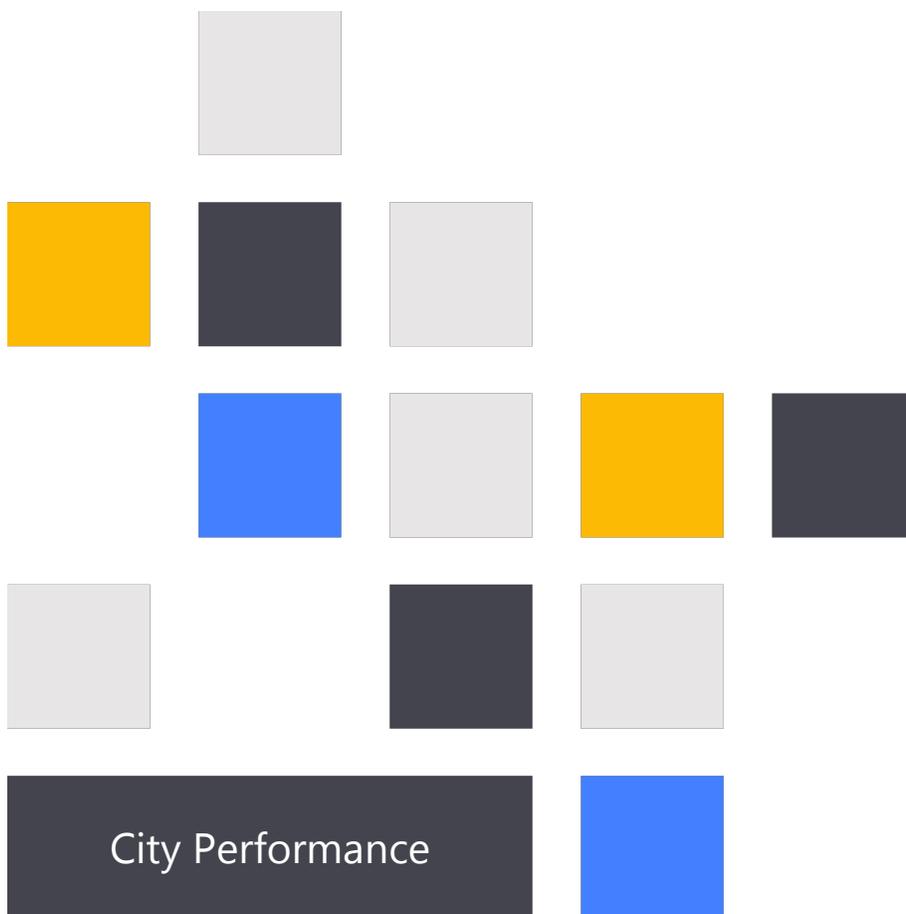


Annual General Obligation Bond Program Report

Fiscal Year 2018-19

A high-level overview, as of June 30, 2019, of scope, schedule, budget, and key findings for the City's general obligation bond programs.



March 4, 2020

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.

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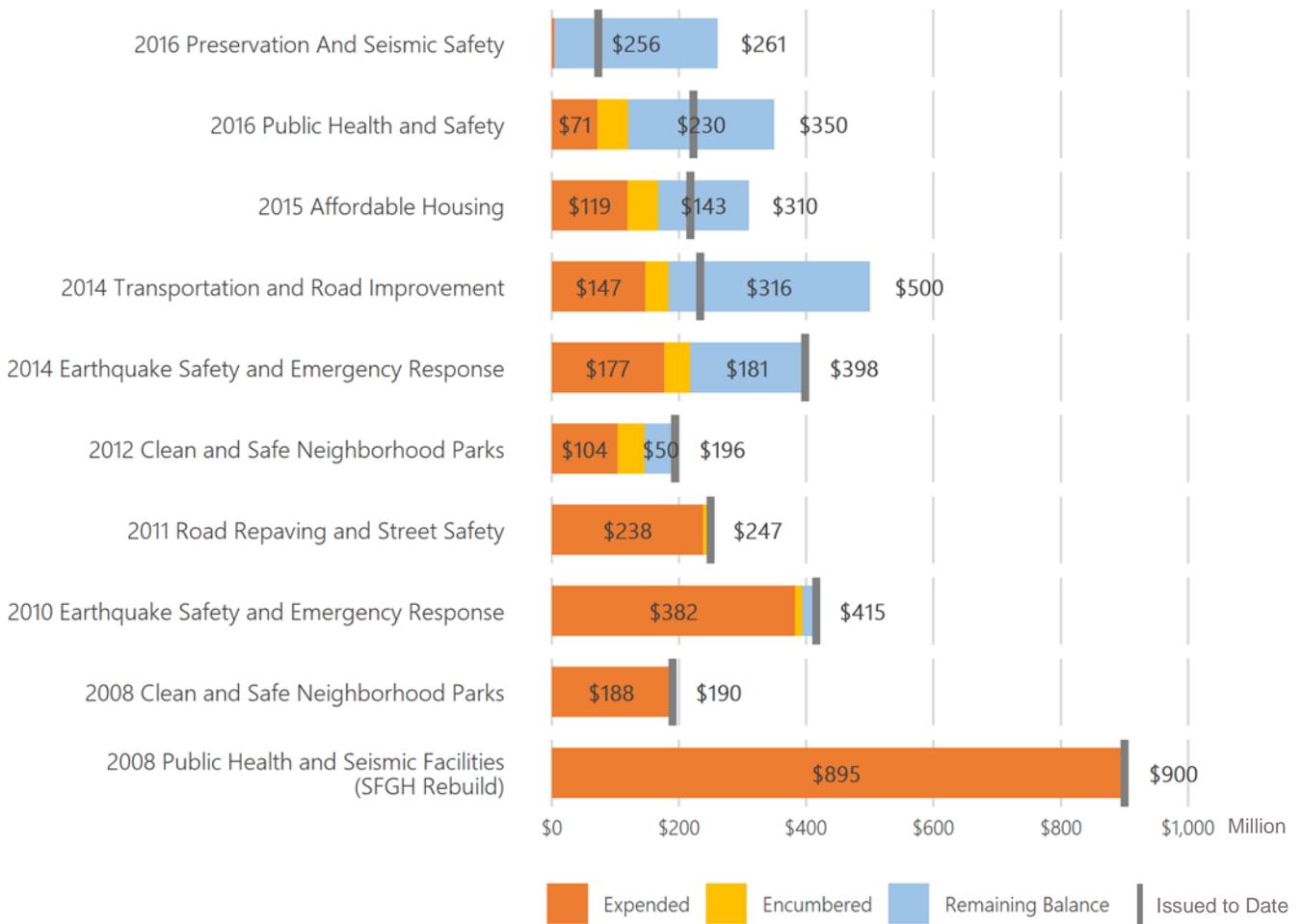


Executive Summary and Recommendations

This report provides a high-level overview of the scope, schedule, and budget status of the City’s ten active general obligation (GO) bond programs. It assists the Citizen’s General Obligation Bond Oversight Committee (CBOBOC), policy makers, and the public in understanding the status of the programs funded by the City’s \$3.8 billion GO bond portfolio. The report focuses on changes in Fiscal Year 2018-19 (FY18-19), from July 1, 2018 through June 30, 2019.¹

GENERAL OBLIGATION BOND PROGRAM STATUS

(as of June 30, 2019)²



¹ Scope, schedule and budget numbers are all as of June 30, 2019.

² 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

The following key findings are organized by subject area and bond programs. Subjects with more remaining funds are listed first, and more recently authorized programs appear first within subjects.

Public Health and Safety

- **2016 Public Health and Safety:** The program achieved several milestones: demolition began for the Ambulance Deployment Facility, a temporary clinic was established to allow for continued operations at Maxine Hall Health Center, and central administrative offices for the department of Homelessness and Supportive Housing, at 440 Turk Street, were completed. Most components maintained schedule projections; however, Other Community Health Centers' are delayed by two years due to unforeseen seismic conditions and the need to relocate operations during construction.
- **2014 Earthquake Safety and Emergency Response:** The program completed nine projects in the reporting period, within the Neighborhood Fire Stations (NFS) and Emergency Firefighting Water Systems (EFWS) components. Delays are expected for the Traffic Company & Forensic Services Division (TCFSD) facility (two months), NFS (three months), and EFWS (one year) components respectively, while the Police Facilities component shortened its schedule by one year.
- **2010 Earthquake Safety and Emergency Response:** Overall, 94% of planned projects are complete and 95% of the program's budget is spent and encumbered. Pumping Station 1, in the Auxiliary Water Supply Systems (AWSS) component, is in service, and seismic and comprehensive improvements were completed at two fire stations.
- **2008 SFGH and Trauma Center Earthquake Safety (SFGH Rebuild):** This major project was completed under budget, with only a three-month delay. Four follow-on projects were possible with project savings, of which three are complete. The fourth project is expected to be completed by December 2020.



Transportation

- **2014 Transportation and Road Improvement:** Five of the bond's eight components fund the Better Market Street project, which has been extended to 2024, thus extending the overall timeline of the bond program. Across all components, 10 projects were completed during the review period—two projects for the Muni Forward Rapid Network, two for Muni Facility Upgrades, four Pedestrian Safety Improvements projects, and two Complete Streets projects. The program decreased its scope by 15 projects across all components, largely driven by cash flow issues. Of the remaining bond funding to be spent, less than half is directly managed by San Francisco Municipal Transportation Agency (SFMTA); the other managing agencies are Caltrain and BART.
- **2011 Road Repaving and Street Safety:** Four of the five components of the bond program are completed, including one that occurred within the review period (Street Resurfacing and Reconstruction). The remaining component—

Streetscape, Pedestrian, and Bicycle Safety Improvements—was delayed by an additional three years (to December 2023), due to scoping changes and coordination issues with other City agencies.



Affordable Housing

- **2016 Preservation and Seismic Safety:** The Mayor and Board of Supervisors approved the program’s regulations in March 2019, and the program had its first issuance in February 2019, though the first loans were not disbursed until May 2019. The program disbursed loans to three projects (nine total loans), which funded the acquisition and rehabilitation of 33 units; available for rent as of June 30, 2019. A total of thirty projects representing 406 affordable units are expected to receive funding in the first issuance, by January 2022.
- **2015 Affordable Housing:** The program added three projects in the reporting period, resulting in the addition of 206 total units across all four components. The new projects in the program’s portfolio extend the overall schedule by approximately a year to a year and a half, across three of the four components.



Parks and Recreation

- **2012 Clean and Safe Neighborhood Parks:** Thirteen projects were completed during the review period, including one within the Neighborhood Parks component, eight within the Citywide Programs component, and four within the Citywide Parks component. Two components experienced delays, including a 13-month delay to the Waterfront Parks component attributable to delays with Agua Vista Park’s companion projects and a two-month delay to the Neighborhood Parks component.
- **2008 Clean and Safe Neighborhood Parks:** The bond program is delayed by five years, with one of three components complete. Five projects within the Citywide Programs were completed during the review period; however, all components are projected to be complete within FY19-20.



GENERAL FINDINGS AND RECOMMENDATIONS

Bond funds are a critical resource for the City’s efforts to maintain and improve its park, road, transportation, safety, emergency response, public health, and affordable housing infrastructure.

- **Bond programs continue to operate in a highly competitive construction market.** Programs reported bids that consistently came in over budget, and some projects received few or no qualified responses. When fewer contractors submit bids, the quoted costs are significantly higher. In addition, the lowest bid procurement method, as reported by one program, results in winning bidders who do not have sufficient resources to adequately manage projects, resulting in errors and delays. To mitigate these impacts, programs rebid projects, dip into reserves, reduce scope, employ value engineering, or reallocate budget between projects. In addition to aligning scope and schedule expectations in anticipation of cost and timeline challenges, programs are also addressing the market through procurement and contracting methods. Best Value engineering, where contractor qualifications are considered in bid award decisions, is one approach to ensure contractor quality. Design-Build contracting is also recognized as a method that can help projects complete on schedule. Interdepartmental collaboration is suggested as a way for departments to learn from each other’s experiences and coordinate on approaches to mitigating risks in this highly competitive bid environment.

- **Permitting reviews and approvals are critical dependencies in project timelines that all programs face.** For example, ZSFG Building 5 projects are required to receive plan approval and permitting through the California Office of Statewide Health Planning and Development (OSHPD). City reviews by the Department of Building Inspection (DBI) can be lengthy and unpredictable. Projects requiring an Environmental Impact Report (EIR) often result in delays. Review processes require coordination and alignment with construction-related departments and agencies that are experiencing heavy workloads, creating additional project schedule and cost risks. Programs must account for these dependencies but are also exploring methods to minimize these risks. At ZSFG, Public Works, is piloting separating contracts into exploratory and primary construction phases to reduce future scoping changes that would otherwise result in repeated OSHPD reviews. For the TCFSD facility, Public Works met with DBI to review the schedule of packages and establish timelines for permit review, revisions, and approvals.
- **Flexibility in project funding across components can facilitate the timely delivery of projects.** Programs must balance spending bond funds as quickly as possible with program management, oversight, reporting, and accounting requirements. Multiple programs shared that a key component of this balancing act was having flexibility in project funding and timing. Department flexibility to shift funds across projects (without legislative action) can allow for more timely delivery of projects. For example, the SFMTA and the Recreation and Parks Department (RPD) shift funding to shovel-ready projects to align available resources with project timelines. The 2010 and 2014 ESER AWSS and EFWS components work off a prioritized project list, which gives the department the flexibility to implement as many improvements as fast as possible. However, a drawback of this approach is that it makes oversight and reporting a challenge.
- **Departments highlighted the importance of allocating enough resources for project management.** The Ambulance Deployment Facility (ADF) saved time and money by coordinating peer review of design documents prior to bidding. This revealed errors and omissions that would otherwise have needed to be addressed further along in the construction process. The Port worked with a consultant to define the appropriate skillset for project managers after securing approximately \$100 million in capital funding (across all funding sources). Following this exercise, the Port budgeted funds to hire four project managers.
- **Programs should anticipate needing extra time for cross-jurisdictional coordination.** Bond program managers actively coordinate with other departments and authorities having jurisdiction to implement large-scale projects and especially those impacting roadways and waterways. For example, a project may require the Public Utilities Commission (PUC) to initiate and conclude sewer work before a road can be paved by Public Works. The 19th Avenue and Terry Francois Blvd pipelines require coordination with Caltrans, and thus allow PUC less control over project timelines. The risks associated with cross-jurisdictional coordination must be accounted for in planning.

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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, improve transportation systems, 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 ten active GO bonds totaling \$3.8 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.

In this report, bond programs are organized by subject and bond program according to the following subjects: [Public Health and Safety](#), [Transportation](#), [Affordable Housing](#), and [Parks and Recreation](#). Subjects with more remaining funds are listed first, and more recently authorized programs appear first within subjects.

Voter-Approved Active GO Bonds Since 2008

Year	Bond Program	Authorization (\$ millions)	Completion Date ³
Public Health and Safety			
2016	Public Health and Safety	350.0	December 2022
2014	Earthquake Safety and Emergency Response	400.0	December 2021
2010	Earthquake Safety and Emergency Response	412.3	December 2021
2008	SFGH and Trauma Center Earthquake Safety	887.4	August 2015 ⁴
Transportation			
2014	Transportation and Road Improvement	500.0	June 2024
2011	Road Repaving and Street Safety	248.0	December 2023
Affordable Housing			
2016	Preservation and Seismic Safety	260.7	N/A ⁵
2015	Affordable Housing	310.0	March 2023
Parks and Recreation			
2012	Clean and Safe Neighborhood Parks	195.0	July 2021
2008	Clean and Safe Neighborhood Parks	185.0	April 2020

³ Scope, schedule and budget numbers are all as of June 30, 2019.

⁴ August 2015 is the actual completion date for the bond program's main project. The final project is expected to be completed by Dec. 2020.

⁵ The PASS program monitors loan disbursement dates rather than project completion. PASS expects to disburse loans funded by the first issuance by June 2022. More projects will be funded in future issuances.

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 Traffic Company and Forensic Services Division facility).

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 ten active GO bond programs, the City Performance Unit of the Controller's Office (City Performance) asked departments to provide scope, schedule, and budget data at the component level for each bond program as of June 30, 2019.⁶ 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.

The data presented in this report was collected from the City's Financial System (PeopleSoft), quarterly bond program reports to the Citizens' General Obligation Bond Oversight Committee, CCSF websites, documentation from the Office of Public Finance, and bond program accountants. In addition, CSA conducted 17 interviews with approximately 40 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 above ten bond programs.

For an overview of the budgets, expenditures, and encumbrances of active bond programs at both the bond and component level, see [Appendix A](#). For a glossary of terms used throughout this report, see [Appendix B](#). For a summary of all CSA GO bond and construction-related audits issued during or that include a review period from July 1, 2018 to June 30, 2019, see [Appendix C](#).

⁶ All figures are as of June 30, 2019 unless otherwise noted.

Public Health and Safety

There are four active general obligation (GO) bond programs funding public health and safety improvements—the 2016 Public Health and Safety bond, the 2014 and 2010 Earthquake Safety and Emergency Response (ESER) bonds, and the 2008 San Francisco General Hospital (SFGH) Rebuild bond. The programs are managed by San Francisco Public Works (Public Works), though by different divisions, and each program collaborates with other City departments, as detailed in the respective sections below.

Across the bonds, voters have authorized a total of \$2.05 billion. Of the \$2.05 billion budgeted funds, \$431.0 million remains across all programs as of June 30, 2019. Of the \$431.0 million, \$225.4 million is associated with the 2016 Public Health and Safety bond, \$180.1 million is associated with the 2014 Earthquake Safety and Emergency Response bond, and \$20.5 million is associated with the 2010 Earthquake Safety and Emergency Response bond. The 2008 SFGH Rebuild bond has \$5.0 million remaining.

City Has **\$431.0 Million** in GO Bond Funds Remaining for Health and Safety Projects^a

(In Millions)

Bond Program	Budget	Issued	Expended	Encumbered	Amount Remaining
2016 Public Health and Safety	\$345.0	\$220.7	\$70.6	\$49.1	\$225.4
2014 Earthquake Safety and Emergency Response	\$395.7 ^b	\$395.7	\$175.2	\$40.4	\$180.1
2010 Earthquake Safety and Emergency Response	\$412.8 ^c	\$408.4	\$380.3	\$12.1	\$20.5
2008 SFGH Rebuild	\$893.0	\$880.2	\$887.4	\$0.7	\$5.0
Total	\$2,046.6	\$1,905.1	\$1,513.4	\$102.2	\$431.0

^a As of June 30, 2019. All amounts exclude costs related to Oversight, Accountability, and Cost of Issuance.

^b Includes program reserves.

^c Includes program reserves and appropriated program interest.

These four bond programs fund the construction of a hospital as well as earthquake and life safety improvements within San Francisco's health, homeless services, police, fire, and emergency response systems. The ESER bonds ensure the City can respond quickly and effectively to a major earthquake or disaster.



2016 Public Health and Safety Bond

The 2016 Public Health and Safety bond program includes six components. The program is managed by San Francisco Public Works (Public Works) and is a collaboration with the Department of Public Health (DPH), the Department of Homelessness and Supportive Housing (HSH), and the San Francisco Fire Department (SFFD).

SCOPE

- **Zuckerberg San Francisco General Hospital, Building 5** (\$218.7 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, when the new San Francisco General Hospital and Trauma Center opened. 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.
- **Ambulance Deployment Facility** (\$47.9 million): This component will fund the construction of a modern, seismically safe emergency medical services facility. This new facility will ensure that ambulance dispatch functions remain operational after a major earthquake. It includes an ambulance parking lot and fuel station and will relocate facility operations to help SFFD reduce emergency medical services response times.
- **Southeast Health Center** (\$29.7 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 dental suite and lobby area to allow for expanded patient capacity and enhanced patient experience. The second phase includes the construction of a new two-story, approximately 22,000 square feet, structure that will utilize a family-oriented primary care model with comprehensive behavioral health services on site.

At a Glance

Authorization: \$350.0 million approved in June 2016.

Scope: The scope of the program remained largely stable in the reporting period.

Schedule: There was an increase of two years to the Other Community Health Centers' schedule due to the need to relocate operations during construction and unforeseen seismic delays. The Neighborhood Fire Station's schedule is also delayed due to additional generators and permitting approvals. All components projected to be complete by December 2022.

Budget: \$119.6 million spent and encumbered of \$220.7 million issued (54%). \$124.3 million remains unissued.⁷ Actuals lag behind planned expenditures due to delays across components.

⁷ All amounts exclude costs related to Oversight, Accountability, and Cost of Issuance unless referring to voter authorization.

- **Other Community Health Centers** (\$19.8 million): This component will fund seismic assessments, seismic retrofits, and renovations at 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 DPH.
- **Homeless Services Sites Program** (\$19.7 million): This component will provide funding for three subsets of projects that focus on (1) renovation of three existing City-owned shelters (at 1001 Polk Street, 260 Golden Gate Avenue, and 525-5th Street); (2) acquisition, construction, and renovation of an administrative office and client access point for the Department of Homelessness and Supportive Housing (HSH) at 440 Turk Street; and (3) construction of a new centralized deployment facility and client access point for the SF Homeless Outreach Team (SFHOT) at 1064-68 Mission Street.
- **Neighborhood Fire Stations** (\$9.2 million): This component will fund seismic improvements to SFFD’s neighborhood fire stations, building on the 2010 and 2014 ESER bond programs’ seismic and other health and safety improvements. The seismic improvement scope includes removing existing hose towers at six fire stations and restoring the tower at Fire Station 15 in lightweight materials. The component also provides funding for the replacement of generators at three fire stations to allow stations to continue operations during a seismic event.

In the reporting period, the [Other Community Health Centers](#) component added three new seismic assessment projects to its scope, in addition to the existing Chinatown Public Health Center assessment. The new assessments are for Silver Ave, Ocean Park, and City Clinic Health Centers. Public Works, in conjunction with the Department of Public Health and Public Utilities Commission (PUC), also identified the locations of the energy efficiency improvement (EEI) projects. The projects install new mechanical equipment or upgrade the building management control system to improve building energy efficiency. The EEI projects are at Castro Mission, Maxine Hall, and Silver Ave Health Centers. Although it did not result in changes to the number of projects, the Castro Mission Health Center project expanded its scope during the review period to include air conditioning within the building after additional funding was provided by the Mayor’s Office.

In the [Neighborhood Fire Stations \(NFS\)](#) component, there has been a change to the packaging of seismic hose tower removals. Hose towers are historic structures that were once used to dry cotton and leather fire hoses. With the advent of synthetic materials, the towers are no longer needed. Public Works and Planning reached agreement whereby the program will include interpretive panels indicating the historic importance of hose towers at six stations and the restoration of the tower using lightweight materials at Fire Station 15. Repackaging allowed design and permitting to move forward on the majority of the NFS scope, while Fire Station 15 undergoes more extensive review.

There were no changes to the scope of [ZSFG, Building 5](#), the [Ambulance Deployment Facility \(ADF\)](#), [Southeast Health Center](#), and the [Homeless Services Sites](#) components.



PROGRESS AND SCHEDULE

Bond Progress by Component

Although no projects in the [ZSFG, Building 5](#) component that were completed during the review period, several of the projects progressed from design to construction. The Urgent Care Clinic that reached substantial completion in 2018 received license approval and started seeing patients in February 2019. The projects in construction during this period include the (1) 6H surge space, (2) Rehabilitation Department relocation, (3) seismic retrofit (phase 1), and (4) roof replacement. In addition, Public Works is in the midst of an RFQ/RFP to select a general contractor/construction manager (CM/GC) to construct another 8 of the 19 projects within the component, with a planned award date for early 2020. Finally, two projects within the component were placed on hold—Mental Health Rehabilitation Center and Behavioral Center Hummingbird expansion—due to changes in DPH space planning and program needs. This may result in a future scope reduction and the associated funding being redistributed among the remaining 17 projects within the component.



The [ADF](#) advertised the project in June 2018, awarded the contract in August 2018, and issued the notice to proceed in October 2018. [ADF](#) began demolition during the Department of Building Inspection (DBI) building permit review period to help expedite overall construction.



The [Southeast Health Center](#) component consists of two phases (counted as separate projects), the first of which was a renovated dental suite that was completed prior to the review period in August 2017. The second phase—the construction of a 22,000 square foot expansion of a primary care clinic—entered its bid phase in October 2019, and construction is anticipated to begin in early 2020, with a projected completion date sometime within the first quarter of FY23.



Public Works completed the four seismic assessments within the [Other Community Health Centers](#) component during the review period. Several milestones were also reached. A temporary clinic was established to allow for continued operations at the Maxine Hall Health Center and the notice to proceed for this work was issued in July 2019. In addition, the three energy efficiency improvement projects, managed by the PUC, were completed in the reporting period. The construction contract for Castro Mission Health Center is expected to be awarded by summer 2020.



The [Homeless Services Sites](#) component saw a major milestone: the completion of 440 Turk Street, the central

administrative office for HSH, in July of 2019. The three City-owned shelters completed seismic and physical needs assessments. The scope of work for these shelters was further defined and shared with

the client, HSH. One project (260 Golden Gate) is proceeding with an established scope, while the other two projects are being reviewed for scope prioritization since identified needs far exceed the available funding.

HSH is directly managing construction at 1064-1068 Mission Street, with as needed support from Public Works, and the project is expected to start construction in February 2020.

Within the [NFS](#) component, the design of the hose tower interpretive panels was completed and permitted in September 2019. Fire Station 15, still under review at the DBI, will bid later, pending permit issuance. Upon completion of the hose tower bid phase, remaining funds will be allocated for generator replacement(s) as prioritized by the SFFD.

Homeless Services Site Program



Neighborhood Fire Stations



Bond Schedule by Component

Although there was no overall delay to the component-wide schedule within [ZSFG, Building 5](#) during the review period, there were delays to specific projects, such as the 6H surge space, Rehabilitation Department relocation, and seismic retrofit (phase 1). A bid protest and unforeseen conditions such as hazardous materials, client-oriented scope changes, and unanticipated extensive plan review cycles with California's Office of Statewide Health Planning and Development (OSHPD) caused delays in the component in the past and pose ongoing risks of future delays. In addition, identification and development of temporary spaces to maintain operations during construction is an ongoing risk factor that could contribute to delays.



In the [Other Community Health Centers](#) component, the projected completion date was extended by two years during the review period, from June 2020 to June 2022. Several factors contributed to this delay, including the unforeseen need to add seismic work to the projects, site-specific historic preservation concerns, temporary relocation of clinic operations during construction, and the associated planning reviews for each of these changes.

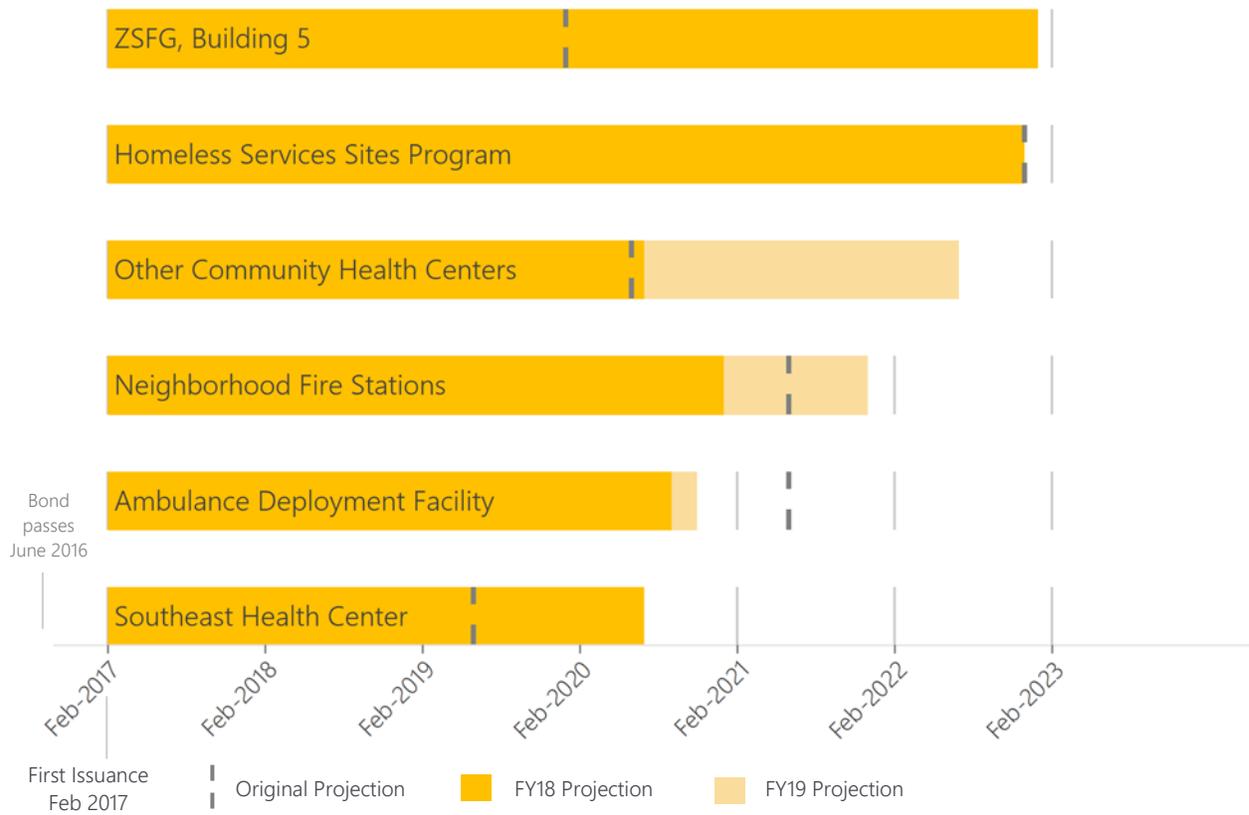


The schedule for [NFS](#) projects shifted slightly since last year's projection, from January 2021 to the end of 2021. This is due to the addition of new generator projects at Fire Stations 37 and 44, which are at

DBI for permitting, and the extended DBI review time for the hose tower at Fire Station 15, which is currently underway.

The [ADF](#) component is on schedule for substantial completion, which is expected in October 2020. Furniture, fixtures, and equipment (FF&E) installation, which is not general obligation (GO) bond-funded (FF&E is Fire Department/General Fund-financed), and financial close out will take place between October 2020 and May 2021.

The [Homeless Services Sites](#) and [Southeast Health Center](#) components are on schedule with no changes during the reporting period to their projects' expected completion dates.



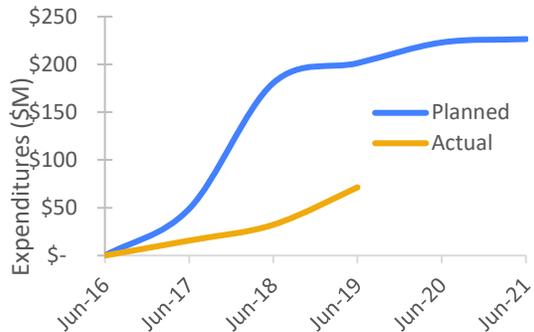
BUDGET AND SPENDING

As of June 30, 2019, the program spent and encumbered \$119.6 million, or 54% of the issued bond proceeds (see Appendix A). The program has had two issuances totaling \$220.7 million, the most recent in May 2018, during the prior reporting period. A majority (63%) of the bond’s budget is devoted to [ZSFG, Building 5](#).

The program has increased its spending in the last year, though actuals continue to lag behind planned expenditures due to delays across components. However, the Planned versus Actuals chart at right does not show \$49 million in encumbered funds, and most components are entering construction phases. Therefore, spending is expected to catch up in the next couple years.

Planned versus Actual Expenditures⁸

As planned before each issuance



The bulk of the program’s spending has been in the [ZSFG, Building 5](#) component and in the [ADF](#) project. For [ZSFG, Building 5](#), Public Works spent and encumbered \$52.4 million thus far, which is 47% of its funds issued to date. This includes the \$16.6 million (7%) of its budgeted funds spent and encumbered in FY18-19, spent mostly on design costs and facility plan reviews by OSHPD. Public Works anticipates that a significant portion of the issued but unspent funds will be spent in FY19-20, given that a contractor was recently selected for eight of the projects and construction is projected to begin shortly.

[ADF](#), which represents 14% of the bond’s budget, has spent and encumbered \$38.9 million, or 81% of its issuance to date. Of all components, [ADF](#) spent the largest portion of its budget in the reporting period. Public Works attributes the [ADF](#) faster spend to construction progress, as this is where the largest portion of a project’s budget is typically spent. The [ADF](#) component expects to spend the highest amount in FY19-20, with spending slowing down towards final construction completion in September 2020.

[Southeast Health Center’s](#) budget is 9% of the bond’s budget, and it spent and encumbered 38% of its issuance to date (23% of budgeted), at \$6.9 million. Of this, \$2.3 million (8%) of the component’s overall budget was spent in FY18-19, though Public Works anticipates its rate of expenditures will increase significantly in FY19-20 once construction of the second phase begins.



The [Other Community Health Center’s](#) budget is 6% of the budget. As of June 30, 2019, this component spent and encumbered \$12.5 million, which is 77% of its issuance. A significant portion of these funds

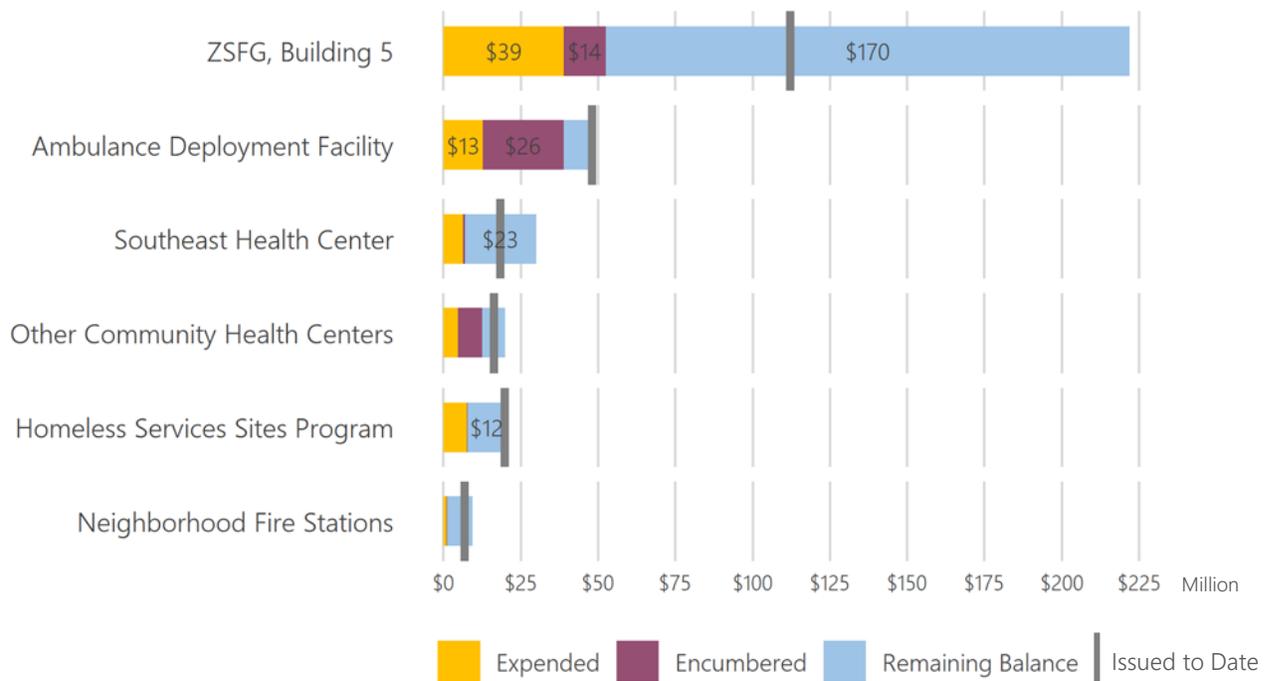
⁸ Actual expenditures do not include encumbrances.

were spent and encumbered during the review period (46% of budgeted funds), driven by the recent award of the Maxine Hall Health Center construction contracts.

In the [Homeless Services Sites](#) component, which is 6% of the budget, the program issued nearly all the component’s budget and spent encumbered \$7.8 million, which is 40% of its issued amount. The program issued a large portion of the funds for construction at 440 Turk and to begin 260 Golden Gate. Expenditures in the component have tracked as planned despite client requested scope changes and unforeseen conditions. These have prompted minor scope adjustments within projects to align with the budget.

The [NFS](#) component, which is a small portion of the budget (3%), has spent and encumbered \$1.1 million (16% of its issuance). The component is not yet in a bid or construction phase, which explains its lower level of spending.

Bond Expenditures and Encumbrances



OTHER KEY FINDINGS

- Public Works continues to face delays with building review processes, both at the state and City level.
 - For the state, all projects that are part of the [ZSFG, Building 5](#) component are required to receive plan approval and permitting through the OSHPD, a state agency that is the authority having jurisdiction for hospitals. Any modifications to a project’s scope can necessitate reviews by OSHPD. Such changes are common for larger and complicated renovations, especially in an existing building, such as [ZSFG, Building 5](#). Design changes generally require multiple OSHPD reviews as construction progresses. To reduce the risk of unforeseen conditions during

construction, Public Works is piloting an approach to divide contracts into two parts—exploratory work and then primary construction. By exploring the materials located within walls prior to construction, for example, Public Works hopes to reduce future scoping changes that would otherwise result in repeated OSHPD reviews, thus reducing the overall amount of time needed to complete a project.

- For the City, Public Works has faced challenges obtaining necessary approvals from DBI in a timely manner. Specifically, Public Works was not provided with a date by which permit reviews would be completed, and DBI often reviews aspects of a project in a sequential order, rather than in parallel, delaying when the next phase of a review may be completed. Public Works is hopeful that with a recent move to electronic reviews, DBI will be able to staff multiple reviewers to a project to conduct parallel reviews, thus saving time, though it has not yet secured a commitment from DBI to do so.
- Renovation projects that require operations to be maintained or relocated during construction impose challenges, additional time, and cost risks. Additional schedule and budget contingencies should be implemented to account for the need to relocate patient care services to alternative sites during construction and to address unforeseen conditions that may be exposed during construction.
- Project managers of the [ADF](#) component noted two significant factors that helped maintain the project's schedule and budget: the use of Best Value Contracting and finding creative solutions to the high costs of addressing the geotechnical engineer's findings. Best Value Contracting means the City selects the contractor with the best combination of price, schedule, and qualifications. Bids are evaluated in the context of objective qualifications, schedule, and experience, rather than by selecting based solely on lowest cost. As result, the project attracted more qualified contractors that were able to successfully collaborate on solutions to potential cost and schedule overruns. For example, Public Works collaborated with structural and geotechnical engineers to examine the building's weight distribution and strategically adjusted the length of some of the building's foundation piles, rather than making all piles the same length; this approach resulted in the lengthening of only 14 out of 92 piles.
- Public Works also credits the Design/Build contracting and construction delivery method, used for the 440 Turk St. project in the [Homeless Services Sites](#) component, as one critical factor that allowed the project to complete on schedule. In this method, the City contracts with only one firm to create the design and build the facility. This approach allows for a shorter timeline and fewer risks because the project does not need to go through multiple bid and award phases.
- Public Works advocated strong quality assurance/control through peer review of design documents and allocating enough time prior to bidding for the [ADF](#) component. Careful review can reveal errors and omissions that would have negatively impacted the construction phase.
- To address the extended timelines associated with an Environmental Impact Report (EIR), the NFS component learned that by submitting schematic plans to the Planning Department as early as possible, this may reduce the likelihood of EIR timeline impacts. Submitting plans earlier provides more time for discussions and potential compromises, such as the decision to construct interpretive panels in lieu of reconstructed hose towers at all stations.

2014 Earthquake Safety and Emergency Response Bond

In June 2014, voters approved the Earthquake Safety and Emergency Response Bond (ESER) to continue the work of the ESER 2010 program. The bond authorized \$400 million in funding for five components. Four of the components are led by San Francisco Public Works (Public Works), and one is led by the Public Utilities Commission (PUC).

SCOPE

- **Traffic Company and Forensic Services Division (TCFSD) Facility** (\$163.4 million): Led by Public Works in coordination with the San Francisco Police Department (SFPD), this component relocates the facilities for the SFPD’s Motorcycle Unit (Traffic Company) and Forensic Services Division to a new location in the Bayview. The Traffic Company and elements of the Forensic Services Division are currently located in the seismically deficient Hall of Justice, while the Forensic Services Division’s Crime Lab is located at the Hunters Point Naval Shipyard Building 606. The Hall of Justice and the facility at Hunters Point Naval Shipyard are both slated for future demolition.

At a Glance

Authorization: \$400.0 million approved in June 2014.

Scope: No scope changes in the reporting period.

Schedule: Components extended their schedules by two months (TCFSD facility) to one year (EFWS) and Police Facilities shortened its schedule by a year.

Budget: \$215.6 expended and encumbered of \$395.7⁹ million budgeted (54%).¹⁰ No remaining authorized funds to be issued.

- **Neighborhood Fire Stations (NFS)** (\$80.4 million): Led by Public Works in coordination with the San Francisco Fire Department (SFFD), the NFS component consists of 47 projects, including the construction of a new fireboat station on a steel float at Pier 22 ½, seismic upgrades, improvements to support SFFD operations, and other health and safety improvements. The projects are located at 40 of the City’s 44 fire facilities, 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.
- **Office of the Chief Medical Examiner** (\$67.5 million): Led by Public Works in coordination with the San Francisco General Services Agency (GSA), this component provided for construction of a new facility for the Office of the Chief Medical Examiner (OCME), which was located at the Hall of Justice. The new building is better aligned with accreditation standards. The OCME was completed in November 2017.

⁹ Includes program reserves.

¹⁰ All amounts exclude costs related to Oversight, Accountability, and Cost of Issuance unless referring to voter authorization.

- **Emergency Firefighting Water System (EFWS)** (\$54.3 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 that includes Auxiliary Water Supply System and other, non-AWSS improvements to the City's emergency firefighting water system. The component's 22 projects include studies, expansions, and improvements to reservoirs, pumping stations, and pipelines. 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** (\$29.6 million): Led by Public Works in coordination with 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) and 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.

There were no significant changes to the scope of the [TCFSD](#) facility; however, in the prior year, a new Navigation Center was slated for the property next door to the [TCFSD](#) facility, which prompted a need to redesign the property line to include a retaining wall and to allow for proper drainage. This change did not impact the timeline but did require very minor budget adjustments. Introduction of the Navigation Center has caused increased logistical complexities and utility coordination, also resulting in cost impacts.

No changes were made to the scope of the [NFS](#) component; however, Fire Station 7 is still on hold as a contingency for the [TCFSD](#) facility.

There were no changes to the scope of the [EFWS](#) component. It is worth noting, however, that although the scope for both 2010 and 2014 bond programs is set, funding for projects between the years is fluid. Models that estimated the availability of firefighting water after a major earthquake identified more need than could be addressed through one bond program. The ESER bond therefore considers 2014 as a continuation of 2010 and together, the two programs fund as many improvements as possible. Some 2010 projects are funded with 2014 funds, and 2014 projects are funded with 2010 funds. This accomplishes the objective to spend 2010 funds first while also funding as many prioritized projects as possible.

Public Works made no changes to [Police Facilities](#) projects in the reporting period. In the prior year, two projects were put on hold pending changes in the [TCFSD](#) facility. These two projects, focused scope improvements at Mission Police Station and the Police Academy, are still on hold.



PROGRESS AND SCHEDULE

Overall, 56 of the 85 total planned projects (66%) in ESER 2014 are completed as of June 30, 2019. Both [TCFSD](#) and [OCME](#) facilities are singular projects. The [OCME](#) facility is complete as of the prior reporting period. The scope of [NFS](#) and [Police Facilities](#) components are made up of packages specific to the type of work planned at fire and police stations across the City. Most of this work is complete. Similarly, the [EFWS](#) scope consists of types of improvement projects planned at locations across the City, 77% of which are complete.

Bond Progress by Component

The [TCFSD](#) facility obtained site permit approval and completed hazardous materials abatement and demolition in the reporting period. Foundation and super-structure permits have been obtained with many additional permit applications currently under review.

The [TCFSD facility](#) has experienced problems with PG&E related to two issues. PG&E has not been processing applications for temporary and permanent power in a timely manner. This has resulted in contractors supplying their own diesel-generated temporary power. Diesel power generation is more expensive and is thus impacting existing and potential contractors. There is also disagreement about who is responsible for removing existing power lines, of which there are many at the project site. Public Works is actively trying to resolve these conflicts, but they pose risks to the project’s schedule and budget.

As a contingency for the [TCFSD](#) facility, the bond program put four projects in other components on hold (two in [NFS](#) and two in [Police Facilities](#)). The program is waiting until all bids are awarded (expected in early 2020) before removing projects from hold.

There were seven projects completed in the [NFS](#) component in the reporting period. Completed projects in the Focused Scope subcomponents included new apparatus bay doors, exterior envelope, and window replacement improvements at 28 fire stations. The remaining focused scope projects’ status range from planning to construction phases. As of June 30, 2019, of the 16 remaining NFS projects, two were canceled (as reported in previous years), two are on hold, and the rest (12) are active.

Also, in the [NFS](#) component, Fire Station 35, the fire boat station, which comprises half of the component’s budget at \$40 million, moved into the design and permitting phase in this reporting period. The permitting process for the agencies with jurisdictional authority has impacted the project’s schedule and cost. The San Francisco Bay Conservation and Development Commission’s permit levied several mitigation measures on the project. Additionally, the State Water Board requested green

Traffic Company and Forensic Services Division Facility



Neighborhood Fire Stations



infrastructure improvements near the project. There was also a delay completing the float design drawings.

Two projects were completed in the reporting period in the **EFWS** component. The Irving Street pipeline was completed and was part of Public Works' Irving Streetscape and MUNI Forward projects. The Mariposa/Terry Francois Blvd pipeline was substantially complete as of the development of this report. PUC applied 2010 funding to these projects. In addition, the Ashbury Bypass pipeline, which is due to complete in 2020, received 2010 funding.

Emergency Firefighting Water Systems



There are five remaining pipeline projects to complete the **EFWS** component of the 2014 ESER bond. These projects are in planning and design, bid, or construction phases and include the Ashbury Bypass Pipeline, Terry Francois Blvd/Mission Rock/Warriors Way, 19th Avenue, Lake Merced, and Sunset pipelines. The Sunset pipeline will be bid with future bond funds. The Lake Merced pipeline is contingent on the Park Merced development, which will contribute funds to build the pipeline. The 19th Avenue pipeline is expected to be bid as a Public Works contract in early 2020 and is to be implemented on a road managed by Caltrans. Caltrans jurisdictional authority poses a risk to the project's schedule.

There are four projects initiated in the 2010 bond that also receive funding from **EFWS** 2014 (not included in the 2014 planned project count). These are Pumping Stations 1 and 2, the Clarendon Supply pipeline, and the Street Valve Motorization project. Pumping Station 1 reached substantial completion in the reporting period. The remaining three projects have exhausted 2010 bond proceeds, but still have some 2014 funding and are yet to be completed. Pumping Station 2, a \$34 million project, is in construction. These three projects are expected to complete by 2021, though will have exhausted 2010 funding in 2020.

Police Facilities



The five active projects (excluding the two that are on hold) in the **Police Facilities** component are in the final stages of construction.

The **OCME** facility (progress gauge not shown) was substantially completed in November of 2017.

Bond Schedule by Component

Overall, the bond program has made progress in the prior year. Three components extended their schedule: **TCFSD** facility by two months, **NFS** by three months, and **EFWS** by one year. The **Police Facilities** component shortened its schedule by a year, expecting to complete projects by the end of 2019.

The **TCFSD** facility slight delay is due to the time needed to overcome budget challenges and to receive permit approvals. As reviewed in last year's report, it took one year for site permit approval when six months was initially expected. The PG&E challenges described above pose schedule and budgetary risks to the project.

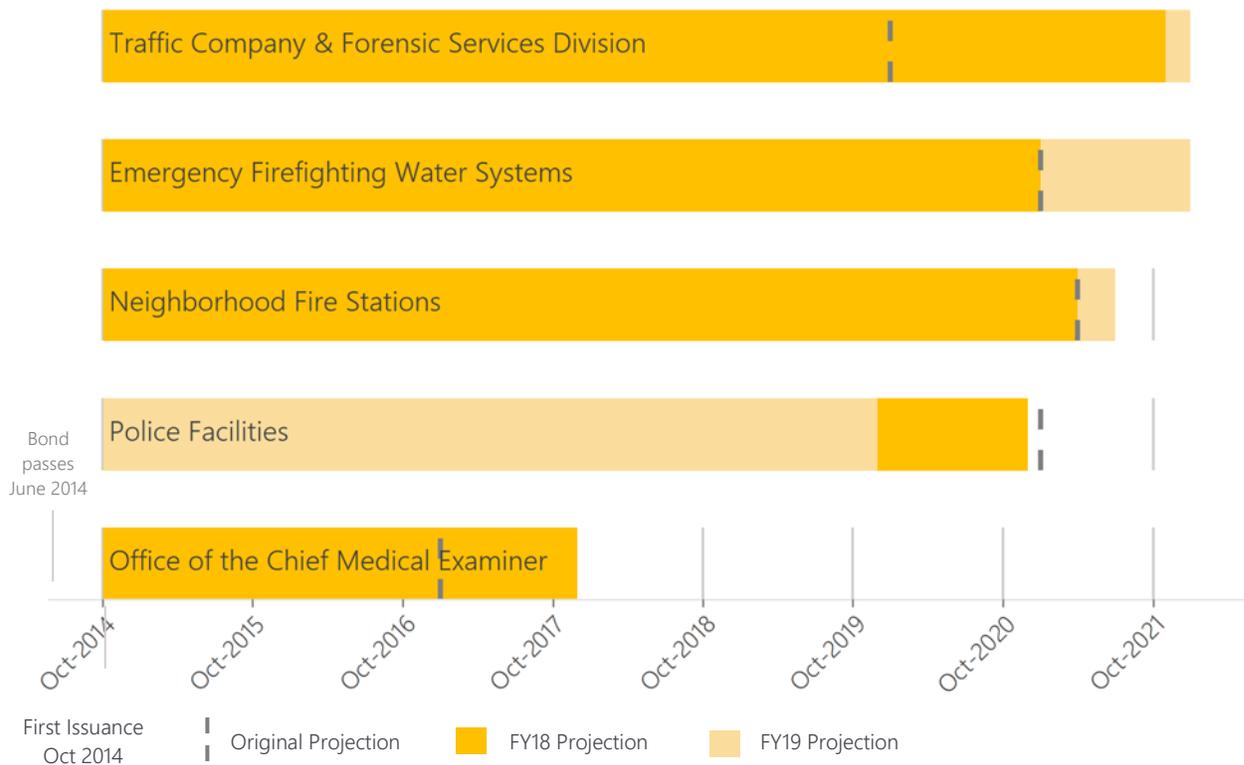
The **EFWS** schedule delay is due to the expected 2021 completion dates for the 19th Avenue pipeline project and the Terry Francois Blvd/Mission Rock/Warriors Way pipeline. The 19th Avenue pipeline will go to bid in early 2020 and is expected to finish in 2021. This project will require coordination with other more extensive Caltrans work. The Terry Francois Blvd/Mission Rock/Warriors Way pipeline is expected to begin construction in mid-2020 and is coordinated with the Bay Corridor Transmission and Distribution project, which is installing new underground electrical utilities along with the pipeline. Delays are due to the need to coordinate with these other projects.



The **NFS** schedule was extended by about three months in the reporting period, from March to June of 2021. This is driven by the Fire Boat Station 35 delays mentioned above.

The **Police Facilities** component is expected to complete about a year earlier than anticipated last year. The projects that are on hold are the cause of this schedule reduction.

The **OCME** facility was substantially completed in November of 2017.



BUDGET AND SPENDING

As of June 30, 2019, \$215.6 million dollars of bond funding (54% of the total budget) have been spent and encumbered (see Appendix A). The bond sold its third and final issuance in May of 2018.

The **TCFSD facility** spent and encumbered about \$42.6 million, which is 26% of its budget. Construction on the facility will increase the rate of spending in this component in the coming years.

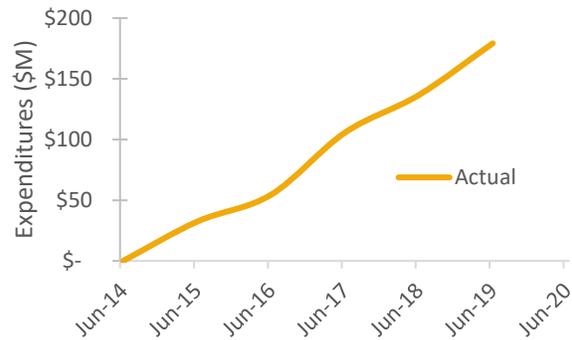
The **NFS** component doubled its spending in the reporting period. This is attributed to the completion of seven projects and the three projects that moved into construction in the reporting period. The **NFS** component expended and encumbered \$49.9 million, or 62% of its budget. Public Works expects to spend the remaining \$30.4 million on Fire Boat Station 35 and the 12 currently active projects.

The **EFWS** component expended and encumbered \$30.5 million, which is 56% of its budget. PUC expects spending on the remaining \$23.8 million to increase as the final projects are entering a bidding phase. PUC expects spending to conclude by the end of 2021.

The **Police Facilities** component has \$4.7 million remaining to be spent. The majority of this balance is due to the two projects that are on hold.

Actual Expenditures¹¹

Cumulative, FY14 to FY19



Bond Expenditures and Encumbrances



¹¹ 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.

OTHER KEY FINDINGS

The 2014 ESER bond managers have learned many of the same lessons as 2010 ESER bond managers, given that both bonds funded similar programs. The key findings from both bonds are listed below.

- Permitting lessons learned in the TCFSD facility have resulted in an improvement in permit approval timelines. Public Works met with the Department of Building (DBI) inspections to review the schedule of packages and establish goals for the timeline of review, revisions, and approvals. This verbal agreement and more regular, proactive engagement with specific contacts at DBI helped keep the permitting process on schedule.
- The program emphasized the difficulties inherent in the low-bid procurement method, which is required for projects below a \$5.0 million threshold. Lowest-bid contractors sometimes may not have enough funding or overhead support to adequately manage the project. Public Works has seen contractors with low-bid contracts struggle to coordinate work among trade subcontractors, submit suitable construction schedules, supply adequate change order request documentation, and complete projects on time. Lowest-bid procurement does not allow the City to use contractor qualifications in the bid award decision-making process, which may mitigate some of the management challenges.
- The TCFSD facility has experienced challenges in coordinating with PG&E, which poses schedule and cost risks.
- Public Works expressed concern that a citywide Project Labor Agreement draft proposal, that requires all projects below \$1.0 million use union workers, would lead to higher construction costs.
- The PUC emphasized the risks associated with cross-jurisdictional coordination. For example, the 19th Avenue and Terry Francois Blvd/Mission Rock/Warriors Way pipelines require coordination with other authorities, such as Caltrans, and thus allow PUC less control over project timelines.

2010 Earthquake Safety and Emergency Response Bond

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

SCOPE

- Public Safety Building (PSB)** (\$236.7 million): Led by Public Works in coordination with the San Francisco Fire Department (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.

At a Glance

Authorization: \$412.3 million approved in June 2010.

Scope: No scope changes in the reporting period.

Schedule: Pumping Station 1 is in service. Seismic/comprehensive improvements completed at two fire stations.

Budget: \$392.4 expended and encumbered of \$412.8 million budgeted (includes program interest and reserves), or 95% of budgeted.¹²
- Auxiliary Water Supply Systems (AWSS)** (\$102.4 million): Led by PUC, the 44 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)** (\$66.9 million): Led by Public Works in coordination with the SFFD, the NFS component consists of seismic upgrades, improvements to support SFFD operations, and other health and safety improvements to 31 SFFD facilities. 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 in immediate capital needs.

There were no changes to the scope of the three remaining projects in the [AWSS](#) component. However, adjustments were requested for Pumping Station 2. Changes include the replacement of historic windows, flooring, and the diesel fuel system. PUC in the process of pricing the requests and expects to complete the project in 2021. There were no changes to the [NFS](#) component.

¹² All amounts exclude costs related to Oversight, Accountability, and Cost of Issuance unless referring to voter authorization.

PROGRESS AND SCHEDULE

Overall, 118 of the 125 total planned projects (94%) in ESER 2010 are completed as of June 30, 2019. The [Public Safety Building](#) was completed in 2015. Three projects remain in the [AWSS](#) component, and four remain in the [NFS](#) component.

Bond Progress by Component

Pumping Station 1 in the [AWSS](#) component reached an important milestone. It is in service today, though, substantial completion has not technically been confirmed.

The remaining three [AWSS](#) projects (Pumping Station 2, the Clarendon Supply pipeline, and the Street Valve Motorization project) have exhausted 2010 bond proceeds, but still have some 2014 ESER bond funding and are yet to be completed. Pumping Station 2, a \$34 million project, is in construction. These three projects are expected to complete in 2021, though will have exhausted 2010 funding in mid-2020.

Two projects, seismic & comprehensive improvements at Fire Stations 5 and 16, concluded in the reporting period.¹³ There are three remaining active projects in the [NFS](#) component: one apparatus bay door project, a generator replacement project at Fire Station 14, and a utility isolation project at Fire Station 9. Exterior envelope improvements at Fire Station 31 (the fourth project) are likely to be discontinued because scoping revealed they would fall under the category of maintenance repairs, which are not GO bond eligible. The remaining projects are expected to complete by June 2021.

Public Works experienced challenges sourcing and fitting the appropriate apparatus bay doors, which are massive, expensive, and highly technical, yet critical components of fire stations. A slight project delay resulted, but this did not impact the overall [NFS](#) schedule.

Bond Schedule by Component

Overall, the 2010 bond is delayed by one year. This is attributed to the remaining three [AWSS](#) projects that have funding from both ESER bond programs (2010 and 2014). Although all 2010 funding is expected to be spent by mid-2020, the remaining projects are not expected to be substantially complete until December 2021. All 40 AWSS projects that used only 2010 bond proceeds were completed by June 30, 2019.

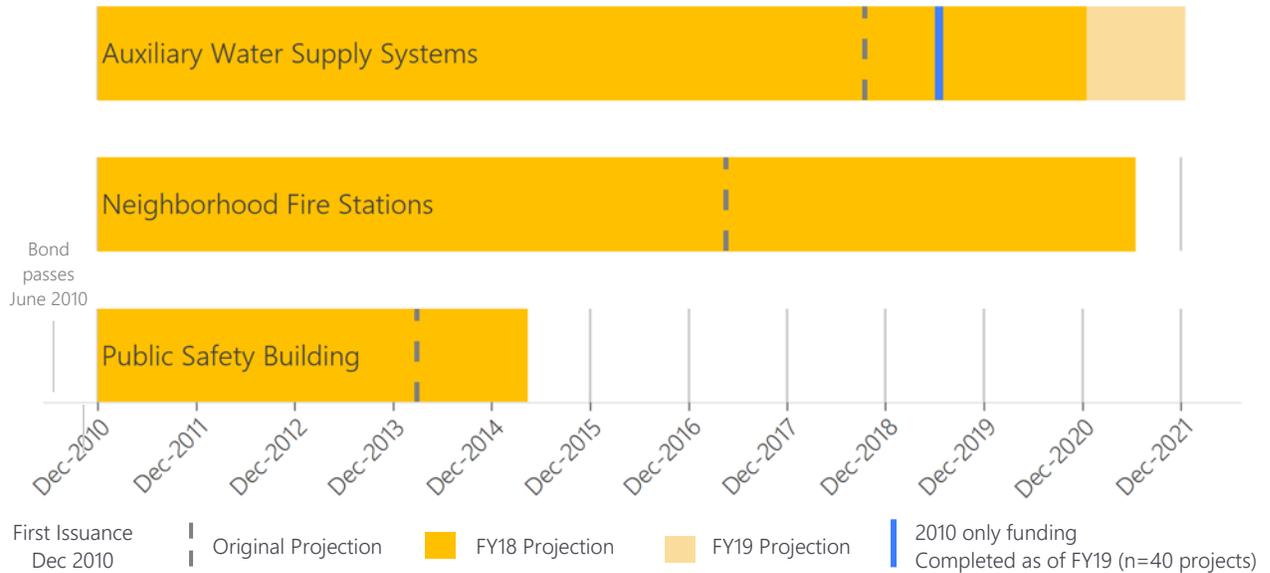
Pumping Station 2, which was planned as the last project within the [AWSS](#) component, was unable to begin until Pumping Station 1 was complete, because only one pumping station can be offline at a time.



¹³ An error in the FY18 Annual GO Bond Program report indicated 75 completed projects, when only 74 were complete at that time.

This contingency, along with client requests and a prior year’s need to rebid this project to align with budget estimates contributed to the component’s overall delay.

NFS projects are on track to complete by June 2021.



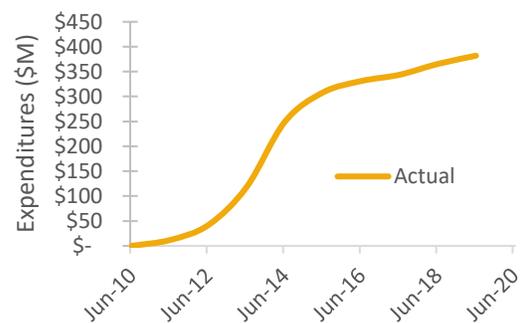
BUDGET AND SPENDING

As of June 30, 2019, \$392.4 million of bond funding (95% of the appropriated budget) had been spent and encumbered (see Appendix A). The bond sold its sixth and final issuance in April 2016.

Both active components progressed in their spending in the reporting period. PUC expects spending to conclude by fiscal year 2021. Public Works plans to allocate PSB savings to the TCFSD facility and will spend the remaining NFS balance on apparatus bay door and generator replacements. Financial close out will follow by mid-2021.

Actual Expenditures¹⁴

Cumulative, FY11 to FY19



¹⁴ 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



OTHER KEY FINDINGS

Successes, challenges, and lessons learned for ESER 2010 overlap with those of the 2014 program and are reviewed in that chapter.



2008 San Francisco General Hospital Rebuild Bond

In November 2008, voters approved the \$887.4 million San Francisco General Hospital and Trauma Center Earthquake Safety (SFGH Rebuild) bond.¹⁶ This bond 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. However, due to the fact that the single-project bond realized savings associated with lower construction, materials costs, and interest earned, the remaining \$15.6 million was repurposed into four new projects that were not originally planned for the authorized funds.

Three of the four follow-on projects utilizing program savings have been completed thus far at Zuckerberg San Francisco General Hospital (ZSFG), with two completed during the review period. The \$2.3 million Plant Services Building NPC-4 Seismic Upgrade project, consisting of retrofits to utilities and equipment to meet California’s Office of Statewide Health Planning and Development (OSHPD) safety standards, was completed in September 2018. The \$6.7 million Building 5 Bridge and Tunnel project, consisting of renovations to areas affected by a new bridge and tunnel to allow patients and staff to move between Building 25 and Building 5, was completed in October 2018. The third project, related to the replacement of a pneumatic tube in Building 5, was completed in February 2016—prior to the review period.

At a Glance

Authorization: \$887.4 million approved in November 2018.

Scope: Single planned project reached completion in 2015; four follow-on projects planned with savings.

Schedule: Three of four follow-on projects completed; final project to be completed by Q2 of 2020.

Budget: \$888.0 million spent and encumbered of \$893.0 million budgeted (99% of budgeted).¹⁵ Bond is fully issued.

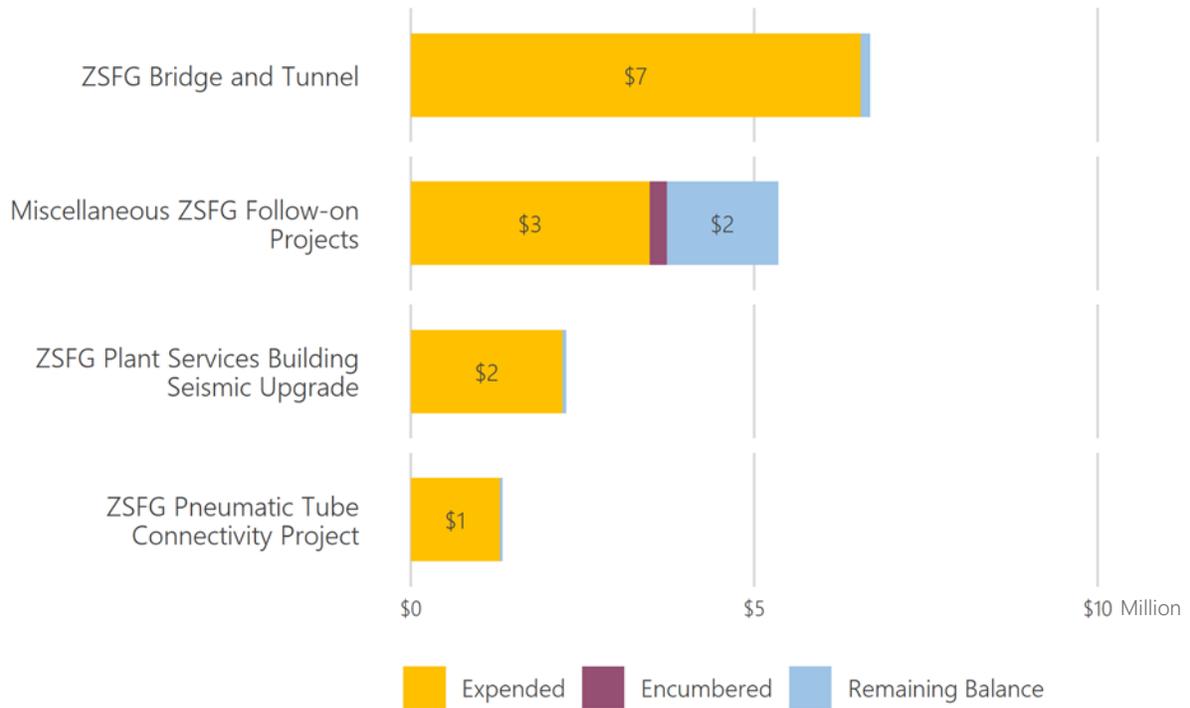
Moving forward, the last category of work utilizing funding from the 2008 bond is the Miscellaneous ZSFG Follow-on Projects, which is composed of five sub-projects. Of these, only three were outstanding as of the review period—Ambulance Bay, Patient Safety Project, and ED Lobby Removal. All three of these, though, are currently in construction and are projected to be complete by December 2020.

In addition to these projects, there is currently \$3.1 million in unspent funds associated with the ZSFG (Building 25), which was completed as of 2016. The remaining funding will be used to fund labor and construction costs associated with the follow-on projects as well as program financial closeout.

¹⁵ Amounts exclude costs related to Oversight, Accountability, and Cost of Issuance unless referring to voter authorization.

¹⁶ San Francisco General Hospital and Trauma Center formally changed its name to Zuckerberg San Francisco General Hospital and Trauma Center in 2016.

Follow-on Projects: Expenditures and Encumbrances



Transportation

There are two active general obligation (GO) bond programs funding transportation projects throughout the City—the 2014 Transportation and Road Improvement bond and the 2011 Road Repaving and Street Safety Bond. The San Francisco Municipal Transportation Agency (SFMTA) primarily manages the 2014 bond, while the Department of Public Works (Public Works) primarily manages the 2011 bond.

In total, \$309.5 million remains across both bonds as of June 30, 2019, out of a total of \$748.0 million that was initially authorized by voters. Of the \$309.5 million, the vast majority (\$307.2 million) is associated with the 2014 Transportation and Road Improvements bond, which funds mass-transit upgrades and various improvements to roadways (such as traffic light and sidewalk improvements). The 2011 Road Repaving and Street Safety bond is nearly complete, with only \$2.3 million remaining (1 percent) out of a total of \$245.6 million budgeted for street repaving, street upgrades, and sidewalk upgrades.

City Has **\$309.5 Million** in GO Bond Funds Remaining for Transit Projects^a

(In Millions)

Bond Program	Budget	Issued	Expended	Encumbered	Amount Remaining
2014 Transportation and Road Improvement	\$490.8	\$231.8	\$147.0	\$36.6	\$307.2
2011 Road Repaving and Street Safety	\$245.6	\$245.6	\$236.7	\$6.6	\$2.3
Total	\$736.4	\$477.4	\$383.7	\$43.2	\$309.5

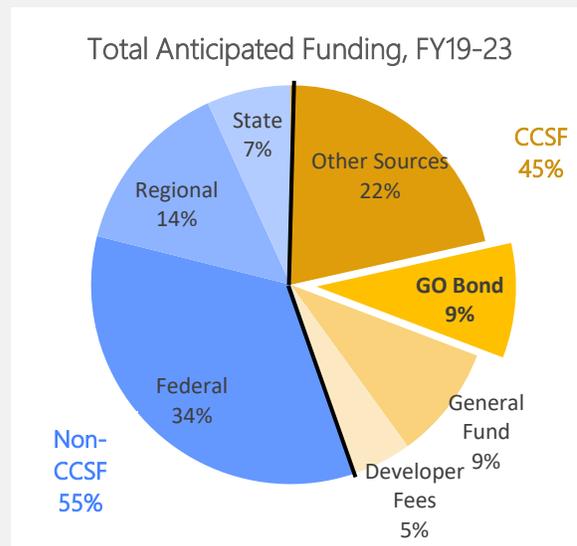
^a As of June 30, 2019. All amounts exclude costs related to Oversight, Accountability, and Cost of Issuance.

The notable exceptions to the departments managing the bonds are the Better Market Street (BMS) project, which is still in planning and is projected to receive \$113.0 million from the 2014 bond and is being managed by Public Works, rather than SFMTA; the BART Canopies project which will receive \$45.0 million and is being managed by Bay Area Rapid Transit (BART); and the Positive Train Control (PTC) Communication Based Overlay Signal System (CBOSS) and Electrification projects which will receive \$39.0 million and is being managed by Caltrain. Of the \$307.2 million remaining in the 2014 bond, less than half (\$149.0 million) is under the direct management of SFMTA.

Of the funding for the 2014 bond that remains unspent (63 percent), 51 percent of those funds are under the direct management of Public Works or BART. A key factor that has contributed to the delays with the bond program include BMS planning delays, which impact several of the bond's components. In contrast, the 2011 bond is nearly complete, with Public Works primarily engaged in project closeout.

SFMTA's Approach to Capital Budgeting Results in Frequent Scope Changes

SFMTA receives capital funding from a variety of sources. The SFMTA's FY19-23 five-year capital plan outlines \$3.0 billion in projected funding over the five-year period, to be sourced from 70 different accounts. Of this amount, 34% of the funding stems from the federal government (such as from the Federal Transit Administration), 22% is from other CCSF sources (such as Proposition K sales tax revenue and SFMTA operating funds), 14% is from regional sources (such as regional transit measures and the Bay Area Toll Authority), and only 9% is associated with GO bonds. To more easily manage the vast number of funding sources, all funding flows into two separate appropriation accounts (or "subfunds")—streets and transit. In general, the streets subfund is used for street related work (such as bicycle and pedestrian safety improvements), while the transit subfund is used for mass-transit projects (such as fleet replacements or projects that improve the performance and reliability of the transit system). In some cases, projects may utilize funding from both accounts.



SFMTA adjusts funding sources to align expenditure and project deadlines but needs approval to shift funds between appropriation accounts. Many of the SFMTA's funding sources (such as from the Federal Transit Administration) are constrained by deadlines by which the SFMTA must expend the funds or risk losing them. Furthermore, unplanned project developments (for example, the discovery of sub-sidewalk basements in project sites) may delay the timeline of projects and when funding is needed for the project. As a result, SFMTA frequently switches project funding sources to align funding timelines with projects that are "shovel ready." As long as SFMTA shifts these funds within the streets or transit subfunds—rather than between them—no approval is necessary outside SFMTA per the ordinances associated with the bond issuances. When funding is switched between these subfunds, however, SFMTA must seek approval from its Board of Directors, the Controller's Budget and Analysis Division, and the Board of Supervisors. As a result, shifts within each subfund are common, while shifts between them are rare.

As a result, scoping changes to SFMTA projects have historically been common. Because shifts within subfunds are common, the scope of the bond expenditures also change frequently. Due to these shifts, 58 projects are projected to be funded by the 2014 bond as of June 20, 2019—15 fewer reported than in our prior report. Moving forward, SFMTA anticipates that the scope of SFMTA projects will not change in FY19-20. Furthermore, SFMTA has adopted an informal policy in FY18-19 to no longer use bond funds for projects under \$10 million, as these are more likely to experience scoping changes than larger projects.

2014 Transportation and Road Improvement Bond

In November 2014, voters authorized \$500.0 million in funding to improve the City's transportation infrastructure. The 2014 Transportation and Road Improvement bond comprises eight components—six managed by the San Francisco Municipal Transportation Agency (SFMTA), one managed by BART, and one managed by Caltrain. In addition, one large project—Better Market Street—receives funding from several components but is managed by San Francisco Public Works.

SCOPE

- Muni Forward Rapid Network Improvements** (\$187.2 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.
- Muni Facility Upgrades** (\$68.6 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.
- Pedestrian Safety Improvements** (\$66.6 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.
- Complete Streets Improvements** (\$51.0 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.
- Caltrain Upgrades** (\$39.0 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. Specifically, the component supports Caltrain's implementation of a Positive Train Control (PTC) Communication Based Overlay Signal System (CBOSS) and Electrification, which electrifies and upgrades the performance, operating efficiency, capacity, safety, and reliability of Caltrain's commuter rail service.

At a Glance

Authorization: \$500.0 million approved in November 2014.

Scope: Decrease of 15 projects across all components from FY18, largely driven by cash-flow issues.

Schedule: Several of the bond's eight components fund the Better Market Street project, which has been extended to 2024. Across all components, 10 projects were completed during the review period.

Budget: \$183.8 million spent of \$232.9 million issued (78.9%).¹⁷ \$267.1 million remains unissued.

¹⁷ All amounts exclude costs related to Oversight, Accountability, and Cost of Issuance unless referring to voter authorization.

- **Accessibility Improvements** (\$29.4 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.
- **Major Transit Corridor Improvements** (\$27.4 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.
- **Traffic Signal Improvements** (\$21.6 million): This component funds upgrades to traffic signals and operations, including traffic signal improvements on and adjacent to Market Street. The installation of Pedestrian Countdown Signals (PCS) and Audible Pedestrian Signals (APS) along with the upgraded traffic signals will improve safety for people crossing streets, including the visually impaired.

The above components and their scopes were identified by a City Task Force that reviewed San Francisco’s transportation system needs. The Task Force identified \$10 billion in infrastructure projects needed to: improve Muni reliability and accessibility, improve the conditions of streets, and make the roads safer for pedestrians, cyclists, and motorists. Projects in each component are chosen based on the City’s Capital Plan, safety (e.g., Vision Zero), public need and input, existing conditions, and coordination with other departments.

The Better Market Street (BMS) project spans several of bond’s components, representing the largest project within the 2014 bond program. The project is transforming Market Street from Van Ness Avenue to Stuart Street into a “car free zone,” with upgrades to streets, signals, muni stations, sidewalks, and bike lanes. The preliminary total project cost estimate was \$604.0 million, with \$113.0 million being sourced from across five components of the 2014 bond. (This leaves \$387.0 million for non-BMS projects.)



As mentioned in the Capital Budgeting textbox on page 34, shifts in capital funding sources were the primary driver of a decrease in projects across four of the bond’s components since June 30, 2018. The [Muni Forward Rapid Network Improvements](#) component decreased from 30 to 23 projects, the [Muni Facility Upgrades](#) component decreased from 5 to 4 projects, the [Pedestrian Safety Improvements](#) component decreased from 19 to 17 projects, and the [Complete Streets Improvements](#) component decreased from 12 to 7 projects. Moving forward, the SFMTA indicates that further scoping changes are unlikely and in future bond issuances, SFMTA plans to limit the number of new bond-funded projects to large-budget, construction-ready projects.

The remaining four components did not experience any scoping changes, including [Caltrain Upgrades](#), [Accessibility Improvements](#), [Major Transit Corridor Improvements](#), and [Traffic Signal Improvements](#).

PROGRESS AND SCHEDULE

Bond Progress by Component

For the [Muni Forward Rapid Network Improvements](#) component--the largest by dollar value--two projects were completed during the review period, including 1 California Street and 5 Fulton Street. SFMTA indicates that most of the outstanding 16 projects have either been approved or are in construction. The 22 Filmore Street, L Taraval, and N Judah projects experienced delays associated with the need to segment each project's contract with PUC, coordinate each department's respective work, ADA design issues, and/or stakeholder outreach efforts. Outreach efforts are more challenging for this component than for others as projects impact both roadways and commuting lines, necessitating input from both residents and commuters. Due in part to these challenges, SFMTA indicates that some funding for [Muni Forward](#) may be repurposed for the BMS project in the future.

Several of the other components experienced project completion during the review period. The [Muni Facility Upgrades](#) component had two projects completed--the 1570 Burke Facility to store equipment and the Muni Metro East Facility to handle the expansion of the light rail. (The remaining project within the component, the Underground Storage Tanks, was completed after the review period in December 2019.)

Four [Pedestrian Safety Improvement](#) projects were completed during the review period—Potrero Avenue Roadway Improvement, 4th Street I-80 Vision Zero Improvement, New Signals on High Injury Corridors, and the Walk First New Traffic Signal projects.

Finally, two [Complete Streets Improvement](#) projects were also completed during the review period—Application Based Residential Street Traffic Calming and the Alemany Interchange Improvement Project.

None of the remaining four components witnessed project completions within the review period. These include [Caltrain Upgrades](#), [Accessibility Improvements](#), [Major Transit Corridor Improvements](#), and [Traffic Signal Improvements](#). Funding for the [Caltrain Upgrades](#) has been transferred to Caltrain, which is managing the two projects, though these have not yet been completed. The BART Canopies project makes up the entirety of the [Accessibility Improvements](#) component and is managed by BART. Two

Muni Forward Rapid Network Improvements



Muni Facility Upgrades



Pedestrian Safety Improvements



Complete Streets Improvements



canopies have been completed as proof of concept, and the full contract was agreed upon in January 2020. For [Major Transit Corridors](#), the King Street Substation project is nearly complete, pending resolution of a PG&E coordination issue related to the activation of a substation. Finally, the single [Traffic Signal Improvements](#) project is part of the broader BMS project, meaning it will be completed once BMS is completed.

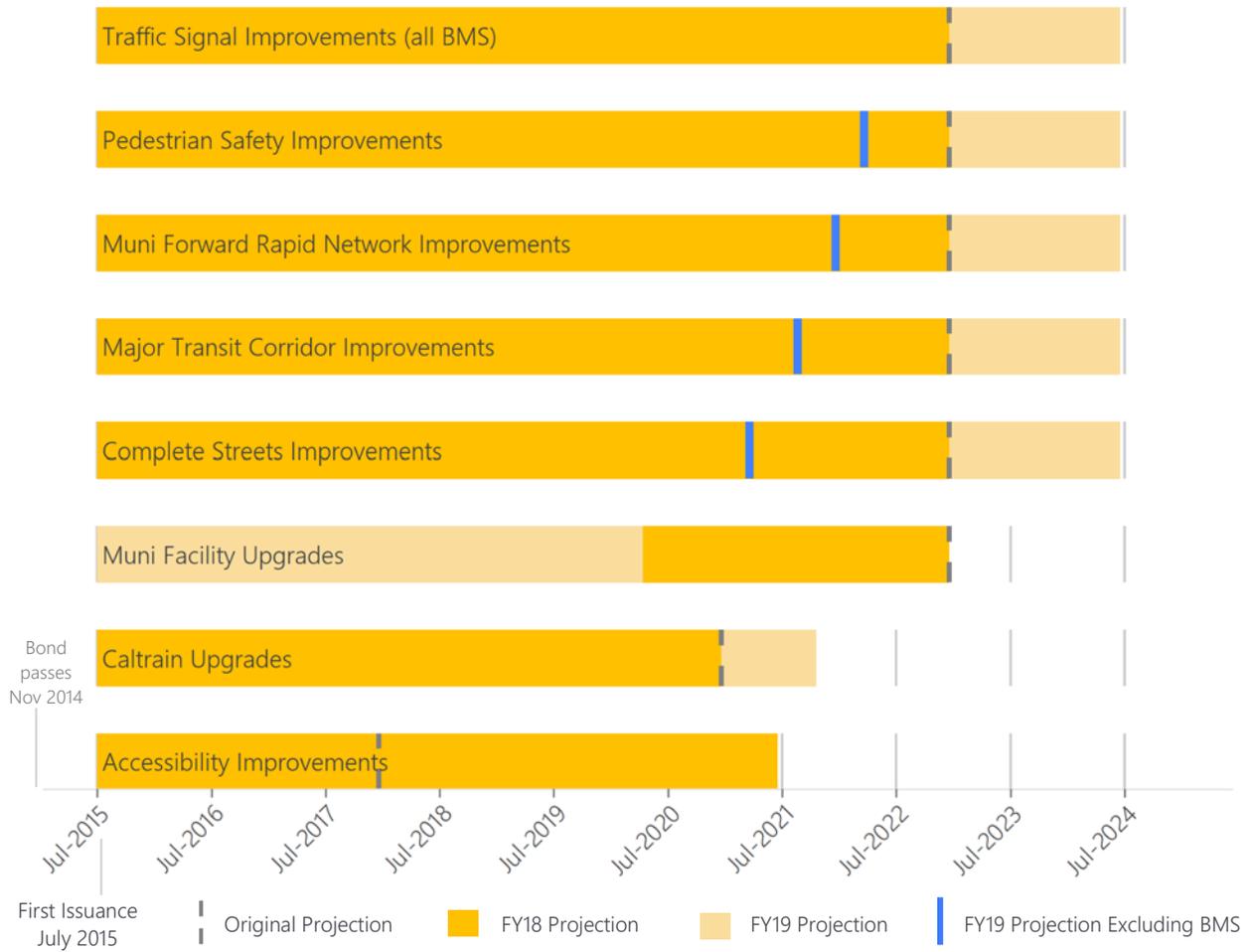


In addition to project completions, notable progress has been made on the four components listed above. Although occurring after the review period, by September 2019 the [Caltrain Upgrades](#) component created additional clearance and installed anchor bolts in four Caltrain tunnels leading into the City, thus laying the groundwork for the future installation of electrical wires to power the next-generation electric trains.

Bond Schedule by Component

The Better Market Street (BMS) project experienced completion delays, resulting in delays of many of the bond's components. BMS was originally scheduled to be completed by December 2022 but has been delayed to June 2024. Factors contributing to the delay include finalization of the project plan and completion of the subsequent environmental impact report. As several of 2014 bond's components fund aspects of BMS (such as the traffic signals)—including [Muni Forward Rapid Network Improvements](#), [Pedestrian Safety Improvements](#), [Complete Streets Improvements](#), [Major Transit Corridor Improvements](#), and [Traffic Signal Improvements](#)—the corresponding component's completion dates have also been extended. As a result, the Bond Schedule by Component chart below lists the completion dates for both BMS and non-BMS projects within each component. Although outside the review period, BMS experienced a notable achievement with the completion of its environmental impact report in October 2019. Public Works projects that construction on BMS will begin in the spring of 2021.

The bond's non-BMS projects are expected to be complete by March 2022. Certain non-BMS projects have been delayed due to a highly competitive bidding environment, public outreach efforts, coordination with other City agencies, and cash-flow issues with the various funding sources for projects.



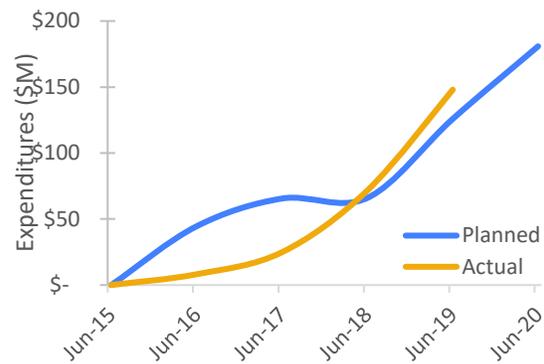
BUDGET AND SPENDING

In FY18-19, \$110.3 million (22.5%) of total bond funds were expended and encumbered. Following these expenditures, 78.9% of total issued bond funds have been expended and encumbered as of June 30, 2019 (see Appendix A). Although actual expenditures lagged behind planned expenditures in prior years, the robust spending in FY18-19 has closed this gap and both are now in-line with one another.

The bond program has had two issuances, providing \$232.9 million of total funding. The first issuance of \$67.0 million occurred in June 2015, and the second issuance of \$177.0 million occurred in February 2018. SFMTA is currently exploring a third and final issuance of \$256.0 million, though has not yet

Planned versus Actual Expenditures¹⁸

As planned before each issuance



¹⁸ Actual expenditures do not include encumbrances.

solidified a date to do so. Once these funds are depleted, SFMTA is exploring going to voters for an additional bond authorization in 2022.

The majority of the bond projects are funded by multiple sources which in many cases fund the projects to completion.

SFMTA currently projects that it will fully expend the remaining \$307.0 million in budgeted funding by 2024. However, schedule risks continue due to the fact that SFMTA frequently leverages funding from multiple sources.

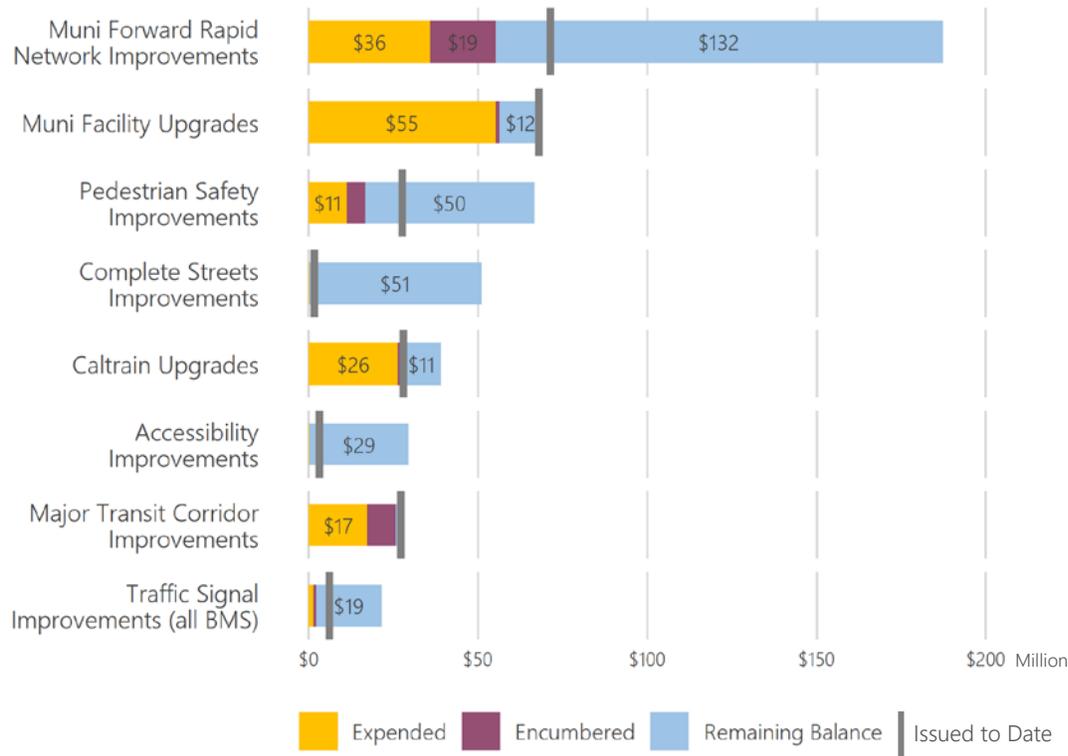
While some of the bond's components have expended and encumbered a significant portion of their budgets, roughly half of the components have had more limited spending. Of the components with budgets greater than \$50.0 million, the [Muni Forward Rapid Network Improvements](#) component has expended and encumbered 29.4% of its budget, the [Muni Facility Upgrades](#) component has expended and encumbered 82.2% of its budget, the [Pedestrian Safety Improvements](#) component has expended and encumbered 24.7% of its budget, and the [Complete Streets Improvements](#) component has expended and encumbered 0.1% of its budget. All of the [Complete Streets Improvements](#) component will fund BMS, which has yet to begin construction and accounts for the component's very limited expenditures to date.

For the smaller components, [Caltrain Upgrades](#) has expended and encumbered 71.2% of its budget, [Accessibility Improvements](#) has expended and encumbered 0.3% of its budget, [Major Transit Corridor Improvements](#) has expended and encumbered 93.6% of its budget, and [Traffic Signal Improvements](#) has expended and encumbered 9.7% of its budget. (Regarding the limited spending for [Accessibility Improvements](#), cost have been incurred but not yet billed due to the need to finalize a memorandum of understanding (MOU) between SFMTA and BART.)

Six of the bond's components contribute funds to the Better Market Street project, totaling \$113.0 million, primarily from major transit corridor improvements and traffic signal improvements. \$149.0 million remains for non-BMS projects.



Bond Expenditures and Encumbrances



OTHER KEY FINDINGS

- SFMTA prefers a streamlined design for future general obligation bond programs. As SFMTA had not had GO bond authorization in over 20 years, it initially designed the 2014 bond program to mirror its existing capital programs, with roughly 70% of funding devoted to streets projects and the remainder to be spent on major capital projects (such as the construction of tunnels). The projects scoped within the bond, however, were not driven by the cost of the projects or the additional reporting requirements inherent with GO capital expenditures. This resulted in eight components with over four dozen projects—far more than many other bond programs of this size. Given the reporting requirements and expenditure limitations of the GO bond program, spreading the funding over many projects has been challenging for SFMTA to monitor from an accounting perspective. To streamline its GO programs moving forward, SFMTA prefers to only use bond funding for a smaller number of higher-value projects (over \$10.0 million).
- Various funding sources can contribute to transportation scoping changes. GO bond funding only comprises roughly 10% of SFMTA’s five-year capital plan, which blends together dozens of local, regional, state, and federal sources. A downstream effect of this blending (combined with a desire to use available funding for shovel-ready projects) can lead to frequent changes to the scope of projects supported by GO funds, a practice that will likely continue with future bond funds.

- SFMTA conducts extensive outreach for [Muni Forward](#) projects using a best practice approach called POETS (Public Outreach and Engagement Team Strategy). For each project, SFMTA develops a complete POETS outreach and engagement plan, tailored to the needs of the specific project and community. SFMTA engages the public continuously throughout the planning, design, and implementation process.



They use a range of techniques, including public workshops, mailers to residents and nearby merchants, surveys, on-board flyers, small working groups of key stakeholders, and many other approaches to ensure SFMTA reaches the full breadth of the community. Despite this engagement and outreach, SFMTA faces ongoing community challenges with [Muni Forward](#) and has expanded the outreach budget for projects and is attempting to engage residents even earlier in the process than before.

- For more minor changes (such as moving a bus stop), outreach efforts conducted several years prior to the start of construction can be forgotten by the public who may again raise objections once a project has finally broken ground. To limit public opposition, SFMTA believes it is imperative to do non-major capital work (e.g., bus stop relocation) prior to breaking ground on a project.
- As with all programs, the bid environment has posed a significant challenge. SFMTA has had to rebid several projects due to higher than expected costs, few or no bid responses, or contractors that did not meet the Local Business Enterprise (LBE) certification requirements. Due to inflation within the construction market, these delays have contributed to increasing cost gaps between what engineers initially estimate a project will cost and the actual costs of the project. Given the diverse funding sources available in SFMTA's Capital Improvement Plan, the Agency has been able to mitigate these cost increases with capital reserves. Further, SFMTA's Project Management Office has released direction internally to adjust project estimates given the bid environment.
- Interagency coordination is another challenge SFMTA faces that contributes to delays. As an example, due to the City's new Financial System, there have been difficulties in the transfer of funds between agencies, which is essential to project delivery and reprogramming project cost savings, contributing to delays in projects' substantial completion dates. Delays can also occur when coordinating with non-City organizations. SFMTA's projects often involve overlapping transit networks (such as BART or CalTrain), meaning SFMTA does not always directly oversee the progress on these collaborative projects, a source of delays that is likely to persist into the future. For example, the [Accessibility](#) component is experiencing spending delays related to the negotiation of an MOU between BART and SFMTA.

2011 Road Repaving and Street Safety Bond

The 2011 Road Repaving and Street Safety bond is primarily managed by San Francisco Public Works (Public Works). One component, Transit and Traffic Signal Improvements, is managed by the San Francisco Municipal Transportation Agency (SFMTA). The bond program includes the following five components.

SCOPE

- **Street Resurfacing and Reconstruction** (\$146.3 million): This completed component repaved, repaired, and reconstructed 1,423 blocks of streets to improve surface quality and ensure safety for all road users. The program coordinated with other agencies including the SFMTA (e.g., to de-energize bus lines), the Public Utilities Commission (PUC), and private utility companies. The street resurfacing program prioritized blocks according to the following criteria: multi-modal routes, pavement condition index (PCI) score, functional classification, project readiness, coordination with utility companies and City agencies, equitable distribution across the City, and complaints.
- **Streetscape, Pedestrian, and Bicycle Safety Improvements** (\$50.7 million): Led by San Francisco Public Works in coordination with the SFMTA and the PUC, 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 and Reconstruction projects.
- **Sidewalk Accessibility Improvements** (\$21.9 million): This completed component included three subprograms:

 - The Accelerated Sidewalk Abatement Program (ASAP) was a complaint-driven program to repair 152,000 square feet of damaged sidewalks.
 - The Sidewalk Inspection and Repair Program (SIRP) was a condition-driven program to repair 600 square blocks of damaged sidewalks.

At a Glance

Authorization: \$248.0 million approved in November 2011.

Scope: Very minor scope increase to the Street Resurfacing and Reconstruction component, with an increase of two blocks (0.1%) repaved.

Schedule: Four of five components are completed, one in the reporting period (Street Resurfacing and Reconstruction). The Streetscape, Pedestrian, and Bicycle Safety Improvements component was delayed by 3 years due to sewer scoping changes that occurred late in the design phase, resulting in coordination delays with other departments.

Budget: \$244.4 million expended and encumbered of \$247.0 million issued (99%). No unissued funds.¹⁹

¹⁹ All amounts exclude costs related to Oversight, Accountability, and Cost of Issuance unless referring to voter authorization.

- The Curb Ramp Program had a goal of upgrading 1,350 curb ramps to provide better accessibility in accordance with the Americans with Disabilities Act (ADA).
- **Transit and Traffic Signal Improvements** (\$19.8 million): Led by the SFMTA, this completed component improved or replaced traffic signals at 456 intersections, including the addition of a transit signal priority system at 440 intersections, new traffic signals and signal upgrades at 10 intersections, and traffic signal infrastructure such as conduits at six locations. The traffic conduits were coordinated with Street Resurfacing and Reconstruction blocks.
- **Street Structure Rehabilitation and Strengthening** (\$6.9 million): This completed component consisted of 39 projects to make repairs and design plans at 38 of the City’s approximately 350 roadway structures including stairways, retaining walls, pedestrian bridges, vehicular bridges, viaducts, and tunnels.

Although the scopes of most components were unchanged during the reporting period, there were minor scope changes to the Street Resurfacing and Reconstruction component. The component added two blocks to its scope—from 1,423 to 1,425—which was funded using savings from the 1,423 other blocks completed as part of this component. (These blocks were chosen using Public Works’ long held practice of focusing on blocks with the lowest PCI scores.) No other scoping changes were made to the 2011 bond.

PROGRESS AND SCHEDULE

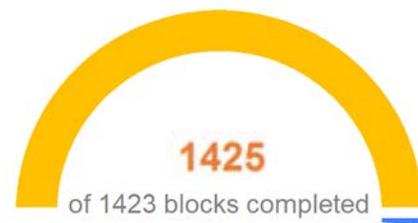
Bond Progress by Component

Four of the five components were substantially completed prior to June 30, 2019. Three of these were completed prior to the reporting period— [Sidewalk Accessibility Improvements](#) (completed in October 2016), [Transit and Traffic Signal Improvements](#) (June 2018), and [Street Structure Rehabilitation and Strengthening](#) (July 2017). (Progress gauges not shown.)

An additional component, the [Street Resurfacing and Reconstruction](#), reached substantial completion through the completion of the final 70 blocks during the reporting period—the only component to have been completed in FY18-19. This brought the total blocks completed to 1,425, which exceeded the goal of 1423.

Between July 2018 and June 2019, the following four [Streetscape, Pedestrian, and Bicycle Safety](#) projects were completed: Geary St-Park Presidio Blvd, Irving St (Phase 1: 19-26th Ave), Polk Complete Street (McAllister to Union), and Columbus/Stockton & Vallejo Pedestrian Improvements.

Street Resurfacing and Reconstruction

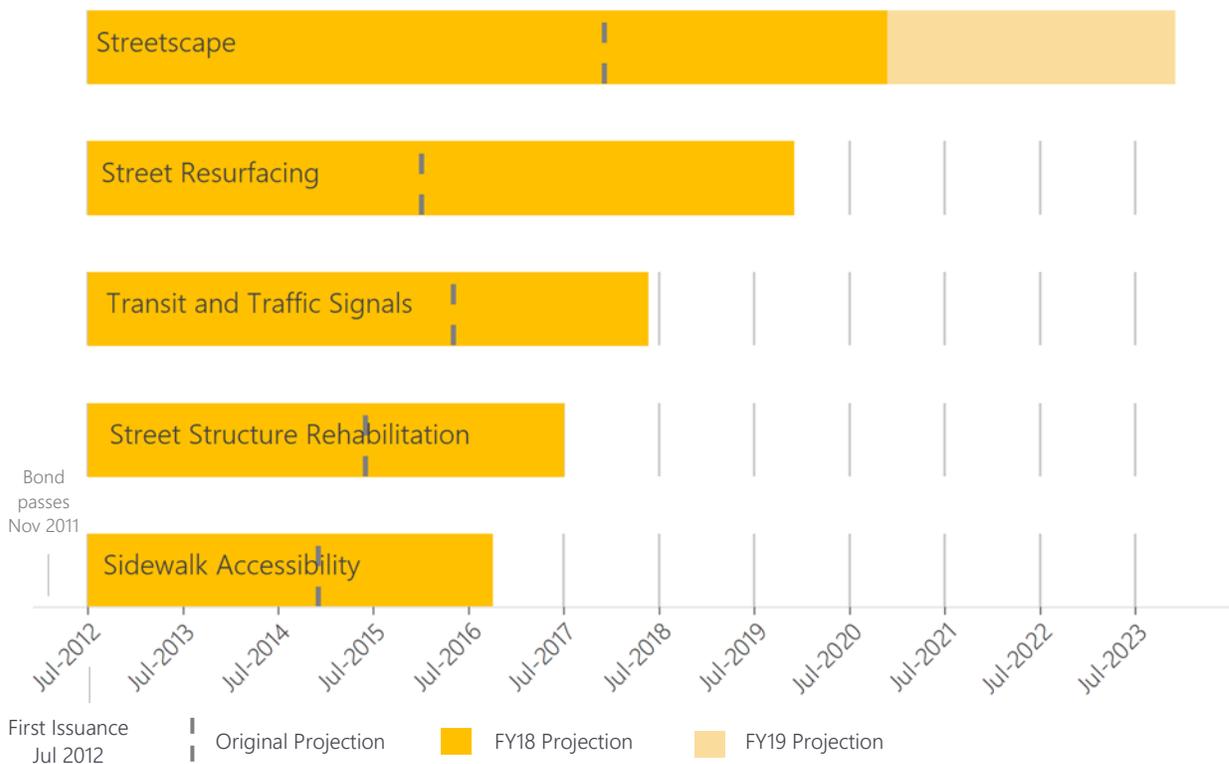


Streetscape, Pedestrian, and Bicycle Safety



Bond Schedule by Component

The [Streetscape, Pedestrian, and Bicycle Safety Improvements](#) component was delayed by an additional three years compared with last year's report and is now expected to be completed by December 2023. These delays are due to both project scope changes and coordination issues with other City agencies. The delay is primarily driven by the Palou Avenue Streetscape project, which extends from Barneveld Avenue to Crisp Road and includes a variety of updates such as sewer replacements, repaving, lighting, and tree installation. Due to changes to the scope of the sewer work late in the design phase, the project lifecycle was extended. Furthermore, coordination with Muni and the PUC have also contributed to the delays. Other active projects within the [Streetscape](#) component are nearly complete, but are undergoing long-term plan establishment and maintenance, which is a multi-year process of monitoring newly-planted trees to ensure that the trees are healthy. However, the tree monitoring was anticipated and is not contributing to the delays within the component.



BUDGET AND SPENDING

In FY18-19, \$10.2 million (4.1%) of total bond funds were expended. Following these expenditures, 99% of budgeted bond funds have been expended and encumbered to date (see Appendix A). The bond program is currently finalizing expenditures, with its final issuance having occurred in April 2016.

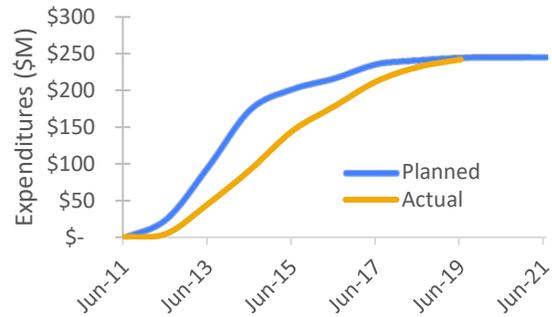
Nearly all of these expenditures were related to the two components that were active during the period, with the [Street Resurfacing and Reconstruction](#) component expending or encumbering \$5.4 million and the [Streetscape, Pedestrian and Bicycle Safety](#) component expending or encumbering \$4.2 million. As of June 30, 2019, 100.0% and 97.3% of budgeted funds for these components have been expended and

encumbered, respectively. Across components, only 1.5% of total budgeted funds for the 2011 bond have yet to be expended or encumbered as of the close of the fiscal year.

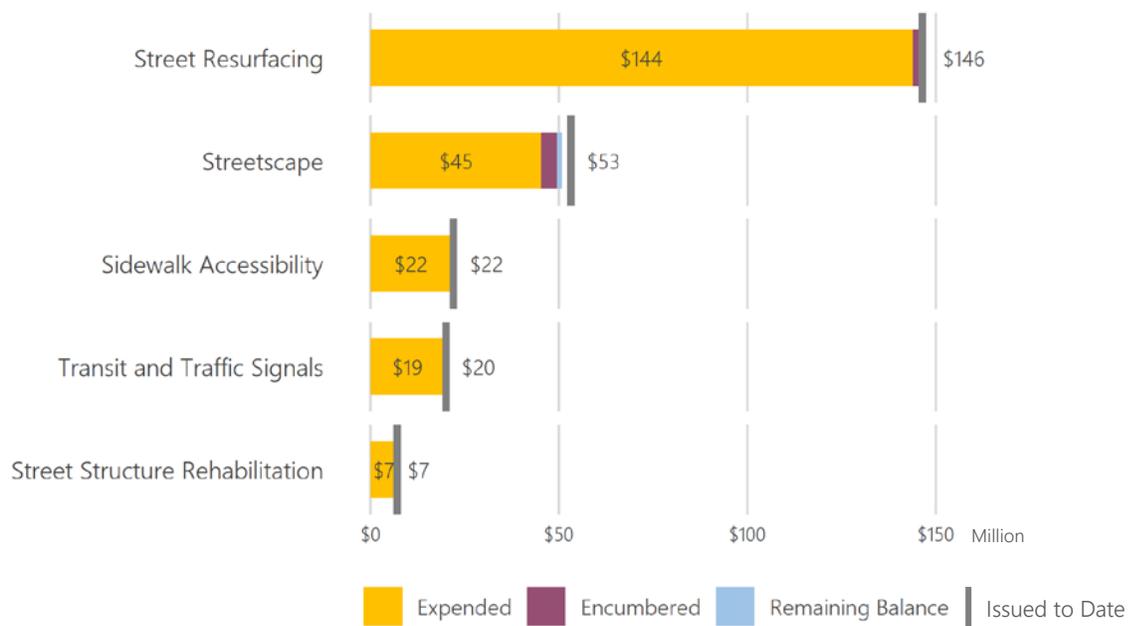
As funding from the 2011 bond has been phased out, Public Works has phased in funding from Senate Bill (SB) 1 for the [Street Resurfacing Program](#). The state passed SB 1 in FY17 (“Road Repair and Accountability Act of 2017”), which raised the gasoline tax and transferred a portion of these ongoing funds to counties. In FY18-19, San Francisco’s SB 1-related revenue for street resurfacing was \$26.0 million, which was used to offset the revenue declines stemming from declining available funds from the 2011 bond as it approaches completion.

Planned versus Actual Expenditures²⁰

As planned before each issuance



Bond Expenditures and Encumbrances



²⁰ Actual expenditures do not include encumbrances.

OTHER KEY FINDINGS

- One of the ongoing challenges the bond program faces is the necessary coordination between Public Works and other City departments, especially the PUC and MTA. For example, a project may require PUC to initiate and conclude sewer work before a road can be paved on top of the sewer by Public Works. Given that these projects require coordination of scope, project timelines, and funding contributions by departments, coordination-related delays are common. To mitigate these delays, departments such as Public Works rely on the coordination system Accela (Envista) to track project timelines among departments and prompt cross-department coordination meetings, when necessary. While these coordination meetings have allowed Public Works to save on project planning, design, and other soft costs, they have also resulted in increased project schedules for which Public Works has had to account.
- The [Streetscape, Pedestrian, and Bicycle Safety Improvements](#) component primarily faced delays driven by utility investigations and the coordination issues referenced above. For example, the Palou Streetscape project within the Bayview neighborhood was delayed due to water and sewage changes that delayed the contract going to bid.
- Bond funds have been a critical resource to date for Public Works' efforts to improve street conditions. To this end, the City's PCI score (a measure of road conditions) increased between 2011 and 2017—the lifecycle of the bond—before stabilizing over the past two years. With the roughly \$65 million in annual funding for road repaving each year across all funding sources, including SB 1, Public Works projects that the PCI score will continue to remain stable at that funding level. This funding level has been stabilized, despite declining bond funding, through Public Works' utilization of approximately \$26 million in new SB 1 funding from the state for the [Street Resurfacing](#) Program. To improve the PCI score, though, Public Works believes that new funding would need to be identified.



Affordable Housing

There are two active general obligation (GO) affordable housing bonds—the 2016 Preservation and Seismic Safety (PASS) and the 2015 Affordable Housing bond. This is the first year the PASS bond is included in this report. In November 2016, voters authorized repurposing the existing 1992 Seismic Safety Loan Program into PASS. Program regulations were approved, and bond funds were issued in early 2019.

Across both bonds, voters have authorized a total of \$570.7 million. Of the \$566.2 million in budgeted funds, \$397.5 million remains across both bonds as of June 30, 2019. Of the \$397.5 million, \$255.5 million is associated with the 2016 Preservation bond, which authorized \$260.7 million to protect the affordability of existing rental housing and improve seismic safety. The 2015 Affordable Housing bond, which authorized \$310.0 million, has \$142.0 million remaining. The 2015 bond funds the development of new low-income housing, revitalization of public housing, and availability of middle-income and teacher affordability programs.

Both programs are managed by the Mayor’s Office of Housing and Community Development (MOHCD), which plays a key role in administering the City’s affordable housing GO bond portfolio, totally over half-a-billion dollars. This funding subsidizes new construction and preservation for 1,822 total affordable housing units across the two bond programs.

City Has **\$397.5 Million** in GO Bond Funds remaining for Affordable Housing Projects^a

(In Millions)

Bond Program	Budget	Issued	Expended	Encumbered	Amount Remaining
2016 Preservation And Seismic Safety	\$259.7	\$71.5	\$4.2	\$0.0	\$255.5
2015 Affordable Housing	\$306.5	\$214.9	\$116.8	\$48.1	\$141.5
Total	\$566.3	\$286.4	\$121.1	\$48.1	\$397.0

^a As of June 30, 2019. All amounts exclude costs related to Oversight, Accountability, and Cost of Issuance.

Affordable Housing bond programs are unique in that bond proceeds fund loans to developers. The City does not directly manage construction projects funded by the bonds; rather, MOHCD provides oversight to affordable housing developers who manage the projects. Compared to conventional loan markets, these loans provide lower-cost and longer-term capital that contributes to the mix of financing developers can assemble to acquire, construct, and/or rehabilitate affordable housing.

Developers must raise the necessary funding to afford San Francisco’s high land and labor costs as well as to navigate the permitting process, neighborhood approval delays, and other challenges to bring affordable units online in a way that is sustainable for the sponsor organization. GO bond funding and other support from MOHCD facilitates affordable housing construction in this context.

In addition to the 2015 and 2016 Affordable Housing GO bonds, MOHCD draws on several sources to support financing for affordable housing projects, including Development Impact Fees,²¹ the Housing Trust Fund, geography-specific funds, the Educational Revenue Augmentation Fund (ERAF), and other sources. MOHCD works with project developers (also known as sponsors) to help assemble a package of financing to make projects feasible. The package may even include financing from both GO bond programs; for example, 60-28th Street, a Small Sites Program project, has \$1 million in loans from the 2016 PASS program and \$1.4 million from the Low-Income Housing component of the 2015 Affordable Housing bond.

Both affordable housing bond programs use counts of the number of units produced, protected, or assisted²² as their measure of success. New projects funded by the bond increase the units projected, while developments which do not move forward with bond funds decrease planned units. For planned projects, the unit count can also change during predevelopment or design due to changes in the number of units planned, their size (i.e., 1 or 2 bedrooms), and the mix of sizes included in a building. For example, neighborhood approval of a project may be contingent on a certain size building, which may prompt an adjustment to the mix of unit sizes prior to approval. However, once vertical construction starts, the unit count is set.

The following provides a scope, schedule, and budget update for the two active affordable housing GO bonds.



²¹ Cities are authorized to levy development impact fees to development applicants as a condition of project approval. The collected fees are allocated to pay for, or defray the costs of, the infrastructure improvements necessitated by the new development.

²² The term "assisted" could refer to assistance provided through down payment assistance loans, loans used for renovations, or loans combined with other funding sources to pay for development and to preserve affordability.

2016 Preservation and Seismic Safety Bond

In November of 2016, voters authorized repurposing the existing the 1992 Seismic Safety Loan Program bond authority to preserve the affordability of existing rental housing, protect residents at risk of displacement, and improve seismic safety. In March of 2019, the Citywide Affordable Housing Loan Committee adopted the Preservation and Seismic Safety (PASS) Program Regulations.

PASS bond proceeds provide loans to housing developers for the 1) acquisition, improvement, or rehabilitation of multi-household rental buildings of five or more units; 2) the conversion of such buildings to permanent affordability; and 3) for financing the costs of safety improvements. Loan proceeds may not finance new construction or acquisition without improvement. Properties financed by the loans are subject to permanent rental price restrictions, whereby the building's combined average rental cost may not be higher than what a household earning 80% of the Area Median Income (AMI) can afford and no one household's rent is more than 120% of AMI (units meeting this standard are hereafter referred to as "affordable").

To qualify for PASS bond funding, project sponsors identify eligible buildings and secure the agreement of current residents to convert the building to permanent affordability. A minimum of 66% of existing tenants must acknowledge their willingness to participate in the building's conversion by certifying their income. The average household income for a minimum of 66% of existing tenants must not exceed 80% of AMI. Building residents recertify their household income annually. Building-wide average affordability levels are achieved upon unit turnover.

PASS loans provide financing that meets two main categories of project financing need: Direct financing for acquisition and construction and Take-Out financing. Direct loans finance the acquisition and rehabilitation of a project and typically remain with the project as permanent financing. Take-Out loans are issued to finance a project after construction is complete. For both categories of loans, PASS provides sponsors with lower-cost financing over a longer term (up to 40 years) than conventional loan sources. There have been no Direct loans issued as of this reporting period.

The bond's scope is organized according to loan cost and associated affordability requirement. The following three loan cost types represent the components of the bond. All current funded projects contain an identical blend of all three loan cost types.

At a Glance

Authorization: \$260.7 million approved in November 2016.

Scope: Program regulations passed in March 2019. Thirty-three units completed as of June 30, 2019.

Schedule: Thirty projects with 406 units to receive funding in the first issuance, between June 2019 and January 2022.

Budget: \$4.2 million expended and encumbered of \$71.5 million issued. \$188.3 million remains unissued.²³

²³ All amounts exclude costs related to Oversight, Accountability, and Cost of Issuance unless referring to voter authorization.

SCOPE

- **Market Rate (MR)** (\$155.5 million) loans require rental units remain affordable for the original term of the loan. If Below Market Rate (BMR) or Deferred Loans are also used, rents must remain affordable for as long as the building operates as a multi-unit residential building. The cost of MR loans is equal to the interest rate applied to the bond proceeds funding the loan, plus 1% and administrative fees. As of the first issuance, the interest rate for MR loans was just over 5%.
- **Below Market Rate (BMR)** (\$89.6 million) loans require all rental units remain affordable for as long as any portion of the building financed with the loan operates as a multi-unit residential building. The cost of BMR loans is equal to one-third the interest rate applied to the bond proceeds funding the loan. As of the first issuance, the interest rate for BMR loans was 1.4%.
- **Deferred Loans** (\$14.6 million) require all rental units remain affordable for as long as any portion of the building financed with the loan operates as a multi-unit residential building. The cost of Deferred Loans is equal to one-third the interest rate applied to the bond proceeds funding the loan. As of the first issuance, the interest rate for Deferred Loans was 1.4%. Deferred loans have no payments due until loan maturity.

Each loan category's portion of the bond's budget is based on the original proportions established for the 1992 Seismic Safety Loan Program —57% of the budget is set aside for **MR** loans, 37% for **BMR**, and 6% for **Deferred Loans**. Project funding is tied to issuance and each project currently receives a blend of **MR**, **BMR**, and **Deferred Loans**. A loan category's percentage of the issuance is expected to fluctuate between bond sales as each project is funded by multiple sources.

To determine the amount and cost of funding available to a specific project, the program strives to: 1) blend funding sources in a way that maximizes the lowest cost of capital available to projects; and 2) spread funds out as evenly as possible based on the total amount of **BMR** funding the program has the authority to issue. For example, if a project cannot support as much debt service, the program can be flexible and fund a smaller **MR** loan and a bigger **BMR** loan. This has the effect of lowering the cost of the overall loan. Blending is typically proportionate to the remaining bond authority, so if a project uses more **BMR** financing, this means less is available to other projects.

All projects may have a seismic strengthening component, though they are not required to. Projects only making seismic safety improvements may use a **MR** loan, which limits affordability to the life of the loan. However, there are no **MR** loan-only projects currently.



PROGRESS AND SCHEDULE

Since this bond passed in November 2016, MOHCD initially focused on developing program regulations, which were approved by the Mayor and Board of Supervisors in March 2019, and building buy-in with the developer community. The intricacy of the program contributed to the longer timeline for regulation development, approval, and program launch. The program had its first issuance of \$72.4 million in February 2019, though no loans were originated until after approval of the program regulations.

The PASS bond draws on the experience of the Small Sites Program (SSP), an element of the Low-Income Housing component of the 2015 Affordable Housing bond. In 2014, MOHCD issued a notice of funding availability (NOFA) to identify qualified developers and potential projects. SSP developers secure a conventional loan and pair it with a loan from the City. The 2014 NOFA established a pipeline of 30 projects with over \$70 million in loan costs. A September 2019 NOFA established another \$65 million worth of eligible projects. MOHCD will fund these projects with the second issuance, planned for the end of 2020.

Bond Progress

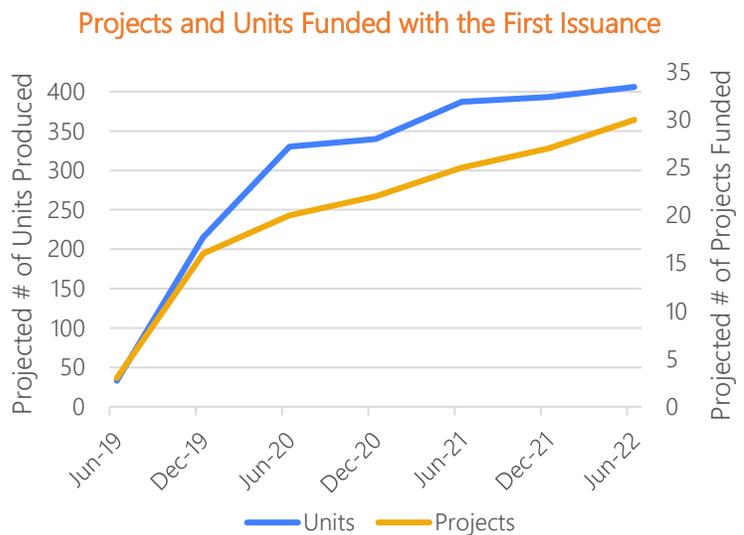
The first issuance of the PASS bond is projected to support 30 projects with a total of 406 units to be produced, protected, or assisted. The program disbursed loans to three projects (nine total loans) prior to June 30, 2019. The loans funded acquisition with rehabilitation for 33 completed affordable units located at 60-28th Street (six units), 966 Oak Street (10 units), and 1201 Powell Street (17 units). The program closed financing for seven more projects with 71 units by December 2019 (not shown here as the loans closed after June 30). Thus, so far in the first issuance a total of 10 projects and 104 rental units were completed.



Bond Schedule

Currently, all projects that are due to receive bond financing from the first issuance have a mix of [MR](#), [BMR](#), and [Deferred Loans](#). All current loans are Take-Out loans, which are made after the construction phase; thus, MOHCD monitors loan disbursement dates rather than project completion. For Direct loans, MOHCD would oversee construction and release funds as work is completed.

This schedule shows the expected date that units funded with the first



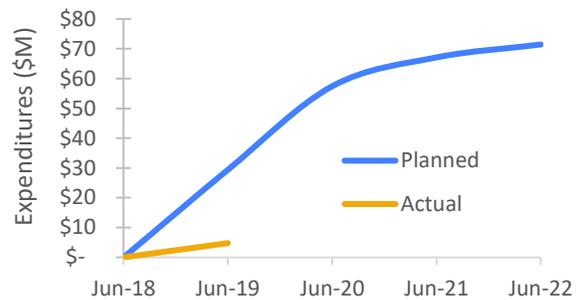
issuance will be available for rent. The schedule is based on expected loan disbursements for projects funded in the first issuance. More projects will be funded in future issuances.

BUDGET AND SPENDING

The bond sold its first issuance in February 2019, though the first loans were not disbursed until May 2019. As of June 30, 2019, the bond spent and encumbered \$4.2 million, which is 6% of the issued amount (see Appendix A).

The large discrepancy in planned versus actual expenditures is due to the program’s expectation that it would disburse more loans (\$29 million) by the end of the reporting period. Adjustments to the financing terms and timelines of the projects in the pipeline account for this difference in planned versus actual spending. Many factors can change between the time the pipeline is established and the loans close. Changes reflect updated project development costs, feasibility assessments, tenants’ verified rents and incomes, the developer’s capacity and operating expenses, project timing, and final loan closings. For instance, sponsors acquire properties on the open market, in competition with for-profit owners, and often with non-City funding. After acquisition, sponsors begin construction and verify the residents’ information. Based on the initial phases of the project, sponsors may adjust the timing and level of PASS financing needed.

Planned versus Actual Expenditures²⁴
As planned before each issuance



²⁴ Actual expenditures do not include encumbrances.

Bond Expenditures and Encumbrances

In the [MR](#) loans category, which represents 57% of the bond's total budget, MOHCD disbursed about \$2.5 million in loans, as of June 30, 2019. In [BMR](#) loans, which represents 37% of the bond's total budget, MOHCD disbursed \$1.5 million in loans, and in the [Deferred Loans](#) category, MOHCD disbursed about \$250,000.



OTHER KEY FINDINGS

Although the bond program is in its early stages, there have been some lessons learned thus far:

- Acquiring and preserving existing buildings as permanently affordable housing would not be possible with PASS bond funding alone. Additional sources of subsidy are needed to make a project financially feasible. PASS funding reduces the total amount of other subsidy required; however, there is still not enough subsidy available to meet the current demand for affordable housing in San Francisco. The following are potential ways to increase the longevity of the support provided by MOHCD.
 - Restructuring the PASS program and/or future affordable housing bonds as a more flexible revolving fund (i.e., use payments from borrowers to fund new loans) to self-fund a portion of the subsidy needs through the surpluses generated from loan repayments. Currently, the voter measure only allows loan repayments to offset the taxes the City collects to repay the bond. Once all bond proceeds are loaned, MOHCD will need to go back to the voters to authorize another bond, yet the need for low-cost affordable housing financing is great and ongoing. A revolving fund would be a more consistent, cost-efficient, and sustainable source.
 - The central partner in affordable housing development, the nonprofit community, is operating at capacity. MOHCD identified that a key element to speeding affordable housing acquisition and preservation is improving the nonprofit community's capacity to partner with the City to implement and scale the Small Sites Program. MOHCD is thus providing funding to support developer improvements in the areas of project, asset, property, construction management, and resident outreach.

2015 Affordable Housing Bond

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

SCOPE

- Low-Income Housing** (\$98.9 million): This component will fund loans for the construction of new housing units, across four sites. Developments will house 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 to preserve them for households averaging 80% of area median income (AMI). In total, this component is projected to fund construction, rehabilitation, or preservation of a total of 495 housing units.
- Middle-Income Housing** (\$79.2 million): This component focuses on middle-income families and educators. It funds expansion of the Down Payment Assistance Loan Program (DALP), the Teacher Next Door (TND) program that assists San Francisco Unified School District teachers with closing costs or a down payment to buy their first home, and the production of housing for teachers and middle-income families. This component will fund affordability programs or construction for 293 housing units.
- Public Housing** (\$79.0 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 quickly improving substandard living conditions for residents. This component will fund 517 housing units.
- Mission Area Plan** (\$49.4 million): This component is an additional set-aside of Low-Income 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 multi-family housing.

At a Glance

Authorization: \$310.0 million authorized in November 2015.

Scope: Remains largely stable with the addition of three projects now receiving GO Bond funds.

Schedule: Slight delays due to new projects in the program's portfolio. The coming years expect to see major increases in construction.

Budget: \$165.0 million expended and encumbered of \$214.9 million issued (77%). \$91.6 million remains unissued.²⁵

For the 2015 Affordable Housing bond, there are two loan agreement types: 1) predevelopment loans, which fund acquisition, design, engineering, architecture, environmental review, and permitting; and 2) construction loans, also known as gap financing, which are amendments to the original loan agreement

²⁵ All amounts exclude costs related to Oversight, Accountability, and Cost of Issuance unless referring to voter authorization.

to add money to begin construction, also known as “vertical development.” Bond funds are encumbered when the loan agreement is executed, and the project is ready to begin spending funds on predevelopment or construction.

The scope of the 2015 bond remains largely stable with a few adjustments to projected unit counts. The program added a new project (482 Geneva) with \$4.1 million of savings due to lower than anticipated gap financing amounts for other projects. Other sources are funding a significant portion of the City’s commitment to the project. This new project adds units to both the [Low-Income](#) (112 units) and [Middle-Income](#) (18 units) Housing components. In addition, the program removed 21 units included in last year’s low-income count because these are for middle-income residents.

Savings on the 1990 Folsom project in the [Mission Area Plan](#) allowed the bond program to allocate \$2.3 million to predevelopment for a new building at 681 Florida, which is within the Mission Area Plan neighborhood. The scale of the City’s investment is on par with a typical predevelopment loan; therefore, MOHCD does not credit the funding with additional projected units.

PROGRESS AND SCHEDULE

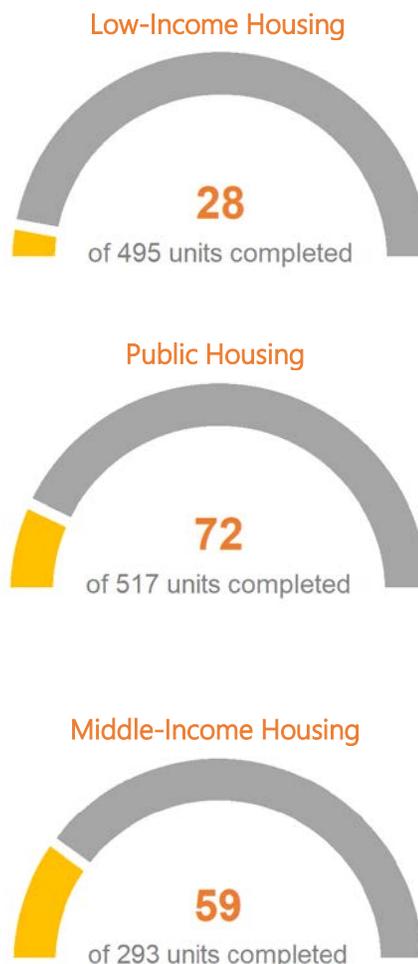
As of June 30, 2019, 159 (11%) of the 1,448 total planned units were produced, protected, or assisted.

Bond Progress by Component

In the [Low-Income](#) Housing component, sponsors are making progress on projects at 500 Turk, 1296 Shotwell, 88 Broadway/735 Davis, 482 Geneva, and within the Small Sites Program. The 28 units produced were within the Small Sites Program. This represents an increase of 23 units in the reporting period.

Progress in the [Low-Income](#) Housing component includes the following milestones. The site permit for 500 Turk was secured and construction is expected to start in January 2020. Construction at 1296 Shotwell started in May 2018 and is expected to be fully leased by spring 2020. The construction at 88 Broadway/735 Davis, which includes low-income and middle-income units, began in June 2019. There are 11 projects with 2015 Affordable Housing bond funding in the Small Sites Program, and all are expected to complete in the coming year. 4840 Mission secured \$3 million in predevelopment funds to facilitate the purchase of the building.

In the last year, 72 units came online in the Potrero (Block X) [Public Housing](#) development. Block X is the first building to complete in the 380-acre Potrero Public Housing Site.



The 293 units projected as part of the [Middle-Income Housing](#) component consists of 21 units at 88 Broadway, 18 units at 482 Geneva, and 82 units for middle income SFUSD teachers at 43rd and Irving, 112 units funded through DALP, and 60 units in Teacher Next Door. The bulk of the funds in the Middle-Income Housing component are dedicated to Teacher Housing at 43rd & Irving and the DALP. The project at 43rd & Irving includes 82 units for middle-income SFUSD teachers and is expected to complete by November 2022.



In the low-income housing [Mission Area Plan](#) set aside, 1990 Folsom closed financing in June 2019 and started construction.

To monitor bond funding and project progress, MOHCD staffs project and construction manager roles. Project managers are in daily contact with the project sponsors regarding financing, progress, and the project timeline. MOHCD construction managers review plans and make site visits to verify funds are spent appropriately.

Bond Schedule by Component



The schedule of the [Low-Income Housing](#) component is delayed by a year in the reporting period, from March 2022 to March 2023. This is due to the addition of 482 Geneva. There have not been significant changes to the schedules of other projects in this component.

The schedule of the [Middle-Income Housing](#) component is delayed by about 6 months, from September 2022 to March 2023. This is due to the addition of 482 Geneva and additional historic preservation permitting reviews required at 42nd and Irving.



The schedule of the [Mission Area Plan](#) component is delayed by a year and a half, from September 2020 to March 2022. This is due to the addition of 681 Florida, which is expected to encumber funds for construction starting in March 2020.

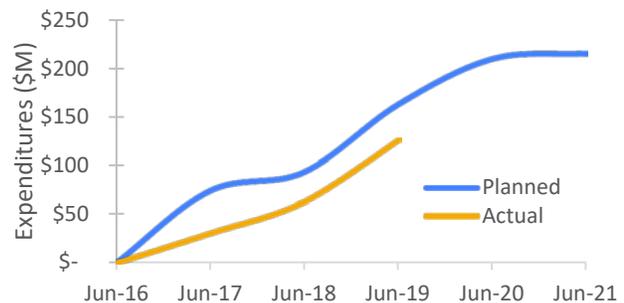
The schedule of the [Public Housing](#) component is only slightly delayed, from October to December 2021.

BUDGET AND SPENDING

As of June 30, 2019, the program has had two issuances, totaling \$214.9 million. By June 30, 2019, the bond expended and encumbered over \$164.9 million, which is an additional \$84.2 million since last year's report, nearly double the program's spending. The program has spent 54% of its total budget and 77% of its issued amount. (see Appendix A). The bond sold its third and final issuance in October 2019 (not shown in these data).

Planned versus Actual Expenditures²⁶

As planned before each issuance



In the last year, overall bond spending has increased at the same rate as planned (as planned prior to each issuance). The difference between planned and actual spending is due to encumbered funds, as actuals posted to the City's financial system do not include encumbrances.

²⁶ Actual expenditures do not include encumbrances.

Bond Expenditures and Encumbrances



All components increased spending in the reporting period. The [Low-Income Housing](#) component increased spending the most relative to its budgeted and issued amounts, nearly quadrupling its spending in the reporting period. MOHCD has spent and encumbered about \$82 million, or 83% of the budget, in this component. [The Middle-Income Housing](#) component has spent and encumbered over \$25 million, which is 76% of issued and 32% of its budgeted amount. [The Mission Area Plan](#) low-income set aside has spent and encumbered over \$17 million, which is just under 35% of its budgeted and issued amounts. MOHCD expects spending to increase in the next two years when 1990 Folsom is further into construction. [The Public Housing](#) component spending, at 50% of its budget, was planned for the first issuance and therefore only shifted encumbrances to actuals in the reporting period.

OTHER KEY FINDINGS

- Demand for affordable housing outpaces the rate of development that GO bonds can facilitate. MOHCD has identified opportunities to maximize the speed and volume of development, including devising ways to maximize funding, adding “shovel-ready” criteria to requests for proposals to increase the likelihood of timely project completion, using data to better understand existing timelines and barriers to faster development, and streamlining and prioritizing housing permit approvals.
- Compared to historic rates for City-developed housing, MOHCD is building housing more quickly. Factors that have influenced faster production include:
 - Streamlining and prioritizing affordable housing permit approvals. This has been accomplished through, for example, more parallel permit processing, rather than sequential approvals.
 - Increased public attention on development, which adds pressure to speed project completion.
 - Increased bond funding. In the past, projects have been identified, but funding was not available.
 - The addition of a “shovel ready” criteria in Request for Proposals has increased the likelihood project sponsors build in the time they are projecting.
- [Middle-Income Housing](#) production, a first for the City, is more costly and requires creativity. MOHCD and nonprofit developers cannot leverage low-income housing tax credits for middle-income units and although managers can charge higher rents, these higher rents do not fully compensate the loss of tax credit revenue. This results in a higher per unit City investment. When possible, MOHCD includes low-income units in middle-income projects to leverage tax credits and support building costs, but the program must be able to identify which units are receiving bond funds, which adds an administrative burden, as additional tracking and loan documentation are required. The City should take these challenges into account when considering funding mechanisms for middle-income housing development and the value of this investment.
- MOHCD has put greater emphasis on data and analysis and as a result has started tracking unit production along with timelines and other information. This will provide for more accurate schedules and insight into the factors influencing housing production timelines.



Parks and Recreation

There are two active general obligation (GO) bond programs funding parks and recreation projects—the 2008 and 2012 Clean and Safe Neighborhood Parks bonds. The Recreation and Parks Department (RPD) manages most of the components of the 2008 and 2012 bonds, except each bond’s Waterfront Parks components, which are managed by the Port of San Francisco (the Port).

Across both bonds, voters have authorized a total of \$380.0 million. Of the \$382.3 million in budgeted funds, \$52.0 million remains across both bonds as of June 30, 2019. Of the \$52.0 million, the vast majority (\$50.0 million) is associated with the 2012 Clean and Safe Neighborhood Parks bond, which provided \$194.1 million for capital improvements and land restoration for parks throughout the City and along its waterfront. The 2008 bond funds similar projects as the 2012 bond and is nearly complete, with only \$2.0 million remaining (one percent) out of the \$188.2 million budgeted and its final project scheduled to be complete in the spring of 2020.

City Has **\$52.0 Million** in GO Bond Funds Remaining for Parks Projects^a

(In Millions)

Bond Program	Budget	Issued	Expended	Encumbered	Amount Remaining
2012 Clean and Safe Neighborhood Parks	\$194.1	\$190.0	\$101.7	\$42.4	\$50.1
2008 Clean and Safe Neighborhood Parks	\$188.2	\$183.3	\$186.2	\$0.1	\$1.9
Total	\$382.3	\$373.4	\$287.8	\$42.4	\$52.0

^a As of June 30, 2019. All amounts exclude costs related to Oversight, Accountability, and Cost of Issuance.

The 2012 bond continues the work of the 2008 bond, with the exception that the 2012 bond adds an additional component—Citywide Parks—that makes improvements to three parks serving the entire City. RPD has completed its work on one of the three components of the 2008 bond, though the Port is still working on the Waterfront Parks component.



2012 Clean and Safe Neighborhood Parks Bond

Voters approved the 2012 San Francisco Clean and Safe Neighborhood Parks (CSNP) Bond in November 2012. The bond authorized \$195.0 million in funding for four components. Three of the components are led by the Recreation and Parks Department (RPD), and one is led by the Port of San Francisco (Port).

SCOPE

- **Neighborhood Parks** (\$98.6 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 current and future recreational use.
- **Citywide Programs** (\$40.0 million): Led by RPD, this component includes five subprograms: “Let’s Play SF!” (playground renovation), urban forest assessment and repair, trail restoration, water conservation, and a Community Opportunity Fund.
- **Waterfront Parks** (\$34.5 million): Led by the Port, this component consists of six capital improvement projects intended to improve waterfront open spaces.
- **Citywide Parks** (\$21.0 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. This component is new as of the 2012 CSNP bond.

At a Glance

Authorization: \$195.0 million approved in November 2012.

Scope: No changes to projects funded by 2012 bond, though seven projects added to Citywide Programs component stemming from philanthropic donations.

Schedule: 13-month delay to Waterfront Parks component and two-month delay to the Neighborhood Parks component.

Budget: \$144.1 million spent and encumbered of \$190.0 million issued (75.8%).²⁷

The 2012 CSNP bond continues RPD and the Port’s work from the 2008 CSNP bond. Community engagement processes help determine the scope of improvements for all components. For example, a community taskforce developed criteria to identify priority playgrounds to improve as part of the “Let’s Play SF!” subcomponent.



The “Let’s Play SF!” subcomponent within [Citywide Programs](#) has expanded its scope from 6 to 13 projects due to the availability of new funding through a Public & Private Partnership between RPD and SF Parks Alliance. The subcomponent was originally supposed to complete its six projects using \$15.5 million in total funding from the 2012 bond program, but due to the matching \$14.5 million of philanthropic donations, RPD has expanded the scope to

²⁷ All amounts exclude costs related to Oversight, Accountability, and Cost of Issuance unless referring to voter authorization.

include seven additional projects. RPD indicates that the six original projects are expected to be complete by Spring 2020—as reported last year—though the seven new projects will likely extend beyond this timeline.

There have been no scope changes to the other components of the bond, nor have there been changes to the [Citywide Programs](#) component outside those already discussed with the “Let’s Play SF!” component.

PROGRESS AND SCHEDULE

Bond Progress by Component

The [Neighborhood Parks](#) component completed one project during the FY18-19 reporting period. The Balboa Park Pool Building was completed in February 2019, which consisted of a renovation of the 1950s pool facility.

At the end of FY18-19, RPD completed 8 of the 15 projects planned within the [Neighborhood Parks](#) component. (Another two projects were complete after the review period--the Potrero Hill Recreation Center in September 2019 and the Hyde & Turk Mini Park in December 2019.) Most of the remaining projects within the component have either begun construction or will begin within FY19-20—Margaret Hayward, Angelo J. Rossi Pool, George Christopher Playground, and the Willie “Woo Woo” Wong Playground.



There were eight projects completed within the [Citywide Programs](#)’ five subcomponents during the review period. Three were within the Community Opportunity Fund subcomponent—Corona Heights’ States Street Community Garden Improvements, McLaren Park’s John King Community Garden, and Ralph D House Community Park. Three other subcomponents each had one project completed—Let’s Play SF’s Washington Square Playground project and the Golden Gate Park’s Oak Woodlands project, which spans both the Forestry and Trail Restoration subcomponents. Finally, the Water Conservation subcomponent had two projects completed in Moscone Recreation and Golden Gate Park’s Panhandle. Of particular note, the Washington Square project – completed after the review period in November 2019 – is projected to save the City two million gallons of water per year.

Citywide Programs Subcomponents

Community Opportunity Fund



Forestry



Let's Play SF!



Trail Restoration



Water Conservation



The Port did not complete any projects within the [Waterfront Parks](#) component during the review period, but notable progress was made on several projects. The Crane Cove Park is roughly halfway complete with construction, including building the park's beach, pouring sidewalks, and grading for the parking lot. Other projects have reached milestones earlier in their construction lifecycles, including Agua Visa park (currently out to bid) and Heron's Head Park (reached 60% of its design by the end of the review period). Regarding Islais Creek, the Port only plans to complete 30% of design for the project using 2012 bond funds, after which it will try to secure funding from other sources for the project. However, the Port has not yet reached this milestone with the project.

Waterfront Parks



Four of the [Citywide Parks](#) component's sixteen projects were completed during the review period, all within the John McLaren Park—John King Community Garden, Park Paving Improvements, Park Signs, and Park Trails. The remaining eight projects are in various stages of development, with notable highlights including the initiation of construction on Golden Gate Park's Stanyan Street Improvements and the Group Picnic Area within McLaren Park. In terms of notable design developments, McLaren Park's Jerry Garcia Amphitheater and Group Picnic Restrooms have moved into detailed design, while Lake Merced's Trail and Restroom project has completed its community engagement process.

Citywide Parks



Bond Schedule by Component

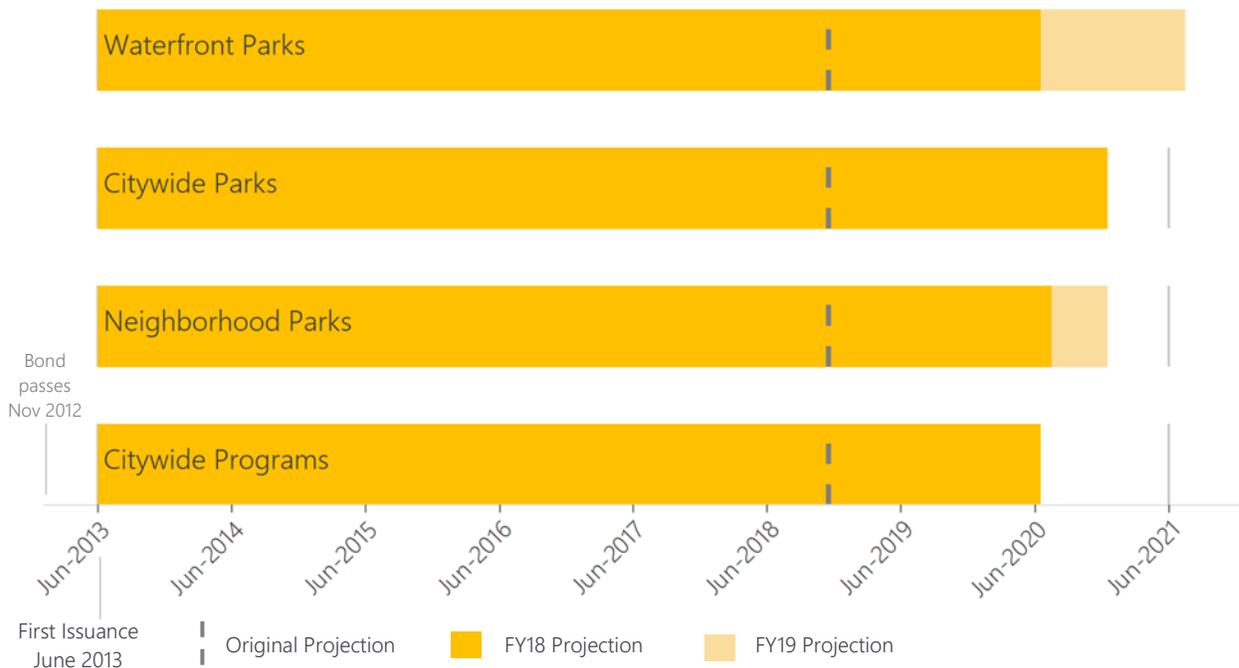
Two of the bond’s components have extended their projected completion dates as of June 30, 2019. [Neighborhood Parks](#) had a minor delay of two months, while [Waterfront Parks](#) was extended by 11 months.



The delay with [Neighborhood Parks](#) is attributable to an intentional delay with the start of construction on the Rossi Pool, which encompasses the renovation of the pool, pool building, and maintenance storage facility. Construction was intentionally delayed on the Rossi Pool because another pool—Garfield Pool—was in-construction until May 2020, and RPD did not want to have two City pools undergoing construction and unavailable to the public at the same time. (The Garfield Pool was initially delayed due to issues with community engagement, the CEQA process, and staff turnover within RPD, all of which resulted in the subsequent delay of both pools.) Once the Garfield Pool is complete, RPD anticipates that construction will begin on the Rossi Pool. The new projected completion date for both the Rossi Pool and the broader component is December 2020.

The projected completion date for [Waterfront Parks](#) was extended by over one year during the review period (from June 2020 to July 2021) and is nearly three years from its original projected completion date of November 2018. The driver of this overall delay is the Agua Vista park, which has been paired with a broader Mission Bay project in an effort to reduce costs by achieving economies of scale across both projects. The Mission Bay project, however, is delayed due to a court challenge over \$25.0 million in funding for a proposed ferry terminal. The Port is currently exploring alternatives to delivering the Agua Vista park should the broader Mission Bay project continues to experience delays.

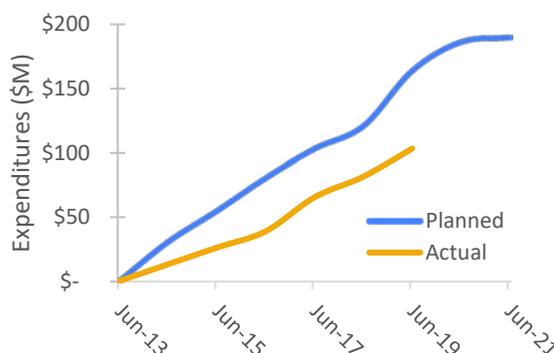
Neither the [Citywide Parks](#) nor the [Citywide Programs](#) components experienced any delays during the reporting period.



BUDGET AND SPENDING

In FY18-19, \$63.4 million (32.7%) of total bond funds were expended and encumbered. Following these expenditures, \$144.1 million (74.2%) of total budgeted bond funds and 75.8% of total issued bond funds have either been expended and encumbered as of June 30, 2019 (see Appendix A). The bond sold its third issuance in April 2018, which represents 98.5% of the total authorization. Although actual expenditures are lower than planned expenditures to date, this difference of approximately \$50.0 million has remained steady since June 2016 and the annual rate of expenditures has roughly kept pace with the planned rate of expenditures.

Planned versus Actual Expenditures²⁸
As planned before each issuance



The [Neighborhood Parks](#) component, which represents 50% of the bond's total authorization, has spent and encumbered 88.0% of its issuance as of June 2019 (86.8% of budgeted funds), at \$85.6 million. Roughly one-third of these expenditures and encumbrances occurred during the review period, with \$31.8 million expended. RPD expects to expend the vast majority of the component's remaining funds (\$11.7 million) by the close of the FY19-20, once the Rossi Pool project is complete. There was one notable change that occurred during the review period, with the Margaret Hayward project's budget likely to be twice as costly as the original \$14.0 million projection. The higher project cost is attributed to longer than expected community engagement to finalize scope, coordination with another sister agency on site (Department of Emergency), expanded scope, escalation, and the very competitive bidding environment. RPD was able to secure additional funding through the Market Octavia Impact fee, and the project is scheduled for completion by mid-2020.

The [Citywide Programs](#) component has significantly increased its rate of expenditures during the review period. As of the close of FY17-18, RPD had expended and encumbered \$8.7 million (21.6% of budget), though this increased to \$25.3 million by the close of FY18-19 (63.1% of budget). The component's limited spending prior to FY18-19 was largely attributed to the fact that the RPD Capital team made a decision based on experiences from past capital projects to focus on the [Neighborhood Parks](#) component first, given their project size, associated risks, and projected time needed for community engagement to finalize project scope and concept plan. As the [Neighborhood Parks](#) component began to make substantial progress, new attention was focused on [Citywide Programs](#), resulting in a number of projects progressing from design to construction. As construction typically accounts for 75% of any project's budget, projects progressing to construction have led to an acceleration of spending in FY18-19 that is anticipated to continue through FY19-20.

The [Waterfront Parks](#) component, which represents 17.9% of the bond's total authorization, has spent and encumbered 87.3% of its issuance to date (80.3% of budgeted funds), when \$27.7 million was expended and encumbered. Nearly one-third of this total, though, is associated with encumbered

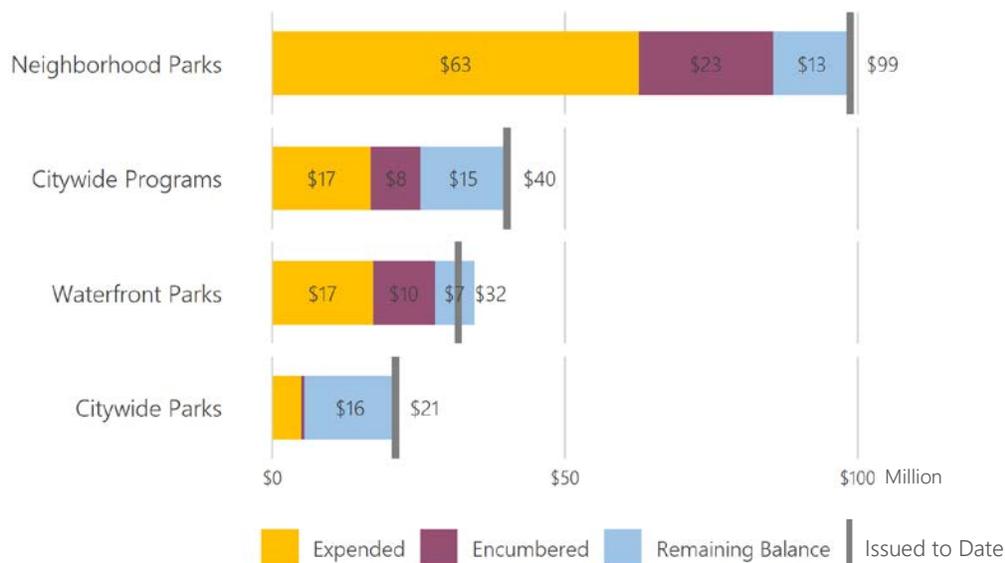
²⁸ Actual expenditures do not include encumbrances.

funds. Moreover, the Port only expended 4% of its budgeted funds during the review period. Moving forward, the Port anticipates expending and encumbering the remaining 50% of budgeted funds by July 2021, largely driven by construction on Crane Cove beginning in FY19-20.



The smallest of the 2012 bond’s components—[Citywide Parks](#)—accounts for 11% of the bond’s total authorization and has spent and encumbered 26.2% of its issuance as of June 2019 (26.2% of budgeted funds), when \$5.5 million was expended. RPD completed the bid process for the Middle Lake project just after the review period, which when combined with progress on other projects, will result in bond program fully expending all funds by the end of FY19-20.

Bond Expenditures and Encumbrances



OTHER KEY FINDINGS

The 2012 CSNP bond managers have learned many of the same lessons as 2008 CSNP bond managers, given that both bonds funded similar programs. The key findings from both bonds are listed below.

- Community engagement remains a critical component that managers must account for in scope, schedule, and budget planning. Community input contributes to better stewardship of public space. While best practice and bond objectives require a robust community engagement process, stakeholders are passionate about parks and can have differing views on priorities and tradeoffs. These factors make it challenging to build consensus around the scope of work. Managers must balance improvement needs with available funding to prevent going over budget on one project and then deleting scope on another. As this takes time, it is crucial to engage in these discussions ahead of time. (RPD has budgeted \$3.6 million from Capital Planning Committee's Revolving Loan Fund for planning and outreach for a forthcoming bond in 2020.) In addition to the benefits realized from the community engagement process, early project planning allows for RPD to begin the CEQA review process earlier.
- Having a sufficient number of department project managers within departments to manage projects is crucial, as delays within departments can result in increased costs due to inflation within the construction industry. Realizing this, the Port worked with a consultant to define the appropriate skillset for project managers after securing approximately \$100 million in capital funding (across all funding sources). Following this exercise, the Port budgeted funds for four project managers, three more than are currently employed.
- With the second issuance of the 2012 bond, RPD began to fund projects on a just-in-time basis and shift completed project surpluses to new projects within the Citywide programs. Prior to this, project-specific changes required approvals from the Board of Supervisors, which could result in delays to project completions. With the additional flexibility, RPD has been able to move projects forward faster.
- As with other bond programs throughout the City, the limited number of qualified contractors can make it challenging to find contractors for specific projects. For example, the few landscapers within the Bay Area have limited capacity for RPD projects, though this limited availability was further strained by the recent wildfires throughout Northern California, which has resulted in a need to rebuild parks in affected communities. With fewer and fewer suppliers, construction costs for the City increased.
- The limited number of contractors submitting bids is especially challenging for smaller projects, which tend to receive fewer bids. The Port finds that when fewer than four contractors submit bids for a particular project, the quoted costs can be significantly higher. While a 15% contingency is usually built into the estimated project costs, the actual quotes can often exceed this for smaller projects. When at least four contractors submit bids, however, there are sufficient options to execute the project at a lower cost.
- In an effort to promote citywide transparency, the Port believes it would be helpful to share and compare construction cost data with other City agencies, such as the Public Utilities Commission or the San Francisco Municipal Transportation Agency. It is thought that by comparing costs, departments would be better equipped to operate within a highly competitive bid environment.

2008 Clean and Safe Neighborhood Parks Bond

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

SCOPE

- **Neighborhood Parks** (\$115.8 million): Led by RPD, this completed component included capital improvements to 12 parks with a specific focus on seismic safety, general physical condition, and adequacy for current and future recreational use.
- **Citywide Programs** (\$38.6 million): Led by RPD, this component includes five subprograms: restroom repair, playfield renovation, urban forest assessment and repair, trail restoration, and a Community Opportunity Fund.³⁰
- **Waterfront Parks** (\$33.8 million): Led by the Port, this component consists of nine capital improvement projects intended to improve waterfront open spaces.³¹

There were no changes to the scope of the bond program during FY18-19.

At a Glance

Authorization: \$185.0 million approved in February 2008.

Scope: There were no scope changes in the reporting period.

Schedule: The bond program is delayed by nearly five years. One of three components is complete (Neighborhood Parks), as are three of five subcomponents of Citywide Programs (including one during review period—Community Opportunity Fund). All components projected to be complete within FY19-20.

Budget: \$186.2 million spent and encumbered of \$183.3 million issued (101.6%).²⁹ Additional funding stems from appropriated interest on prior issuances.

PROGRESS AND SCHEDULE

The [Neighborhood Parks](#) component and two of the five subcomponents of [Citywide Programs](#) were completed prior to the review period. The 12 projects within the [Neighborhood Parks](#) component were completed as of February 2016. For [Citywide Programs](#), the two subcomponents completed prior to the review period were the Restroom Repair and Playfield



²⁹ All amounts exclude costs related to Oversight, Accountability, and Cost of Issuance unless referring to voter authorization.

³⁰ The Community Opportunity Fund allows residents, neighborhood groups, and park advocates to initiate improvements by matching bond funds with private gifts and grants for community-nominated projects.

³¹ Crane Cove Park is the largest project within the Waterfront Parks component and is funded by both the 2008 and 2012 CSNP bonds. Crane Cove Park is a new, approximately 7-acre, Blue Greenway waterfront park located in the Central Waterfront between 19th and Mariposa Streets east of Illinois Street.

Reconstruction subcomponents. (An additional subcomponent—the Community Opportunity Fund—was completed during the review period.)

Bond Progress by Component

The [Citywide Programs’](#) three outstanding subcomponents experienced project completions during the reporting period—Community Opportunity Fund, Urban Forestry, and Trail Restoration. Following two project completions for the Community Opportunity Fund, the subcomponent was officially completed during the review period. These two projects are the McLaren John King Community Garden and the Ralph D House Community Park.

[Citywide Programs’](#) two outstanding subcomponents each experienced notable progress. Urban Forestry had two completions—a companion project to the Community Opportunity Fund’s McLaren John King Community Garden and the Golden Gate Heights Phase II project. As of June 30, 2019, the only outstanding project for the subcomponent is John McLaren Park, which also receives funding from the 2012 parks bond. (RPD is currently deciding how to account for past project expenditures; if certain expenditures that were initially attributed to the 2012 parks bond are instead attributed to the 2008 parks bond, the 2008 portion of the project would effectively be complete.) The Trail Restoration subcomponent also experienced a project completion during the reporting period—Golden Gate Park Oak Woodlands; the one outstanding project, the Bernal Heights Project, is nearly complete, but is awaiting project closeout.

All but one of the [Waterfront Parks](#) projects were completed prior to review period, with the exception of Crane Cove Park. The project is now in construction, with an expected completion date of April 2020.

Citywide Programs’ Subcomponents

Community Opportunity Fund



Urban Forestry



Trail Restoration



Waterfront Parks



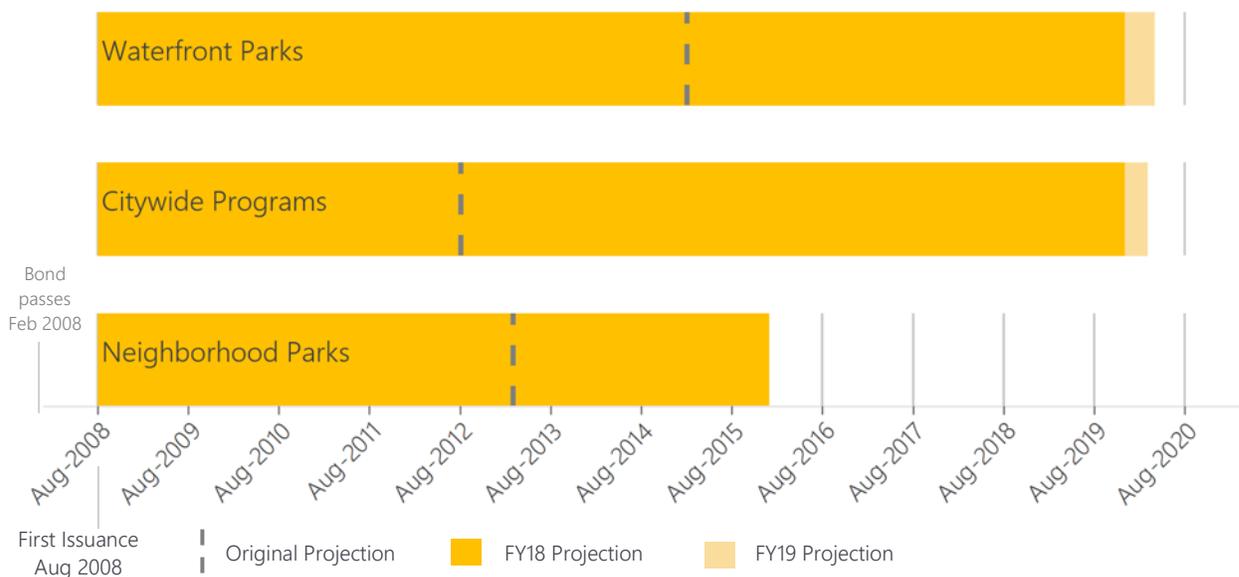
Bond Schedule by Component

Overall, the bond program is delayed by over five years. The end date of [Waterfront Parks](#), the last project originally expected to finish, was originally projected to complete in February 2015. However, this component is now projected to finish in April 2020. Contributing to this, two of the components experienced minor delays during the review period—[Citywide Programs](#) and [Waterfront Parks](#).



The [Citywide Programs](#)' completion date was delayed by three months since June 30, 2018 (now March 2020), which is nearly seven and a half years from the original projected completion date of August 2012. Several factors have contributed to the three-month delay, including key RPD staff on leave and issues with accounting for expenditures when projects utilize funds from both the 2008 and 2012 bonds (such as the Park Forestry—John McLaren Park project). Following the review period, there are two projects within this component that are projected to be complete by March 2020—the Park Forestry subcomponent's John McLaren Park and the Park Trail Restoration subcomponent's Trails Bernal Heights.

The [Waterfront Parks](#) component's schedule has been extended by four months in this reporting period, and over five years from the original projected completion date. This delay was driven by several factors, including scoping changes with the contractor, unforeseen debris unearthed at the former shipyard construction site (requiring remediation), and weather-related delays (such as an inability to move forward on construction during rainy days). Although no longer contributing to ongoing delays, portions of the projects within the Bay also required special permitting from the Army Corps of Engineers, which has seasonal restrictions on when construction can occur. The final project remaining for this component—Crane Cove Park—is currently in construction and is projected to be complete by April 2020.

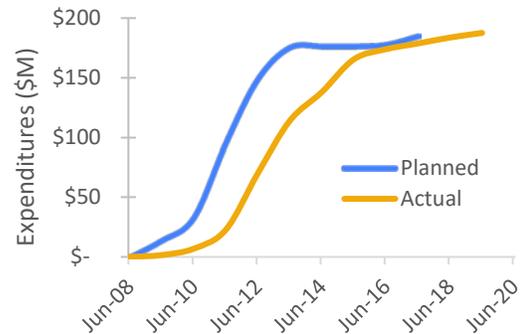


BUDGET AND SPENDING

In FY18-19, \$3.9 million (2.0%) of total bond funds were expended and encumbered. Following these expenditures, 99.0% of total budgeted bond funds have either been expended and encumbered as of June 30, 2019 (see Appendix A). The budget for the bond has increased since the original budget and the prior report due to interest earned on bond proceeds. Spending is complete for the [Neighborhood Parks](#) component, the largest component in terms of budget. The [Citywide Programs](#) component spent 96.8% of budget, and [Waterfront Parks](#) spent 97.9% of budget. The bond sold its fourth and final issuance in February 2016.

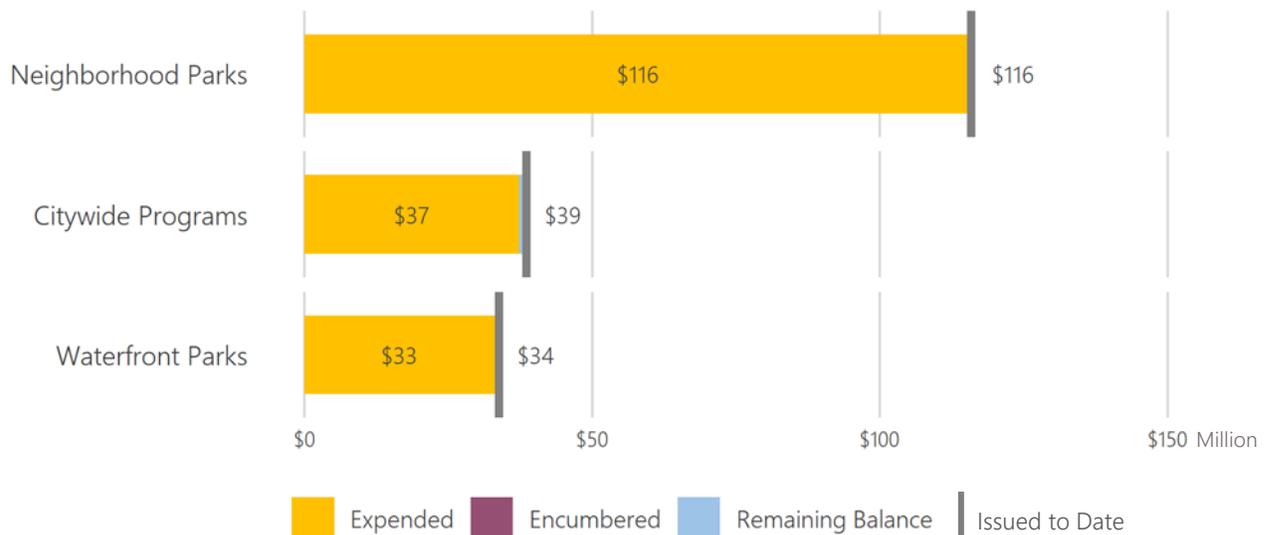
Planned versus Actual Expenditures³²

As planned before each issuance



Both RPD and the Port foresee expending the remaining funds for the [Citywide Programs](#) and [Waterfront Parks](#) components in FY19-20 as the few remaining projects reach completion.

Bond Expenditures and Encumbrances



OTHER KEY FINDINGS

Successes, challenges, and lessons learned for CNSP 2008 overlap with those of the 2012 program and are therefore reviewed in the 2012 chapter.

³² Actual expenditures do not include encumbrances.

Appendices

APPENDIX A: FINANCIAL SUMMARY OF BOND PROGRAMS

(as of June 30, 2019)

Bond Program/Component	Revised Budget	Issued	Expended	Encumbered	Remaining of Budget ³³	% of Budget Expended/ Encumbered	% of Issued Expended/ Encumbered
Public Health & Safety							
2016 Public Health and Safety	\$350,000,000	\$221,946,469	\$74,011,696	\$49,060,858	\$226,927,445	35%	55%
ZSFG, Building 5	\$218,723,000	\$112,055,942	\$38,779,231	\$13,642,520	\$166,301,249	24%	47%
Ambulance Deployment Facility	\$47,900,000	\$47,880,049	\$12,671,469	\$26,209,641	\$9,018,890	81%	81%
Southeast Health Center	\$29,700,000	\$18,239,644	\$6,235,207	\$672,944	\$22,791,849	23%	38%
Other Community Health Centers	\$19,800,000	\$16,185,710	\$4,558,792	\$7,978,591	\$7,262,617	63%	77%
Homeless Services Sites Program	\$19,700,000	\$19,700,000	\$7,480,920	\$345,193	\$11,873,886	40%	40%
Neighborhood Fire Stations	\$9,190,000	\$6,650,000	\$852,422	\$211,969	\$8,125,609	12%	16%
Oversight, Accountability & Cost of Issuance (COI)	\$4,987,000	\$1,235,124	\$817,872		\$4,169,128	16%	66%
2014 Earthquake Safety and Emergency Response	\$397,988,157	\$397,988,157	\$176,798,734	\$40,351,983	\$180,837,440	55%	55%
Traffic Company & Forensic Services Division	\$163,375,150	\$163,375,150	\$36,452,414	\$6,188,251	\$120,734,485	26%	26%
Neighborhood Fire Stations	\$80,351,381	\$80,351,381	\$26,455,361	\$23,456,561	\$30,439,458	62%	62%
Office of the Chief Medical Examiner	\$67,533,024	\$67,533,024	\$67,386,966	\$176,078	-\$30,020	100%	100%
Emergency Firefighting Water Systems	\$54,347,209	\$54,347,209	\$22,691,543	\$7,835,177	\$23,820,489	56%	56%
Police Facilities	\$29,645,661	\$29,645,661	\$22,221,887	\$2,695,916	\$4,727,858	84%	84%
DPW Program Reserves	\$451,187	\$451,187			\$451,187	0%	
Oversight, Accountability & Cost of Issuance (COI)	\$2,284,545	\$2,284,545	\$1,590,562		\$693,983	70%	70%
2010 Earthquake Safety and Emergency Response	\$415,372,927	\$410,957,894	\$382,333,985	\$12,096,909	\$20,942,033	95%	96%
Public Safety Building	\$236,661,975	\$236,661,975	\$228,860,448	\$0	\$7,801,527	97%	97%
Auxiliary Water Supply Systems	\$102,400,000	\$102,400,000	\$86,546,077	\$11,504,576	\$4,349,347	96%	96%
Neighborhood Fire Stations	\$66,906,313	\$66,906,313	\$64,853,404	\$592,333	\$1,460,576	98%	98%
Program Interest	\$4,415,033		\$0		\$4,415,033	0%	
DPW Reserves	\$2,443,743	\$2,443,743	\$0		\$2,443,743	0%	
Oversight, Accountability & Cost of Issuance (COI)	\$2,545,864	\$2,545,864	\$2,074,056		\$471,808	81%	81%

³³ The remaining budget adds expended and encumbered, then subtracts this amount from the revised budget.

Bond Program/Component	Revised Budget	Issued	Expended	Encumbered	Remaining of Budget ³³	% of Budget Expended/ Encumbered	% of Issued Expended/ Encumbered
2008 Public Health and Seismic Facilities (SFGH Rebuild)	\$900,207,267	\$887,400,000	\$894,533,880	\$666,846	\$5,006,541	99%	101%
ZSFG Hospital and Trauma Center (Building 25)	\$877,402,031	\$880,241,471	\$873,842,849	\$416,868	\$3,142,315	100%	99%
ZSFG Bridge and Tunnel	\$6,684,400		\$6,551,230	\$0	\$133,170	98%	
Miscellaneous ZSFG Follow-on Projects	\$5,353,485		\$3,478,459	\$249,978	\$1,625,048	70%	
ZSFG Plant Services Building Seismic Upgrade	\$2,268,055		\$2,204,868	\$0	\$63,187	97%	
ZSFG Pneumatic Tube Connectivity Project	\$1,340,766		\$1,297,944	\$0	\$42,822	97%	
Oversight, Accountability & Cost of Issuance (COI)	\$7,158,530	\$7,158,529.50	\$7,158,530			100%	100%
Transportation							
2014 Transportation and Road Improvement	\$500,000,000	\$232,949,842	\$147,220,857	\$36,602,521	\$316,176,622	37%	79%
Muni Forward Rapid Network Improvements	\$187,180,000	\$71,181,728	\$35,683,399	\$19,352,254	\$132,144,347	29%	77%
Muni Facility Upgrades	\$68,600,000	\$67,722,343	\$55,049,608	\$1,337,337	\$12,213,055	82%	83%
Pedestrian Safety Improvements	\$66,640,000	\$27,529,267	\$11,276,994	\$5,205,424	\$50,157,582	25%	60%
Complete Streets Improvements	\$50,960,000	\$1,484,767	\$57,776	\$8,733	\$50,893,491	0%	4%
Caltrain Upgrades	\$39,000,000	\$27,780,000	\$26,234,300	\$1,545,700	\$11,220,000	71%	100%
Accessibility Improvements	\$29,430,600	\$3,000,000	\$81,375	\$0	\$29,349,225	0%	3%
Major Transit Corridor Improvements	\$27,440,000	\$27,088,937	\$17,283,138	\$8,403,495	\$1,753,367	94%	95%
Traffic Signal Improvements (all BMS)	\$21,560,000	\$6,000,000	\$1,340,891	\$749,578	\$19,469,531	10%	35%
Oversight, Accountability & Cost of Issuance (COI)	\$9,189,400	\$1,162,800	\$213,376		\$8,976,024	2%	18%
2011 Road Repaving and Street Safety	\$246,962,538	\$246,962,538	\$237,802,860	\$6,583,349	\$2,576,329	99%	99%
Street Resurfacing	\$146,296,621	\$146,296,621	\$143,831,087	\$2,395,028	\$70,506	100%	100%
Streetscape	\$50,716,751	\$50,716,751	\$45,191,768	\$4,143,814	\$1,381,169	97%	97%
Sidewalk Accessibility	\$21,887,203	\$21,887,203	\$21,554,398	\$34,567	\$298,238	99%	99%
Transit and Traffic Signals	\$19,787,478	\$19,787,478	\$19,225,107	\$5,371	\$557,000	97%	97%
Street Structure Rehabilitation	\$6,941,880	\$6,941,880	\$6,908,120	\$4,569	\$29,191	100%	100%
Oversight, Accountability & Cost of Issuance (COI)	\$1,332,606	\$1,332,606	\$1,092,380		\$240,226	82%	82%
Affordable Housing							
2016 Preservation And Seismic Safety	\$260,700,000	\$72,420,000	\$4,785,599	\$0	\$255,914,401	2%	7%
Market Rate	\$155,452,071	\$40,835,032	\$2,418,975	\$0	\$153,033,096	2%	6%
Below Market Rate	\$89,646,704	\$26,329,853	\$1,560,605	\$0	\$88,086,099	2%	6%
Deferred Loans	\$14,642,353	\$4,296,243	\$254,420	\$0	\$14,387,933	2%	6%
Oversight, Accountability & Cost of Issuance (COI)	\$958,872	\$958,872	\$551,599		\$407,273	58%	
2015 Affordable Housing	\$310,000,000	\$217,275,000	\$118,884,970	\$48,146,534	\$142,968,496	54%	77%
Low-Income Housing	\$98,862,429	\$91,595,000	\$49,836,784	\$32,152,821	\$16,872,824	83%	90%
Middle-Income Housing	\$79,188,394	\$33,660,000	\$16,002,953	\$9,441,511	\$53,743,930	32%	76%
Public Housing	\$79,049,357	\$41,000,000	\$33,785,540	\$6,552,202	\$38,711,615	51%	98%

Bond Program/Component	Revised Budget	Issued	Expended	Encumbered	Remaining of Budget ³³	% of Budget Expended/ Encumbered	% of Issued Expended/ Encumbered
Mission Area Plan	\$49,426,736	\$48,635,000	\$17,214,114	\$0	\$32,212,622	35%	35%
Oversight, Accountability & Cost of Issuance (COI)	\$3,473,084	\$2,385,000	\$2,045,579		\$1,427,505	59%	86%
Parks and Recreation							
2012 Clean and Safe Neighborhood Parks	\$196,340,000	\$192,231,365	\$103,510,578	\$42,375,456	\$50,453,966	74%	76%
Neighborhood Parks	\$98,641,582	\$97,301,582	\$62,591,076	\$23,001,186	\$13,049,320	87%	88%
Citywide Programs	\$40,000,000	\$40,000,000	\$16,871,326	\$8,386,194	\$14,742,479	63%	63%
Waterfront Parks	\$34,500,000	\$31,731,365	\$17,251,085	\$10,465,578	\$6,783,337	80%	87%
Citywide Parks	\$21,000,000	\$21,000,000	\$4,969,908	\$522,497	\$15,507,595	26%	26%
Oversight, Accountability & Cost of Issuance (COI)	\$2,198,418	\$2,198,418	\$1,827,183		\$371,235	83%	83%
2008 Clean and Safe Neighborhood Parks	\$189,836,240	\$185,000,000	\$187,820,870	\$70,431	\$1,944,939	99%	102%
Neighborhood Parks	\$115,800,705	\$115,800,705	\$115,800,705	\$0	\$0	100%	100%
Citywide Programs	\$38,561,018	\$34,665,392	\$37,274,404	\$38,796	\$1,247,818	97%	108%
Waterfront Parks	\$33,807,237	\$32,866,623	\$33,078,481	\$31,635	\$697,121	98%	101%
Oversight, Accountability & Cost of Issuance (COI)	\$1,667,280	\$1,667,280	\$1,667,280		\$0	100%	100%

APPENDIX B: 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.

Authorization: The total amount voters approved for the bond program.

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

CEQA: The California Environmental Quality Act is a California statute passed in 1970 to institute a statewide policy of environmental protection.

CGOBOC: The Citizens' General Obligation Bond Oversight Committee.

Change Order: 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.

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

Cost of Issuance: Includes fees for services of rating agencies, Co-Municipal Advisors, Co-Bond Counsel, Disclosure Counsel, costs to the City, printing costs, other miscellaneous costs associated with the issuance of bonds, and rounding amounts.

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.³⁴

Issued to Date: The total amount of bond funds issued as of June 30, 2019.

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.

Oversight and Accountability: A provision in the City's Administrative Code that requires 0.1% of the gross proceeds of all proposed bonds be used to fund the costs of the City's independent CGOBOC and 0.2% will be used to pay the Controller's Office audit fee.

Projected Completion Date: The estimated completion date of the last project within a component or bond program, as of June 30, 2019 unless otherwise stated.

Revised Budget: Total bond funding anticipated to be spent for the bond program or a specific component, as of June 30, 2019 unless otherwise stated.

³⁴ <http://sfcontroller.org/primary-market-disclosurefinal-official-statements-upcoming-sales>

APPENDIX C: CONSTRUCTION-RELATED AUDITS

The following are highlights of the GO bond and construction-related audits issued during or that include a review period of July 1, 2018 to June 30, 2019, completed by the City Services Auditor (CSA) Audits Unit.

Date Issued	Report
7/5/2018	<p><i>Field Follow-up of the 2016 Audit of the Airport Commission's Oversight Functions Related to Capital Planning and Construction Projects</i></p> <p>CSA issued a report in May 2016, <i>Airport Commission: The Airport Improved Its Construction Project Oversight, but Change Management and Data Reliability Procedures Must Be Strengthened</i>. CSA has completed a field follow-up to determine the corrective actions that the Airport Commission has taken in response to the report. The report contains 17 recommendations, all of which have been implemented and have been deemed closed by CSA.</p>
9/27/2018	<p><i>Public Works and SFPUC: 2014 Earthquake Safety and Emergency Response General Obligation Bond Funds Were Spent in Accordance With the Ballot Measure Through June 30, 2017.</i></p> <p>CSA engaged Cumming Construction Management, Inc., to audit the expenditures of the 2014 San Francisco Earthquake Safety and Emergency Response general obligation (2014 ESER GO) bond program administered by San Francisco Public Works and the San Francisco Public Utilities Commission. The audit's objective was to determine whether the bond funds were spent in accordance with the ballot measure and that no funds were used for any administrative salaries or other general governmental operating expenses. Cumming tested \$89 million (85 percent) of \$104.8 million in expenditures for the 2014 ESER GO bond program through June 30, 2017, and found that all audited expenditures were spent in accordance with the ballot measure and that funds were not used for any administrative salaries or other general governmental operating expenses other than those specifically authorized in the ballot measure for such bonds.</p>
12/19/2018	<p><i>Airport Commission: The Department Adequately Documented Adherence to Most Close-out Procedures in its Terminal 2/Boarding Area D Renovation Contract</i></p> <p>The Airport Commission of the City and County of San Francisco adequately documented full adherence to 19, partial adherence to 3, and had no documentation for 2 of 24 applicable close-out procedures in its Terminal 2/Boarding Area D Renovation Contract with Turner Construction Company.</p>
2/19/2019	<p><i>The City Needs More Centralized Leadership, Monitoring, and Relevant Data to Ensure Cost-Effective Facilities Maintenance</i></p> <p>The City is missing a central authority to provide monitoring, establish strategic direction, set citywide policy, or establish performance measures for facilities maintenance. Also, the City has inadequate data on its facilities, largely due to inadequacies in some existing</p>

Date Issued	Report
2/27/2019	<p>systems and in the City's former financial system. Further, the City does not know the full cost of maintenance due to inadequate tracking of maintenance spending, but it is clear that maintenance is generally underfunded.</p> <p><i>San Francisco Municipal Transportation Agency: 2014 Transportation and Road Improvement General Obligation Bond Funds Were Spent in Accordance With the Ballot Measure Through June 30, 2017</i></p> <p>CSA engaged Cumming Construction Management, Inc., to audit the expenditures of the 2014 Transportation and Road Improvement general obligation (2014 TRI GO) bond program administered by the San Francisco Municipal Transportation Agency. The audit's objective was to evaluate whether bond funds were spent in accordance with the ballot measure authorizing the bond. Cumming tested \$10.4 million (43 percent) of \$24.4 million in expenditures for the 2014 TRI GO bond program through June 30, 2017, and found that all audited expenditures were spent in accordance with the ballot measure and that funds were not used for any administrative salaries or other general governmental operating expenses other than those specifically authorized in the ballot measure for such bonds.</p>
7/30/2019	<p><i>San Francisco Mayor's Office of Housing and Community Development: 2015 Affordable Housing General Obligation Bond Funds Were Spent in Accordance with the Ballot Measure Through June 30, 2018</i></p> <p>CSA engaged Cumming Construction Management, Inc., to audit the expenditures of the 2015 Affordable Housing General Obligation Bond Program, which is authorized to issue \$310 million in bonds and is administered by the Mayor's Office of Housing and Community Development (MOHCD). The audit's objective was to evaluate whether bond funds were spent in accordance with the ballot measure authorizing the bond. Cumming tested \$46.3 million (75 percent) of \$61.9 million in expenditures for the bond program through June 30, 2018 and found that 99.55% were in accordance with the ballot measure and that funds were not used for administrative salaries or other general governmental operating expenses other than those specifically authorized in the ballot measure for such bonds.</p> <p>However, Cumming recommends that MOHCD formalize procedures related to pre-bond expenditures and train its program staff to ensure bond funds are spent appropriately.</p>
10/24/2019	<p><i>SFPUC Adequately Documented Adherence to Most Close-Out Procedures in Its Crystal Springs/San Andreas Transmission System Upgrade Contract</i></p> <p>The San Francisco Public Utilities Commissions adequately documented full adherence to 22, partial adherence to 2, and no documentation for 2 of 26 applicable close-out procedures for its Crystal Springs/San Andreas Transmission System Upgrade Project contract with Kiewit Infrastructure West Company.</p>

Date Issued	Report
1/14/2020	<i>2016 Public Health and Safety General Obligation Bond Funds Were Spent in Accordance With the Ballot Measure</i>

CSA engaged Cumming Construction Management, Inc., to audit the expenditures of the 2016 Public Health and Safety General Obligation (PH&S GO) Bond Program, which is authorized to issue \$350 million in bonds and is administered by San Francisco Public Works. The audit's objective was to evaluate whether bond funds were spent in accordance with the ballot measure authorizing the bond. Cumming tested \$59.1 million (75 percent) of \$78.5 million in expenditures for the 2016 PH&S GO bond program and found that all audited expenditures were spent in accordance with the ballot measure and that funds were not used for any administrative salaries or other general governmental operating expenses other than those specifically authorized in the ballot measure for such bonds.

2/25/2020	<i>MOHCD: The Department Has Adequately Mitigated Enterprise Risk Throughout the Life Cycle of Its Affordable Housing Assets</i>
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CSA assessed the policies, procedures, and controls the Mayor's Office of Housing and Community Development (MOHCD) uses to mitigate enterprise risk throughout the life cycle of its affordable housing assets and found them to be adequate. MOHCD should formally document how it will incorporate risk ratings into policy and other decision-making. MOHCD should also strengthen its enterprise risk management by initiating existing plans to migrate its asset management database to a more robust platform.