Improvements, with optimistic assumptions about the timelines of these projects. The agency expected these projects to move to construction quickly since they had already completed conceptual design, but completing detailed design and moving into construction has gone more slowly than anticipated for multiple reasons:

- **Outreach and engagement:** Muni Forward projects have required more community outreach than the agency anticipated to reach approval for detailed design
- **Contractor issues:** Contracting has been challenging for some projects, such as the 5-Fulton which was put out to bid three times because the bids received failed to meet Local Business Entity (LBE) requirements
- **Coordination:** In order to minimize street disruptions, many Muni Forward projects require coordination with other infrastructure agencies such as the Public Utilities Commission and San Francisco Public Works, and with internal stakeholders such as Vision Zero. Such coordination can lead to project delays.

Despite delays, however, there has been progress on the bond program. The 9R-San Bruno and 10-Townsend projects have been completed, as well as the first phase of improvements on Mission Street (Inner Mission). Significant progress has also been made with the installation of the positive train control system in the Caltrain Upgrade component of the bond program. The bond program currently expects to spend all funds from the first issuance by mid-2018, and the entire bond program is projected to be completed by December 31, 2022. However, based on project progress and spending to date, delays are likely absent an acceleration of project delivery.

2 of 22 Muni Forward Rapid Network Improvement projects (9%) have been completed.

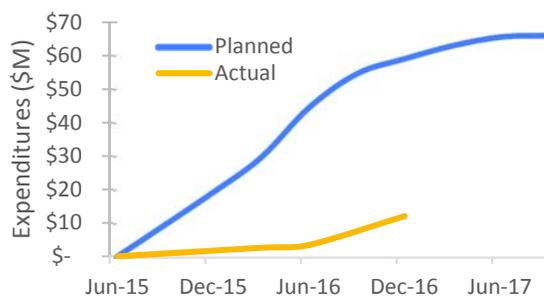
Budget and Spending

Twelve million dollars of bond funding (2.5% of total) was expended as of December 31, 2016, with the largest amount (\$7.2 million) within the Muni Forward Rapid Network Improvements component.

As discussed above, there have been delays to projects within the first issuance, which has also led to slower than anticipated spending over the past year. In particular, Muni Forward projects that had already reached conceptual design approval have been slower to reach detailed design approval, pushing back construction schedules.

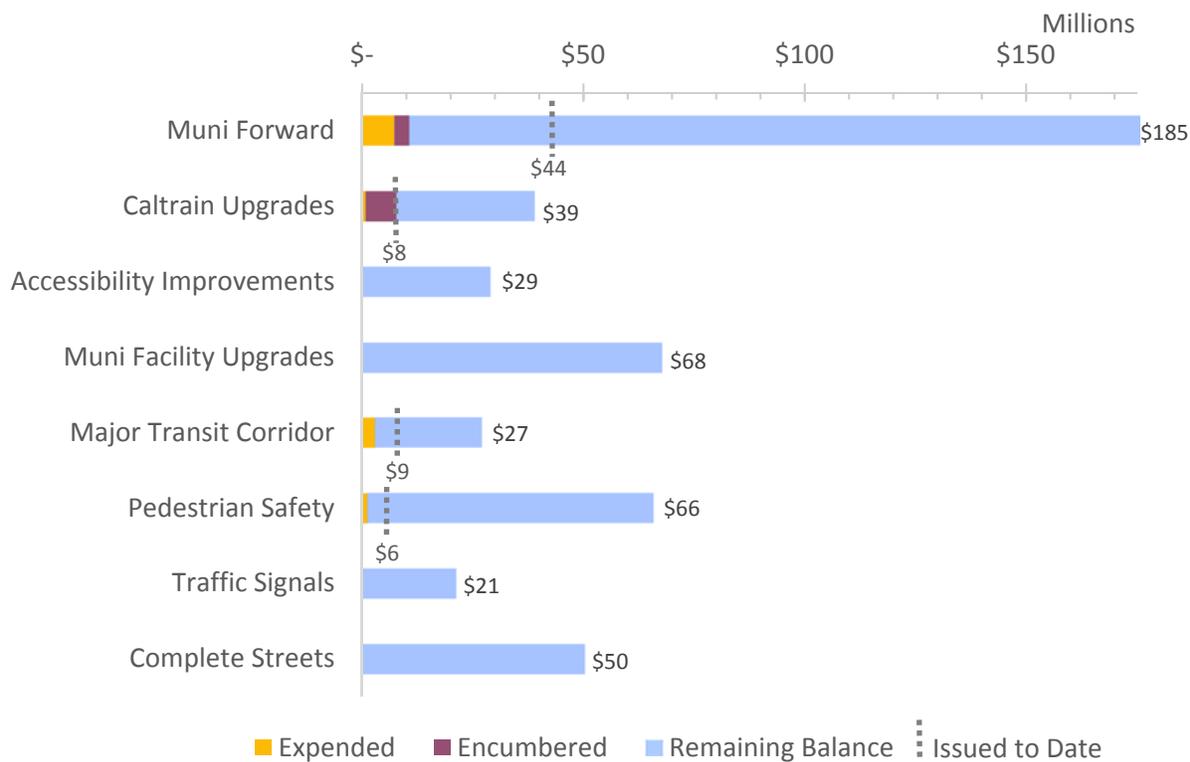
Planned versus Actual Expenditures

As planned before the first issuance



Progress has been made on the Advanced Signal System project within the Caltrain Upgrade component as well, but this is not fully reflected in the expenditure data since Caltrain had not invoiced the SFMTA for a significant amount of the work completed by December 2016.

Bond Expenditures and Encumbrances¹⁵



As with all bond programs, construction costs and the bid environment are a significant uncertainty that could impact the budget and/or scope of bond-funded projects. In addition, there is significant uncertainty around federal transportation funding. Federal funding sources are an important source of revenue for many transportation projects, including the Capital Investment Grant program that provides critical funding to bond-funded Caltrain projects.

Other Key Findings

- At any given time, there are dozens of public and private construction projects active in the street right of way. In response to the need to support greater levels of public and private construction activity (including delivering the projects within this and other City bond programs), the agency has hired more transit supervisors to redirect Muni around construction sites and support operations during reroutes.

¹⁵ The “issued to date” amounts in the chart reflects the allocations of the first issuance as of December 31, 2016. In July 2017, Ordinance No. 151-17 reallocated \$23.2 million from the Muni Forward and Pedestrian Safety components and \$3 million from the Major Transit Corridors component (\$26.2 million total) to the Muni Facility Upgrades component, which can use the funds more quickly.

- The bidding climate is currently very challenging for the public sector, with many local contractors at capacity. It is more difficult to attract local and small business contractors to bid, and prices for those that do are higher.

2015 Affordable Housing Bond

Scope

The 2015 Affordable Housing bond is managed by the Mayor's Office of Housing and Community Development (MOHCD), and includes four components:

- **Public Housing** (\$80 million): This component will accelerate HOPE SF, a program to revitalize San Francisco's public housing. The bond will be used at two of the four HOPE SF sites (Sunnydale and Potrero) to expedite development, reducing the amount of time these neighborhoods are disrupted by construction and getting residents out of substandard living conditions more quickly. This component will fund 408 housing units.
- **Affordable Housing** (\$100 million): This component will fund loans for the construction of new housing units for low-income families, veterans, seniors, homeless and other special needs households. This component also preserves and rehabilitates existing rental housing through the Small Sites Program, which removes buildings from the speculative market and preserves housing for households averaging 80% of area median income (AMI). This component is projected to fund construction, rehabilitation, or preservation of 757 housing units.
- **Mission Area Plan** (\$50 million): This component is an additional set-aside of Affordable Housing funds designated for the Mission neighborhood, which has been particularly impacted by increased rents and displacement. It will fund loans for the construction of 143 units of multifamily housing.
- **Middle-Income Housing** (\$80 million): This component focuses on middle-income families and educators. It funds expansion of the Downpayment Assistance Loan Program (DALP), the Teacher Next Door (TND) program to assist San Francisco Unified School District teachers in buying their first home, and the production of housing for teachers and middle-income families. This component will fund affordability programs or construction for 320 housing units or households.

There have been no changes to the scope of the bond program in the past year. Unlike other bond programs, the City does not directly manage the construction projects funded by the Affordable Housing bond, but rather uses the bond funds to make loans to affordable housing developers who manage the projects with oversight by MOHCD. This structure

At a glance

Passed: November 2015

Amount: \$310 million

Spending: \$6 of \$74 million issued (8%)*

Delays: None expected to overall bond program

Progress: 13 of 1,628 housing units completed (1%)*

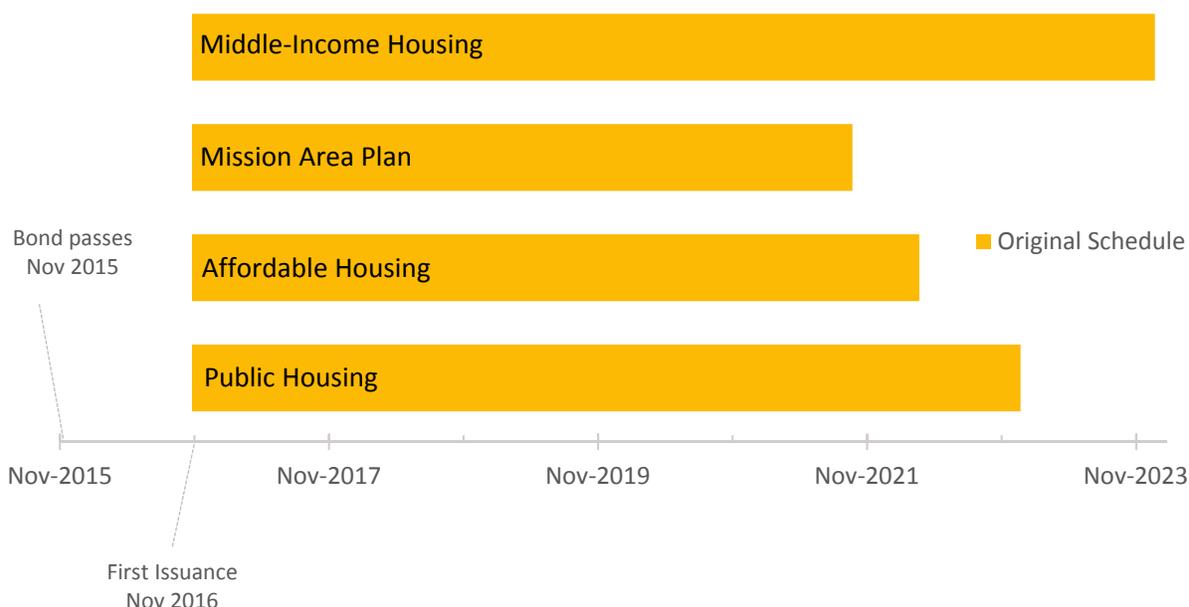
*as of December 31, 2016

allows developers to qualify for federal tax credits and other funding sources in addition to bond funds.

Schedule and Progress

The Affordable Housing bond is one of the newest bond programs in the City's portfolio, and had its first issuance of \$74.4 million in November 2016. As such, the bond is still early on in its project progress. There have been no changes to scheduled completion dates for the bond components. MOHCD projects the entire bond program to be completed by December 31, 2023. However, based on project progress and spending to date, program delays appear likely absent an acceleration of project work.

Bond Schedule by Component



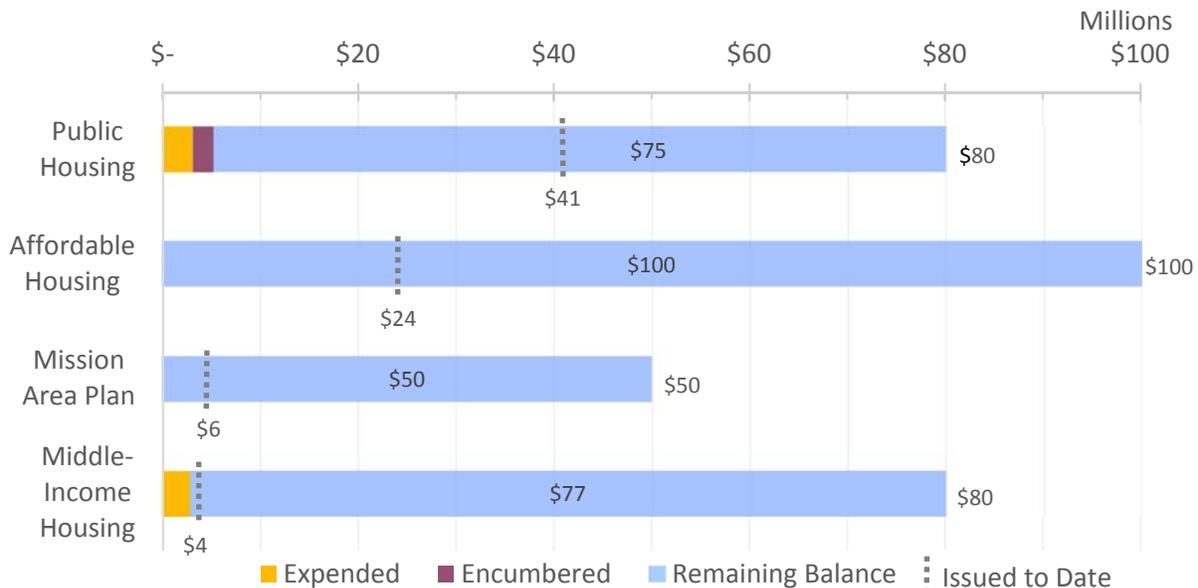
Middle-Income Housing is the only component with completed projects as of December 31, 2016, with 13 households having received TND and/or DALP loans. For Public Housing, construction began in January 2017 for Potrero and is scheduled to begin in late 2017 for Sunnydale. The Affordable Housing and Mission Area Plan multifamily projects are in the process of executing loan agreements on four sites as of March 2017, with all four sites in pre-construction (planning or design). As of January 2017, the Small Sites Program had finalized its first issuance pipeline, with 51 units to be acquired and rehabbed in 2017.

13 of 1,628 housing units (1%) have been completed, all within the Middle-Income Housing component.

Budget and Spending

Six million dollars (2% of total) of bond funding was expended as of December 31, 2016, including \$3.1 million of expenditures within the Public Housing component and \$2.9 million within the Middle-Income Housing component. Spending within the other two components is expected once loans are disbursed for the four pending affordable housing projects and anticipated Small Sites.

Bond Expenditures and Encumbrances



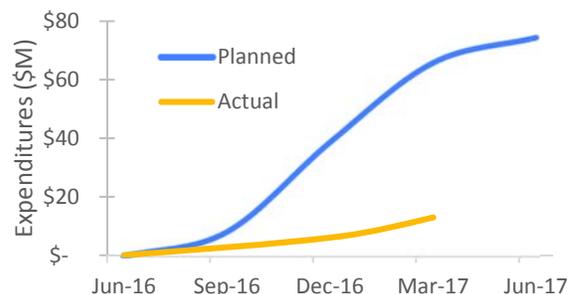
The bond proceeds have been spent more slowly than originally planned before the first issuance (\$6 million spent as of December 2016 versus \$38.8 million planned). However, the initial expenditure schedule for the first issuance assumed \$8.3 million in expenditures in FY2017 Q1, whereas the issuance funds were not delivered until Q2 (in November 2016).

As with all the bond programs, changes in the regional economy and construction costs are a significant uncertainty that could impact the budget and/or scope of bond-funded projects. In addition to the regional economy, there are other significant budget pressures on the Affordable Housing bond program:

- Funding from the U.S. Department of Housing and Urban Development (HUD) faces likely cuts.
- With the new federal administration, the possibility of reduced corporate tax rates has led to decreased demand for tax credits, a major financing mechanism for affordable housing.

Planned versus Actual Expenditures

As planned before the first issuance



- Projects that face lawsuits or community resistance are usually delayed, resulting in increased construction costs.

Other Key Findings

The Affordable Housing bond has a significant impact on the City's ability to support housing affordability.

- Within the Affordable Housing component, the Small Sites Program was able to leverage the bond program to grow from a pilot, which would not have been possible without the bond.
- For Middle-Income Housing, the bond is MOHCD's only source of funding for households between 120-175% of area median income (AMI).

Although the bond is still early on, there have been some lessons learned:

- More extensive community outreach and education is necessary when developing in neighborhoods that have not traditionally seen affordable housing development.
- The use of an open Notice of Funding Availability (NOFA) to solicit projects for the Affordable Housing component was a rare approach for MOHCD and was successful. The NOFA received applications with creative non-housing components including non-profit or childcare spaces that were robustly sized, thoughtful about affordability, and contextually relevant in their communities.

2016 Public Health and Safety Bond

Scope

The 2016 Public Health and Safety bond program is managed by San Francisco Public Works, and includes six components:

- **Zuckerberg San Francisco General Hospital, Building 5** (\$222 million): This component will fund earthquake safety and fire/life safety improvements at Zuckerberg San Francisco General Hospital's (ZSFG) Building 5, the 1970s-era building that served as the main hospital until May 2016. In addition to improving the building's safety, the bond will fund ADA accessibility improvements, and enhance service delivery through the creation of a centralized ambulatory care center, including outpatient and specialty clinics, urgent care, and behavioral health.
- **Southeast Health Center** (\$30 million): This component will fund the modernization of the Southeast Health Center, one of the SF Health Network's busiest clinics. The first phase will renovate the existing facility, increasing patient capacity and ADA accessibility. The second phase will expand the existing structure by approximately 20,000 square feet, incorporating primary care and behavioral health services on site.
- **Other Community Health Centers** (\$20 million): This component will fund seismic retrofits and renovations at other SF Health Network community health centers, including the Castro-Mission Health Center, Maxine Hall Health Center, Chinatown Public Health Center, and other sites to be identified and prioritized by the San Francisco Department of Public Health.
- **Homeless Services Site Program** (\$20 million): This component will fund capital improvements to City-owned shelters serving homeless families and individuals to increase capacity and resilience. It will also create a centralized deployment and service facility for the San Francisco Homeless Outreach Team and expand the use of innovative models such as the Navigation Center. The detailed scope for this component is still in development.
- **Ambulance Deployment Facility** (\$43.5 million): This component will fund the construction of a modern, seismically safe ambulance deployment facility. This new facility will ensure that ambulance dispatch functions remain operational after a major

At a glance

Passed: June 2016

Amount: \$350 million

Spending: \$7 of \$176 million issued (4%)*

Delays: None expected to overall bond program

Progress: No projects completed*

*As of December 31, 2016

earthquake, and will help the San Francisco Fire Department (SFFD) reduce emergency medical services response times.

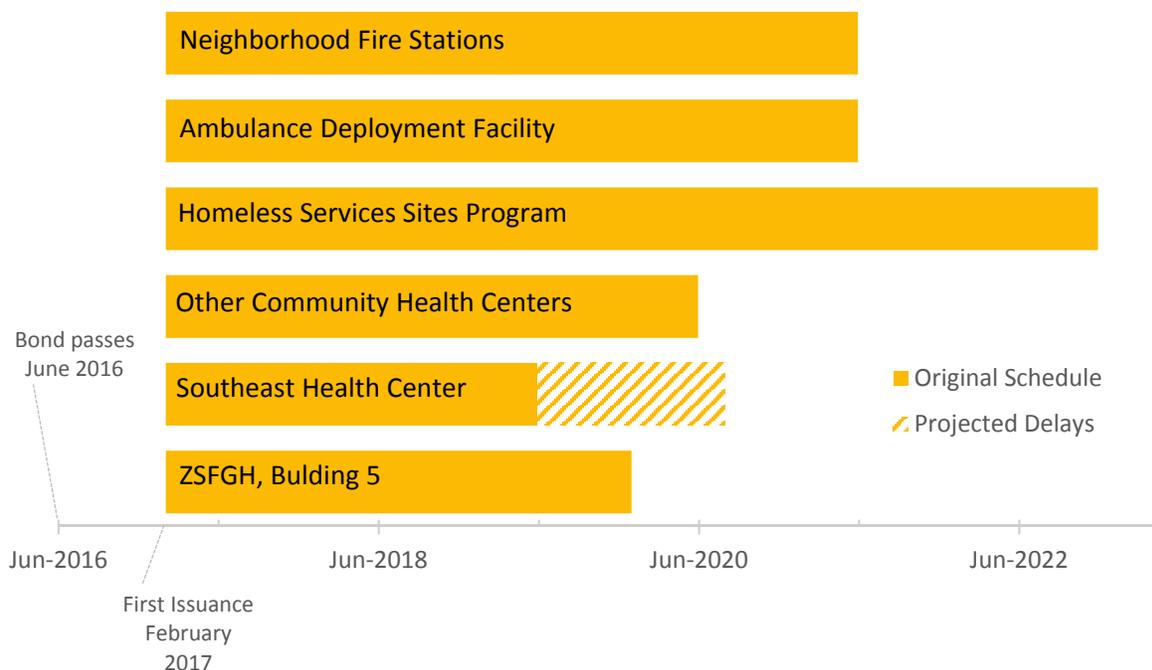
- Neighborhood Fire Stations** (\$14.5 million): This component will fund improvements to SFFD’s neighborhood fire stations, building on the work from the 2010 and 2014 ESER bond programs of seismic retrofitting and other health and safety improvements. An early priority of this component is addressing the seismic safety of hose towers at neighborhood fire stations, but a detailed scope for this component is still in development.

There have been no changes to the scope of the bond program in the past year as this is the newest bond program in the City’s bond portfolio. There is not yet a complete and specific scope of projects to be funded by the Other Community Health Centers, Homeless Services Sites Program, and Neighborhood Fire Stations components.

Schedule and Progress

The Public Health and Safety bond is the City’s newest bond program, and had its first issuance of \$173.1 million in February 2017. As such, the bond is early on in its progress, and the projects and their schedules are still being defined for multiple components.

Bond Schedule by Component



As Public Works continues to work closely with the Department of Public Health to finalize the program for the Southeast Health Center component, the project team has refined the original schedule, delaying it by 18 months to reflect a more realistic target completion date. The overall bond program however is still scheduled to be complete by November 2022.

While no projects have been completed yet for the bond program, there has been progress on multiple components as of May 2017:

- **ZSFG Building 5:** Five projects are in design and one in construction.
- **Southeast Health Center:** Design was complete and construction has started for Phase 1 (renovation), and programming has been initiated for Phase 2 (expansion).
- **Other Community Health Centers:** Planning and programming were completed and design initiated for Castro-Mission and Maxine Hall Health Centers; seismic assessment has been initiated for Chinatown Public Health Center.
- **Homeless Services Site Program:** This first three project sites have been identified.
- **Ambulance Deployment Facility:** Conceptual design was completed in advance of the bond's passage.
- **Neighborhood Fire Stations:** Five hose tower removal sites have been identified, with another one under analysis and expected to be added.

Budget and Spending

Seven million dollars of bond funding was expended as of December 31, 2016 (2% of total, and 7% of the funds issued to date), with the majority of spending (\$4.1 million) within the ZSFG Building 5 component.¹⁶

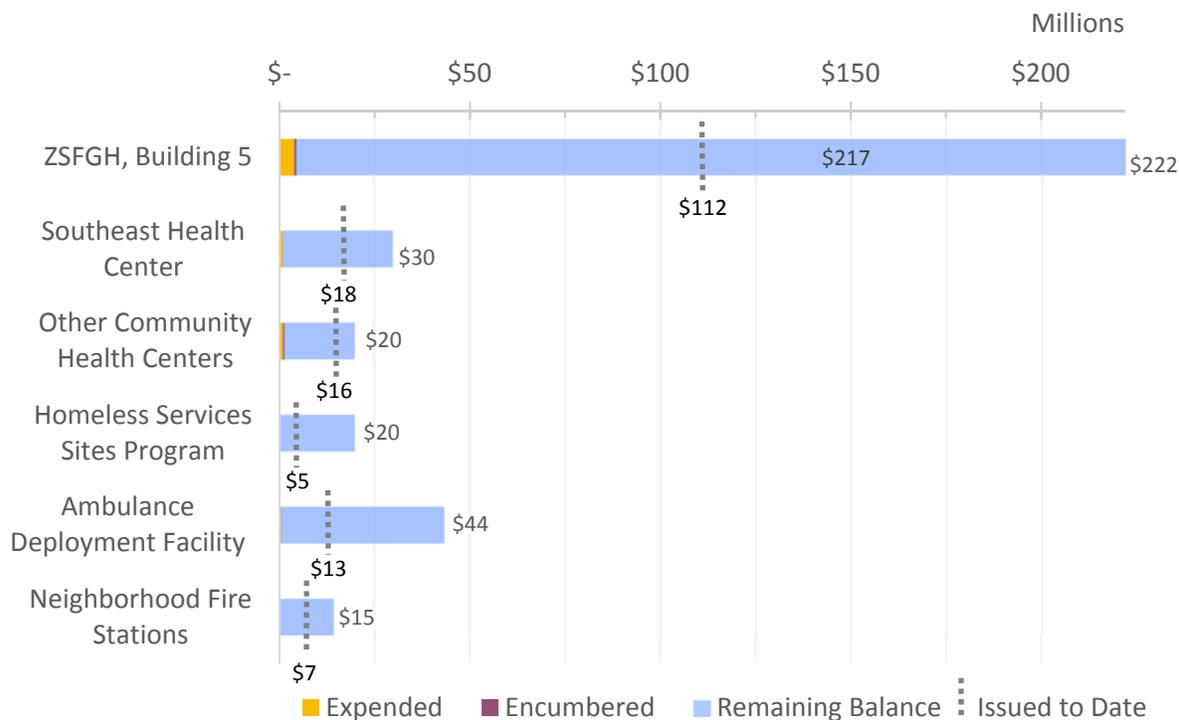
The bond program is leveraging a small amount of external funds for some projects. For ZSFG Building 5, a limited amount of funding may be available from the SFGH Foundation. In addition, the Other Community Health Centers component is receiving a contribution from the San Francisco Public Utilities Commission for specific infrastructure improvements related to energy efficiency. All other work is expected to be completed entirely with bond funds except for furniture, fixtures, and equipment (FF&E) expenses, which are not GO bond-eligible and will be covered by general funds.

The Castro-Mission and Maxine Hall Health Centers were both found to require seismic retrofitting that was not in their original budgets, costing an additional \$1 to \$2 million at each site. This may reduce the amount of scope that can be completed at other sites within the Other Community Health Centers component. The bid environment, as with all bond programs, is also a significant uncertainty that may place pressure on the bond program's budget in the future.

¹⁶ Spending before the first bond issuance (February 2017) was funded by a pre-bond appropriation from general funds to be reimbursed out of the first bond issuance.

Bond Expenditures and Encumbrances

As of December 31, 2016 (Issuance data as of February 1, 2017)



Other Key Findings

Although the bond is still early on, there have been some lessons learned:

- For this bond program as well as others, project managers emphasized the need for adequate preliminary funding to study and plan bond components before they are placed on the ballot. For instance, the Ambulance Deployment Facility Project has discovered, through detailed site investigation, that site conditions and soil contamination are more severe than anticipated. This issue could have been detected earlier with more extensive pre-bond planning. There is currently a limited amount of funding from Capital Planning to perform this type of pre-bond planning for some projects, but not enough to support all bond programs.
- The Ambulance Deployment Facility had originally intended to deliver the project using a construction manager/general contractor (CM/GC) project delivery model, but has switched to a design-bid-build (DBB) model because of the anticipated challenges in procuring subtrade contracts in a heated bid environment, particularly for specialty trade contractors. In a CM/GC model, the total construction cost is unknown until all trade subcontracts have been procured, and the budget risk falls on the City if subcontractor bids come in above target. In a DBB model the risk falls primarily on the general contractor, who assembles a team of subcontractors prior to bidding. The project managers' experience has highlighted the need to be flexible with different project delivery mechanisms that best respond to market conditions.

| Appendices

APPENDIX A: Financial Summary of Bond Programs

Bond Program and Component	Revised Budget	Issued to Date	Expended	% of Budget Expended	% of Issued Expended
2008 SFGH and Trauma Center Earthquake Safety	\$887,400,000	\$887,400,000	\$852,850,246	96%	96%
SFGH Rebuild	\$887,400,000	\$887,400,000	\$852,850,246	96%	96%
2008 Clean and Safe Neighborhood Parks	\$186,439,654	\$186,439,654	\$173,142,386	93%	93%
Citywide Programs	\$37,742,167 *	\$37,742,167	\$34,899,780	92%	92%
Neighborhood Parks	\$115,087,841 *	\$115,087,841	\$114,384,704	99%	99%
Waterfront Parks	\$33,609,646 *	\$33,609,646	\$23,857,903	71%	71%
2010 Earthquake Safety and Emergency Response	\$410,417,925	\$405,418,294	\$335,443,634	82%	83%
Public Safety Building (PSB)	\$236,661,978 *	\$236,111,976	\$231,809,069	98%	98%
Neighborhood Fire Stations (NFS)	\$71,355,947 *	\$66,906,318	\$32,499,355	46%	49%
Auxiliary Water Supply System (AWSS)	\$102,400,000 *	\$102,400,000	\$71,135,210	69%	69%
2011 Road Repaving and Street Safety	\$247,750,969	\$247,750,969	\$193,144,252	78%	78%
Street Resurfacing	\$147,416,715 *	\$147,416,715	\$117,591,729	80%	80%
Street Structures	\$6,884,500 *	\$6,884,500	\$6,850,608	100%	100%
Sidewalk Accessibility	\$21,636,872 *	\$21,636,872	\$21,554,398	100%	100%
Streetscape	\$52,025,404 *	\$52,025,404	\$30,643,288	59%	59%
Traffic Signals	\$19,787,478 *	\$19,787,478	\$16,504,229	83%	83%
2012 Clean and Safe Neighborhood Parks	\$193,000,000	\$113,739,930	\$46,772,173	24%	41%
Citywide Parks	\$21,000,000	\$3,602,200	\$1,006,639	5%	28%
Citywide Programs	\$40,500,000	\$16,756,230	\$1,912,016	5%	11%
Neighborhood Parks	\$97,000,000	\$61,981,500	\$28,125,846	29%	45%
Waterfront Parks	\$34,500,000	\$31,400,000	\$15,727,672	46%	50%
2014 Earthquake Safety and Emergency Response	\$393,200,000	\$207,872,387	\$75,050,934	19%	36%
Neighborhood Fire Stations	\$81,216,976 *	\$23,793,508	\$8,546,766	11%	36%
Emergency Firefighting Water System (EFWS)	\$54,065,000	\$54,065,000	\$4,355,793	8%	8%
Police Facilities	\$29,490,000 *	\$17,077,654	\$22,073,747	75%	129%
Traffic Company & Forensic Services Division Facility	\$162,195,000 *	\$46,703,201	\$36,359,170	22%	78%
Office of the Chief Medical Examiner	\$66,233,024 *	\$66,233,024	\$3,715,458	6%	6%
2014 Transportation and Road Improvement	\$485,000,000	\$66,001,533	\$12,049,391	2%	18%
Muni Forward Rapid Network Improvements	\$184,785,249 *	\$43,648,533	\$7,208,168	4%	17%
Caltrain Upgrades	\$39,000,000 *	\$7,760,000	\$755,241	2%	10%
Accessibility Improvements	\$29,023,861 *	\$0	\$0	--	--
Muni Facility Upgrades	\$67,722,343 *	\$0	\$0	--	--
Major Transit Corridor Improvements	\$27,088,937 *	\$8,500,000	\$2,918,804	11%	34%
Pedestrian Safety Improvements	\$65,787,419 *	\$6,093,000	\$1,167,178	2%	19%
Traffic Signal Improvements	\$21,284,165 *	\$0	\$0	--	--
Complete Streets Improvements	\$50,308,026 *	\$0	\$0	--	--
2015 Affordable Housing	\$310,000,000	\$74,403,014	\$5,994,601	2%	8%
Public Housing	\$80,000,000	\$40,600,000	\$3,120,501	4%	8%
Affordable Housing (up to 80% AMI)	\$100,000,000	\$24,000,000	\$0	0%	0%
Mission Area Plan	\$50,000,000	\$6,000,000	\$0	0%	0%
Middle-Income Housing (80% AMI and above)	\$80,000,000	\$3,803,014	\$2,874,100	4%	76%
2016 PHSB	\$350,000,000	\$171,400,000	\$6,754,273	2%	4%
ZSFGH, Building 5	\$222,000,000	\$112,100,000	\$4,073,491	2%	4%
Southeast Health Center	\$30,000,000	\$18,200,000	\$1,025,990	3%	6%
Other Community Health Centers	\$20,000,000	\$16,200,000	\$1,085,074	5%	7%
Homeless Services Sites Program	\$20,000,000	\$4,900,000	\$0	0%	0%
Ambulance Deployment Facility	\$43,500,000	\$13,300,000	\$569,718	1%	4%
Neighborhood Fire Stations	\$14,500,000	\$6,700,000	\$0	0%	0%

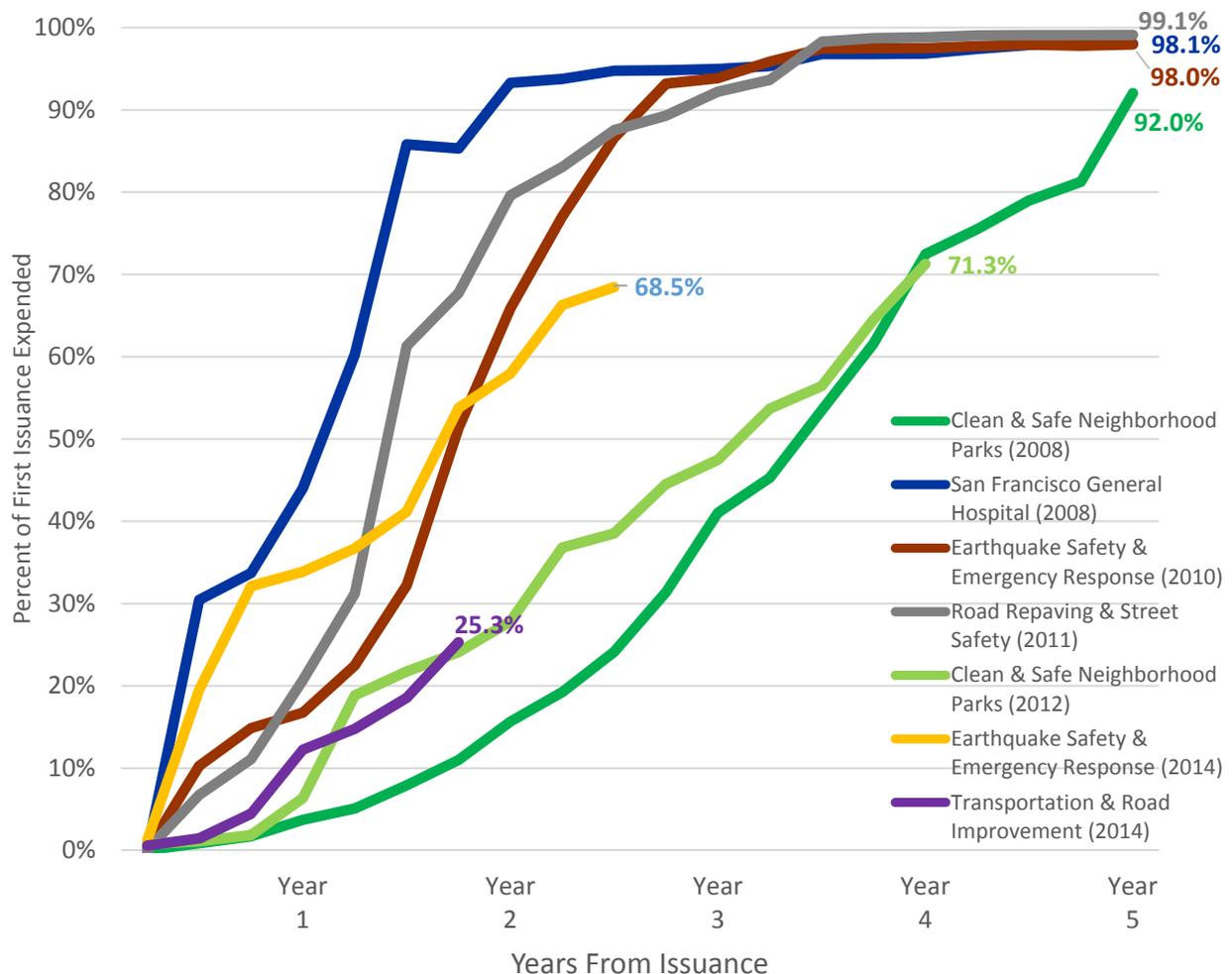
Note: An asterisk indicates that the revised budget amount excludes cost of issuance for that component.

APPENDIX B: Cumulative Spend Rate for First Bond Issuance

The chart below, prepared by the Office of Public Finance in April 2017, shows the cumulative spend rate for bond programs' first issuances, as of April 2017. This comparison shows the relative pace at which bond programs expended their first issuance. Bond programs' ability to quickly expend funds from their first issuance is a function of many factors, but a significant factor is the availability of funds for pre-bond planning. The 2008 SFGH Rebuild bond has had the fastest rate of spending on its first issuance, which can be significantly attributed to pre-bond planning, which not only allowed the project to move quickly into construction but also resulted in it being completed under budget and with only three months of delay.

GO Bond Program Cumulative Spend Rate for First Bond Issuance

As of April 2017



APPENDIX C: Glossary

Actual Completion Date: Date the last project within a component reached substantial completion.

Appropriated Interest: Interest earned on held bond proceeds, minus any payments necessary to the IRS under federal arbitrage limitations. Upon review, the outstanding interest on bond proceeds may be added to the bond program budget.

Bond Program: A set of capital improvements, including its components, authorized by the voters.

CGOBOC: The Citizens' General Obligation Bond Oversight Committee.

Component: A defined element of a bond program, which may either be a distinct capital project or a program of improvements, and which is assigned to a lead department.

Change Orders: Work that is added, removed, or otherwise modified from a contract's original scope of work, which then alters the contract dollar amount and/or completion date. Change orders typically are categorized as being due to client requests, errors and omissions, unforeseen conditions, or code issues.

Encumbered: Money set aside for designated future expenses, which cannot be used for any other purposes.

Issuance Date: The date of issuance of debt to provide proceeds to bond programs for capital improvements. The date used is the "delivery date" from the Office of Public Finance's Primary Market Disclosure/Final Official Statements page.¹

Issued to Date: The total amount of bond funds issued as of December 31, 2016.

Original Budget: Total bond funding anticipated to be spent as stated in the bond report issued prior to bond passage; if a component budget is not published in the bond report issued prior to bond passage, the first component budget reported to CGOBOC after bond passage is used as the original budget.

Original Completion Date: Estimated completion date of the last project within a component as stated in the bond report issued prior to bond passage; if a component end date is not published in the bond report issued prior to bond passage, the first component completion date reported to CGOBOC after bond passage is used as the original completion date for that component.

Projected Completion Date: The estimated completion date of the last project within a component or bond program, as of December 31, 2016 unless otherwise stated.

Revised Budget: Total bond funding anticipated to be spent for the bond program or a specific component, as of December 31, 2016 unless otherwise stated.

¹ <http://sfcontroller.org/primary-market-disclosurefinal-official-statements-upcoming-sales>

APPENDIX D: Construction-Related Audits

The following are highlights of the construction-related audits completed by the City Services Auditor Division (CSA), Audits Unit, from July 1, 2016, through June 30, 2017.

Date Issued	Report
6/15/2017	<p data-bbox="406 514 1458 577"><i>Field Follow-up of the 2014 Audit of the Department of Public Works' Public Safety Building</i></p> <p data-bbox="406 619 1458 787">The memorandum provided a follow-up on the 2014 audit, <i>Department of Public Works: Controls Over the Public Safety Building Project Should Be Strengthened to Improve Project Scheduling and the Change Management Process</i>. The memorandum found that all 11 recommendations in the 2014 report have been fully implemented or are no longer applicable and are considered closed.</p>
4/11/2017	<p data-bbox="406 829 1458 892"><i>Citywide Construction: The City Would Benefit From a More Proactive Approach to Construction Safety Management</i></p> <p data-bbox="406 934 1458 1102">The audit found that the City does not have a proactive, strategic approach to construction safety management, leading to a lack of collaboration among city departments to share knowledge and training. No citywide policies and procedures specific to construction safety exist, and city employees at city construction sites do not always have proper safety training.</p>
3/16/2017	<p data-bbox="406 1144 1458 1207"><i>Department of Public Works: The Department Expended 2008 SFGH Rebuild Bond Funds in Accordance With the Ballot Measure</i></p> <p data-bbox="406 1249 1458 1344">The audit found that expenditures for the bond program were in accordance with the ballot measure. The benchmarking analysis found the City's timeline and total costs were in alignment with similar projects.</p>
2/16/2017	<p data-bbox="406 1386 1458 1449"><i>Department of Public Works: Management Letter on Benchmarking Costs for the 2011 Road Repaving and Street Safety Bond Program</i></p> <p data-bbox="406 1491 1458 1669">The benchmarking analysis found that the bond program's project management, construction management, and design costs as a percentage of construction costs were higher than expected. However, in its response to the management letter, the Department of Public Works indicated that the 2011 RRSS project costs reviewed were within the range of those in other municipalities based on the <i>2015 California Multi-Agency CIP Benchmarking Study</i>.</p>

Date Issued	Report
2/16/2017	<p data-bbox="423 323 1419 386"><i>Department of Public Works: Management Letter on Benchmarking Costs for the 2010 Earthquake Safety and Emergency Response Bond Program</i></p> <p data-bbox="423 428 1419 611">The benchmarking analysis found that the bond's project management, construction management, and design costs as a percentage of construction costs were higher than expected. However, in its response to the management letter, the Department of Public Works indicated that the 2010 ESER project costs reviewed were within the range of those in other municipalities based on the <i>2015 California Multi-Agency CIP Benchmarking Study</i>.</p>
1/17/2017	<p data-bbox="423 653 1419 743"><i>Recreation and Park Department & Department of Public Works: Department Change Order Processes Increased Risk of Disputes and Delayed Contractor Payment for the Joe DiMaggio Playground Improvement Project</i></p> <p data-bbox="423 785 1419 877">The audit of the contract between Bauman Landscape and Construction, Inc., and the Recreation and Park Department found that the review and approval of change order processes could be improved.</p>
10/20/2016	<p data-bbox="423 926 1419 1016"><i>San Francisco Municipal Transportation Agency: The Agency's Indirect Cost Allocation Plan for the Fiscal Year Ending June 30, 2015, Generally Complied With Federal Requirements</i></p> <p data-bbox="423 1058 1419 1150">The audit found that the methodology the Agency employed for its fiscal year 2014-15 indirect cost allocation plan was reasonable and generally complied with federal requirements.</p>
7/25/2016	<p data-bbox="423 1192 1419 1283"><i>Department of Public Works: Expenditures at the Department for the 2011 Road Repaving and Street Safety Bond Program Were in Accordance With the Ballot Measure</i></p> <p data-bbox="423 1325 1419 1451">The audit found that expenditures for the bond program were in accordance with the ballot measure. No funds were used for any administrative salaries or other general governmental operating expenses other than those specifically authorized in the ballot measure for such bonds.</p>
7/13/16	<p data-bbox="423 1493 1419 1556"><i>San Francisco Municipal Transportation Agency: The Overhead Rate of One Central Subway Project Consultant Must Be Reduced</i></p> <p data-bbox="423 1598 1419 1755">The audit considered the overhead rates of three consultants and found that two consultants do not need overhead rate adjustments. One consultant incorrectly included non-reimbursable project expenses in its overhead rate calculations or was unable to demonstrate appropriate separation of personal or direct costs from indirect costs.</p>

Date Issued	Report
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7/12/16

Department of Public Works: Expenditures at the Department for the 2010 Earthquake Safety and Emergency Response Bond Program Were in Accordance With the Ballot Measure

The audit found that expenditures for the bond program were in accordance with the ballot measure. No funds were used for any administrative salaries or other general governmental operating expenses other than those specifically authorized in the ballot measure for such bonds.

APPENDIX E: 2008 SFGH and Trauma Center Earthquake Safety (SFGH Rebuild) Bond

Scope

In November 2008, voters approved the \$887.4 million San Francisco General Hospital and Trauma Center Earthquake Safety (SFGH Rebuild) bond. The 2008 SFGH Rebuild Program provided for the construction of a state-of-the-art and seismically resilient new hospital. The facility reached substantial completion on August 18, 2015, three months after its original projected completion date.

The bond program included only one project, the delivery of a new acute care hospital, but the hospital project was completed with cost savings and earned interest. As the original bond measure authorized "related costs necessary or convenient" for the rebuilding and improvement of the hospital, portions of the remaining funds are being used for four smaller follow-on projects. These projects address needs that have arisen during the construction of the hospital, either from changes in policy mandates over the nine years of construction or other site needs that have arisen.

Follow-On Projects

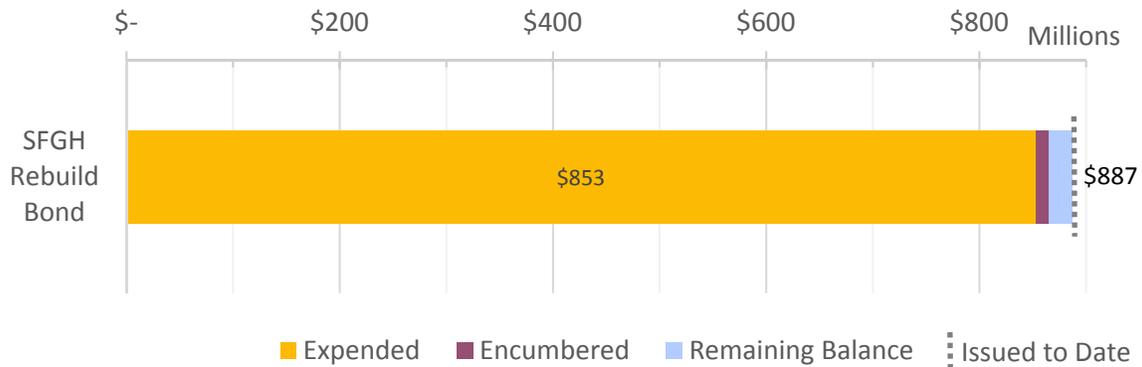
Project Name	Description	Budget	Completion Date
Plant Services Building NPC-4 Seismic Upgrade	Retrofit of architectural components, including existing utilities and equipment anchorages, to meet OSHPD NPC-4 (Non-structural Performance Category, Rating 4) seismic safety standards.	\$2.2 million	April 2017 (actual)
Building 5 Ground Floor Remodel at Tunnel Connection and Second Floor Remodel at Bridge Connection	Renovate areas affected by the bridge and tunnel connection between the new Hospital (Building 25) and the existing Main Hospital (Building 5) to create the corridor access between these two buildings.	\$7 million	July 2017 (expected)
ZSFG Pneumatic Tube Connectivity Project	Replacement of existing pneumatic tube equipment in the basement and installation of new pneumatic tube stations in Building 5, Second Floor.	\$1.3 million	February 2016 (actual)
Miscellaneous ZSFG Follow-on Projects	Miscellaneous minor projects in the new hospital driven by ZSFG operational and California Department of Public Health (CDPH) licensing needs.	Based on availability of remaining funds; currently projected at \$4.1 million.	Multiple completion dates as new scopes are being added by ZSFG.

Budget and Spending

As of December 31, 2016, \$853 million dollars (96% of total) of bond funding had been expended, with another 1.4% of bond funds encumbered. The table below shows the expenditures and encumbrances for the entire bond program, including both the main project and follow-on projects.

Bond Expenditures and Encumbrances

Entire bond program (main project & follow-on projects)



The following table provides more detail on the follow-on projects that will be delivered with the overall bond program's remaining balance.

Follow-on Projects: Expenditures and Encumbrances

Subset of the entire \$887.4 million bond program

