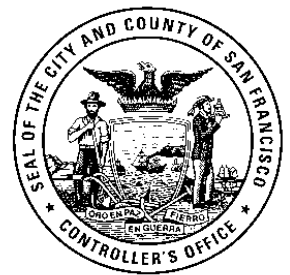
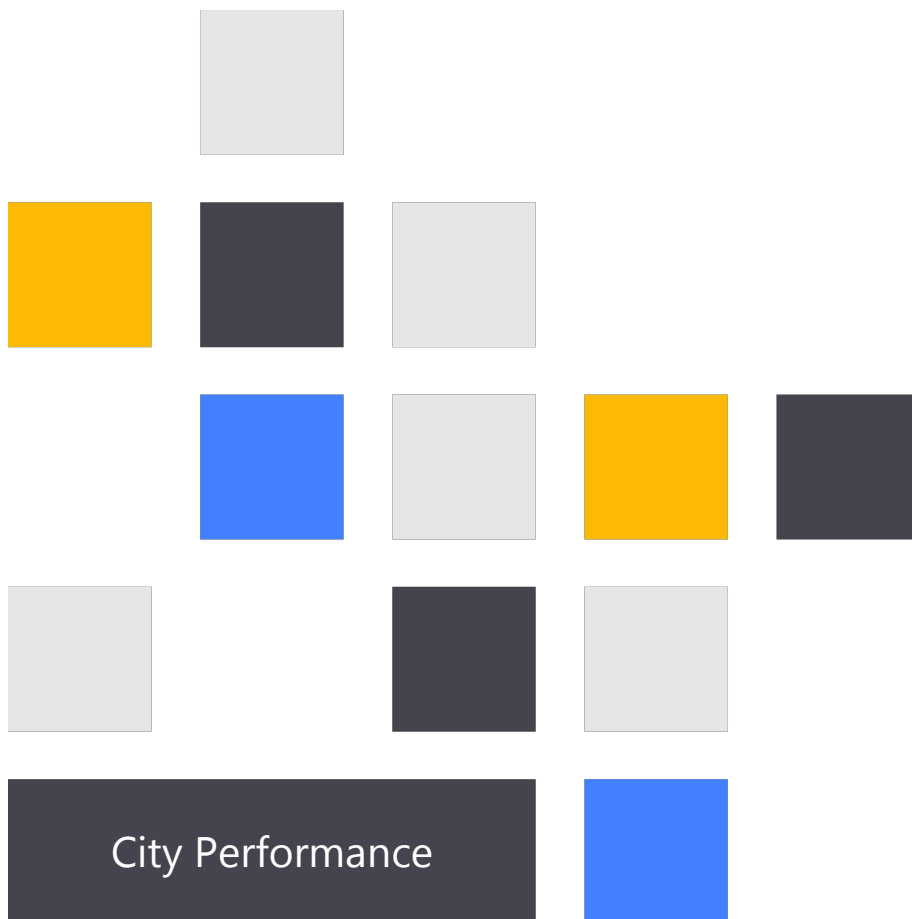


Annual General Obligation Bond Program Report

Fiscal Years 2019-2021

A high-level overview, as of June 30, 2021, of scope, schedule, budget, and citywide issues for the City's general obligation bond programs.



April 14, 2022

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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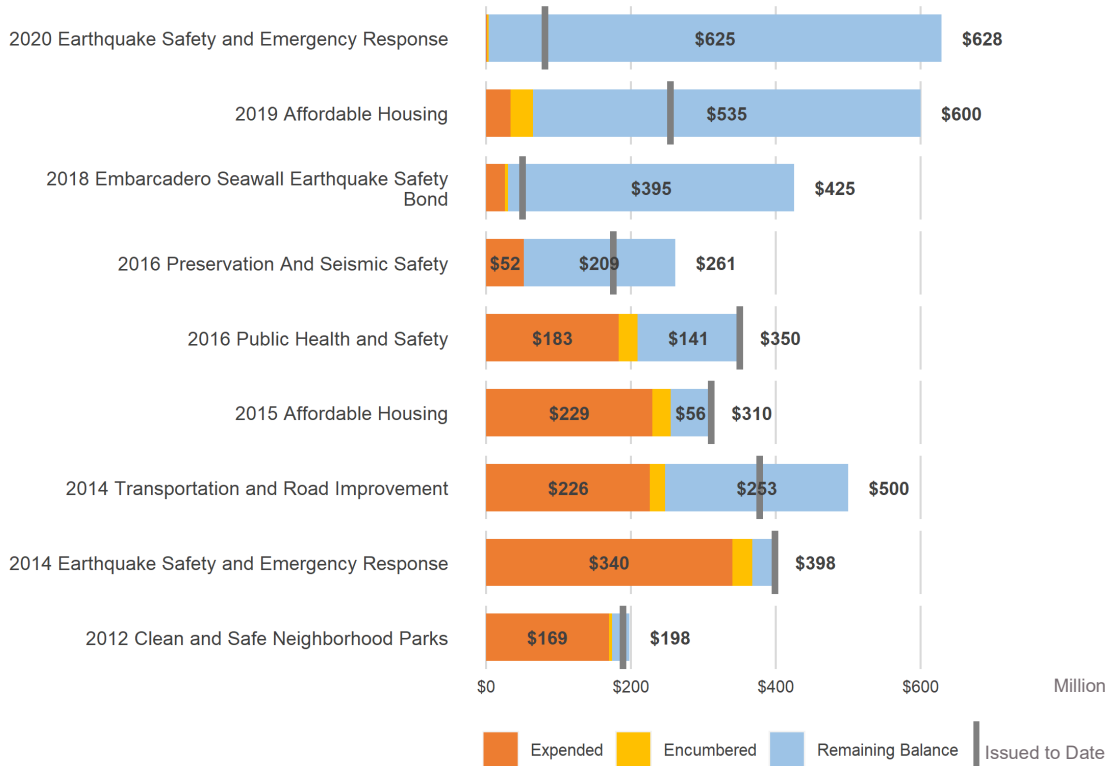
Executive Summary

This report provides a high-level overview of the scope, schedule, and budget status of the City's nine active¹ general obligation (GO) bond programs. It assists the Citizen's General Obligation Bond Oversight Committee (CGOBOC), policy makers, and the public in understanding the status of the programs funded by the City's \$3.7 billion active GO bond portfolio. The report focuses on changes and delays in Fiscal Years 2019-21 (FY19-21), from July 1, 2019 through June 30, 2021.²

It also includes citywide capital development issues that may impact many of the bond programs with opportunities for potential further analysis and/or improvements as well as a watch list of more notably delayed bond components.

GENERAL OBLIGATION BOND PROGRAM STATUS

(as of June 30, 2021)³



¹ Active bonds do not include the 2020 Health & Recovery bond whose funds were issued after the reporting date of June 30, 2021, and any functionally complete bonds which have less than 5% of the authorized amount remaining.

² Scope, schedule, and budget numbers are all as of June 30, 2021.

³ 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.

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Background

REPORT OBJECTIVES

This report provides a high-level overview on the scope, schedule, and budget for the nine active⁴ general obligation bonds. It highlights citywide capital development issues that have been identified by bond managers and City stakeholders with opportunities for potential further analysis and/or improvements. It also includes a watch list of more notably delayed bond components for ease of reference. In the bond chapters, special attention is paid to bond components that 1) are at least three years behind their original projected end date; 2) have a projected end date (as of June 30, 2021) that has been extended at least one year since the last report (as of June 30, 2019); and/or 3) have a budget greater than 5% of the authorized amount.

To provide a high-level review of the City's general obligation bond programs, the City Performance Unit of the Controller's Office (the Controller's Office) asked departments to provide data at the component level for each bond program as of June 30, 2021.⁵ The Controller's Office interviewed bond program and component managers to obtain more qualitative information and to better understand the data provided.

For this report, bonds that are functionally complete, or having less than five percent of the authorized bond amount remaining, will not be covered in individual bond chapters. For an overview of the budgets, expenditures, and encumbrances of both active and functionally complete bond programs, at both the bond and component level, see [Appendix A](#). For a glossary of terms used throughout this report, see [Appendix B](#).

WHAT IS A GO BOND?

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 fire stations. 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. From 2008 through 2021, voters approved 14 GO bonds totaling \$5.9 billion (see table in Bond Summary section). Of these bonds, nine are currently active, totaling \$3.7 billion. 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 one to two 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.

⁴ Active bonds do not include the 2020 Health & Recovery bond whose funds were issued after the reporting date of June 30, 2021, and any functionally complete bonds which have less than 5% of the authorized amount remaining.

⁵ All figures are as of June 30, 2021 unless otherwise noted.

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 2012 Clean and Safe Neighborhood Parks bond program consists of four components. The Waterfront Parks component is led by the Port of San Francisco, while the Citywide Programs, Citywide Parks, 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).

BOND SUMMARY

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

Voter-Approved GO Bonds Since 2008 <i>(Bonds in italics are functionally complete)</i>				
Year	Bond Program	Authorization (\$ millions)	Managing Dept	Completion Date ⁶
Public Health and Safety				
2020	Earthquake Safety and Emergency Response	628.5	DPW	November 2027
2018	Embarcadero Seawall Earthquake Safety Bond	425.0	PRT	June 2028
2016	Public Health and Safety	350.0	DPW	May 2025
2014	Earthquake Safety and Emergency Response	400.0	DPW	June 2024
<i>2010</i>	<i>Earthquake Safety and Emergency Response</i>	<i>412.3</i>	<i>DPW</i>	<i>September 2023</i>
<i>2008</i>	<i>SFGH and Trauma Center Earthquake Safety</i>	<i>887.4</i>	<i>DPW</i>	<i>August 2015⁷</i>
Affordable Housing				
2019	Affordable Housing	600.0	MOHCD	December 2025
2016	Preservation and Seismic Safety	260.7	MOHCD	December 2028
2015	Affordable Housing	310.0	MOHCD	September 2023
Transportation				
2014	Transportation and Road Improvement	500.0	MTA	December 2025
<i>2011</i>	<i>Road Repaving and Street Safety</i>	<i>248.0</i>	<i>DPW</i>	<i>June 2024</i>

⁶ Bond completion dates are per data received as of June 30, 2021 data or subsequent bond interviews during Q2/Q3 of FY2022.

⁷ August 2015 is the actual completion date for the bond program's main project. The final project was completed in Dec. 2020.

Parks and Recreation				
2012	Clean and Safe Neighborhood Parks	195.0	RPD	March 2024
2008	<i>Clean and Safe Neighborhood Parks</i>	185.0	<i>RPD</i>	<i>November 2021</i>
Health and Recovery				
2020	Health and Recovery ⁸	487.5	RPD	N/A

⁸ This report does not include the 2020 Health & Recovery bond whose funds were issued after the reporting date of June 30, 2021

Citywide Capital Issues

This section details key citywide capital development challenges that were reported by various departments while preparing this report. These policies, regulations, and practices may contribute to inefficiencies, project delays, and increased costs. Where relevant, we include opportunities for potential further analysis and/or improvements in these areas.

CITY REGULATIONS

Certain contracting policies may disadvantage the City in an already tight construction contracting market. San Francisco's construction market is currently one of the most expensive in the world.⁹ Various City policies may increase project costs by reducing competition despite their notable policy goals. For example, the City's Local Business Enterprise requirement¹⁰ may constrain the number of vendors who are eligible to bid for City contracts, which may result in higher costs, lower quality work, and longer project timelines than similar projects in the private construction market. Project Labor Agreements¹¹ may reduce competition for City construction jobs and lead to higher costs. These policies are standing features of the City's procurements, but we lack data on their effectiveness, costs, policy impacts, and whether the City is meeting its goals.

Opportunity: The City could study the cumulative impact of City policies on project costs and timelines. Starting with the list of key policies as well as required department approvals that bond managers have conveyed can add to costs, the study could identify estimates of the relative costs and impact on competition associated with each policy. Study methods could also include a comparative regulation analysis with neighboring jurisdictions and interviews with contractors to assess how policies influence their bids. This information would enable City policy makers to weigh relative costs and benefits of the City's regulatory environment and assess whether changes are warranted.

Low-cost bid selection can result in unrealistic or weaker bids. The City has made several reforms in recent years to provide additional contracting options to construction departments as alternatives to lowest-cost bids, including construction manager/general contractor (CMGC) services and design-build. Despite these options, some departments still opt to pursue lowest-cost bid for smaller projects (under \$25 million) with flexible timelines, largely due to the more complex nature of alternative contractor selection processes and a longstanding familiarity with the lowest-cost bid model. For example, the Recreation & Parks Department (RPD) generally works with Public Works Department (Public Works) to solicit bids for its larger projects and oversees bid selection for smaller projects in-house. Lowest-cost bid is used to select over 90% of these smaller in-house projects. Various departments have reported

⁹ <https://www.turnerandtownsend.com/en/perspectives/international-construction-market-survey-2019/the-most-expensive-market-to-build/>

¹⁰ The Local Business Enterprise (LBE) requirement provides discounts to bids for companies that have a primary place of business, storage of equipment/vehicles, and majority of employees located within San Francisco. This makes LBE certified vendors more competitive than non-LBE vendors.

¹¹ The Citywide Project Labor Agreement (PLA) is an agreement between the City of San Francisco Building Trades Council and its affiliated unions requiring companies to hire from those union halls. This requirement applies to most GO-funded projects in excess of \$3 million issued by the Public Works or the Recreation and Parks departments.

that awarding construction contracts to the lowest bidder can have negative implications, such as unrealistically low bids that could result in additional change orders or winning bidders who have inadequate project administration staff. Such practices may run counter to the policy's intended goal—fiscal prudence.

Opportunity: The City could analyze the potential impacts of lowest-cost bidding and the contractor performance by centrally tracking quality issues and the difference between initial lowest-cost bids and final project costs (via change orders) to assess which contractors are most prone to cost increases. After this analysis, the City may want to assess whether other evaluative criteria should also be included. Finally, the City could support the departments who frequently use lowest-cost bidding to adopt alternative contracting evaluation models when appropriate.

PERMITTING AND APPROVALS

The prioritization of permitting City projects falls short of a citywide mandate, and the permitting process can be lengthy. Bond managers report that the process for departments to undergo a permit review can be lengthy, sometimes taking over one year for approval. Delays often result in additional construction costs for a project. Several permitting departments have established processes for prioritizing certain City projects. These include the Department of Building Inspection (DBI), Public Works, and the San Francisco Planning Department. For example, San Francisco's Building Inspection Code AB-004 states that City projects can be prioritized if DBI reaches an agreement with the submitting department to do so. However, the implementation of permitting prioritization varies across permitting departments and can be unclear.

Opportunity: The City could take steps to make the prioritization of City-funded projects more consistent and effective, such as by extending City-funded project prioritization to all permitting departments. The City could also work to identify the key drivers of delays within permitting departments and benchmark the approval timelines of other major jurisdictions. Potential issues, such as appropriate staffing levels, process inefficiencies, and prioritization for and within public projects could be reviewed and addressed.

Departments must seek approval from multiple agencies and commissions. Bond managers report that approvals can be time-consuming to navigate and often require multiple presentations to the same or multiple commissions (e.g., Arts Commission, Planning Commission). Moreover, a change to a project's scope may necessitate revisiting some commissions for additional approvals. This process can increase project costs as the price of construction continues to increase while departments navigate approval processes.

Opportunity: The City could review how to streamline and better coordinate the approval process of public projects. This may involve exploring ways to streamline multi-department approvals, such as by only requiring a single bond presentation or exploring ways for multiple commissions to hear and consider projects in a joint session.

BOND PLANNING

Pre-bond funding is beneficial and could be more extensively utilized. Pre-bond funding enables departments to identify the amount of funding required to meet a capital need, begin planning for capital funding, and plan the regulatory and approval process, prior to a bond being proposed for the ballot. It improves the City's understanding of its broader capital needs and how to prioritize projects with the greatest need.

Some departments have successfully utilized pre-bond funding for planning purposes, as was done with the City's approach to the San Francisco General Hospital rebuild, and the \$4.1 million outlay for planning, site assessments, and community engagement for RPD's 2020 Recovery Bond prior to voter approval. The City maintains the Capital Planning Revolving Fund to support these activities, which is subsequently reimbursed by the bond once approved by voters. Because the Fund balance depends on reimbursements from General Obligation (GO) Bond sales, the balance can fluctuate significantly from year to year. This fluctuation can limit the ability to fully fund pre-bond planning activities, and the City must make decisions about which planning projects to fund.

Another limitation is that the City can only recoup revolving fund dollars to the extent legally permissible, which can require planning activities to be narrowly scoped to a particular GO bond-funded project and not broader assessments. Broader assessments could be beneficial in some cases. For example, addressing public safety buildings' seismic issues is a key focus of the approximately \$1.5 billion the City has committed to ESER bonds. Although the San Francisco Fire Department (SFFD) conducted a high-level, systemwide facilities review to identify liabilities prior to the ESER bonds authorization, the City has only conducted a detailed, comprehensive seismic engineering assessment of about a third of the fire stations and only one police station. Planning for and conducting comprehensive assessments could help ensure that bond funding is targeted to priority projects.

Opportunity: The City could evaluate whether the Capital Planning Revolving Fund has sufficient funding to meet the City's planning needs and/or should be linked to estimates of need for capital improvements citywide. The City could explore whether additional funding sources for capital planning may also need to be expanded for those efforts that are not eligible for the Fund.

Project cost estimators vary across departments and can yield differences in costs. Estimating tools generate cost estimates by taking variables such as proposed square footage, stories of a building, and types of materials used, and applying assumptions about material and labor costs to deliver the project at a specific point in time. Departments report that several estimators are used across the City, such as Public Works, the Port, the Public Utilities Commission (PUC), and the San Francisco Municipal Transportation Agency (SFMTA). Different estimators can result in different assumptions about the degree to which construction costs will rise over time. Some departments will therefore note greater challenges with project delays influencing project budgets than others. Unforeseen cost increases, for example, can lead to reductions in scope later in on a project, such as reducing a building's size — effectively delivering the City's residents less space for the same amount of funding. Although some cost estimators are regarded as more accurate—such as the PUC or CalTrans' estimators—these estimating tools are not shared across departments or jurisdictions.

Opportunity: The City could conduct an inventory of all estimators in use to assess how well they predict construction market changes by comparing cost estimates with actual project costs. As part of this inventory, the City could outline the strengths and weaknesses of various estimators and whether the estimators could be applicable to other departments or other types of projects.

CAPITAL ADMINISTRATION

Departments track expenditure and asset maintenance data using a variety of decentralized tools.

Many departments do not track and report up-to-date project expenditure data within the City's financial system and instead utilize internal tracking tools. This can impede citywide efforts to track real-time budget information (such as change orders) and requires departments' budget offices to do separate reporting (such as for CGOBOC). Departments also have varying levels of sophistication in tracking asset maintenance needs, which can result in inadequate maintenance if they are unaware of when the useful life of systems (such as boilers) have been exceeded. Limited centralized and real-time tracking also presents challenges for the City in understanding the true backlog of maintenance needs and their appropriate budget and schedule.

Opportunity: The City could take steps to align expenditure and maintenance tracking across departments. Standard tracking of expenses could provide greater transparency into Citywide capital development, such as exists with the [City of New York's Capital Projects Dashboard](#), which displays all capital projects over \$25 million, their budgets, original completion dates, projected completion dates, budget changes, and schedule changes.¹² Central tracking of maintenance schedules—especially for newer buildings for which the City has clear documentation of all systems in use—could allow for improved understanding of the funding required for appropriate maintenance.

The City's contractor evaluation system could be more extensively utilized, allowing for data to inform contracting processes. In consultation with the Controller's Office, Public Works has developed a contractor rating tool to assess performance. The tool could incentivize better performance and be helpful in evaluating contractors during solicitation processes. It could provide transparency into which contractors provide reliable bids and which are consistently high-performing. Public Works is the only department that currently utilizes this tool, and though an expansion was planned for other departments, this rollout was disrupted by COVID-19. To become fully operational and effective, this system requires more extensive use by all capital construction departments. Additional data would allow the City to analyze the results, analyze key criteria such as contractor safety records, and identify opportunities to modify the contractor evaluation process to incorporate this information.

Opportunity: The City could explore options to require departments to utilize the evaluation system for all projects over a particular contract amount threshold, such as \$1 million. Once more fully utilized, the City could explore how to leverage this tool and its data to incentivize contractor performance and improve bid evaluation, such as awarding additional points to contractors with higher performance ratings on past projects.

Coordinating stakeholders to engage in planning and construction sequencing can lead to delays.

City departments have to work with two types of stakeholders to complete a project—internal stakeholders (such as other City departments or commissions) and external stakeholders (such as utilities or other levels of government). Coordinating the sequencing of building with other City agencies can be complex, as other agencies may have their own capital plans for a particular geographic area. For example, the same street or intersection may have competing plans developed by

¹² <https://www1.nyc.gov/site/capitalprojects/dashboard/dashboard.page>

the SFMTA, Public Works, PUC, RPD, etc. Although departments have engaged in efforts to better coordinate, when this does not occur, significant delays can ensue.

External stakeholders can also be a challenge to navigate. For example, most departments identified significant challenges and project delays working with PG&E over the past two years. Similarly, the Port's work on both the Seawall bond and Waterfront Parks projects has experienced delays resulting from work with the U.S. Army Corps of Engineers.

Opportunity: The City can assess opportunities for additional internal coordination and prioritization among departments and leverage some of these opportunities with critical external stakeholders, such as PG&E.

DEFERRED MAINTENANCE

The City currently has a backlog of capital maintenance projects that may unnecessarily increase the need for additional GO bond funding. The City estimates that it currently has a multi-billion-dollar backlog of deferred maintenance. (i.e., the value of identified maintenance projects that have yet to be addressed.) When maintenance is deferred, it can reduce the expected life of a facility. Bond managers have indicated that deferred maintenance can result in certain assets and buildings that may need to be replaced earlier than they otherwise would, thus increasing the City's long-term costs. Failure to renew systems on an ongoing schedule can also result in prolonged system failures and hard to procure replacements, such as with delays with City Hall's HVAC system repair that has taken over a year and half to complete. Regular maintenance is crucial to lowering the City's long-term capital costs and ensuring that systems remain functional.

Opportunity: The City could explore options to expand regular capital maintenance funding and define which aspects of maintenance are to be funded by departments' operating budget or by the City's General Fund.

The City's varying maintenance models may result in inconsistent upkeep across the City. The City currently lacks consistent standards for maintenance across all departments. Some departments have dedicated capital divisions to track and coordinate maintenance needs—such as SFMTA—while other departments operate in a decentralized manner. For example, each of SFFD stations are maintained independently by local uniform SFFD crews which can result in varying levels of maintenance across stations as these personnel are not experts in facility maintenance. This could result in under-maintenance of some buildings and the need for earlier building renewals and higher costs. Another issue is that departments engage in various levels of monitoring of their capital equipment, with some failing to regularly track the expected life of their buildings' systems.

Opportunity: The City could adopt more consistent capital maintenance standards for professional engineers to conduct maintenance on City facilities. The City could consult the Real Estate Division for developing preventive maintenance standards for City office buildings, and Public Works for other types of City infrastructure. The City could also explore requiring departments to develop more centralized preventive maintenance plans and schedules for all mechanical systems and infrastructure.

Bond Component Watch List




The following table identifies in-progress bond components that have reported delays based on their projected end dates. These component delays are described in greater detail in each component's corresponding bond chapter in this report.






Projects contributing to the delayed components have been highlighted below. These notable projects have been identified through interviews with each component's department team, financial data submitted to the Controller's Office, and department reports submitted to the Citizens' General Obligation Bond Oversight Committee.

Bond components are ordered first by earliest year of voter-approved bond and second, by the total delay since its initial end date estimate.







Additionally, components that experienced a significant delay since the last Controller's Office report (data as of June 2019) but have since been completed, have been omitted from this watch list.

Schedule Status Legend

-  Component delayed 1 year+ since last report
-  Component delayed 2 years+ since last report
-  New bond with significantly delayed component since issuance

Bond	Component	Schedule Status	Delay since 2019 Report (months)	Total Delay	Projects(s) Contributing to Delay	Project Details
2012 Clean and Safe Neighborhood Parks	Waterfront Parks		31	63	<ul style="list-style-type: none"> ▪ Aqua Vista Park 	<ul style="list-style-type: none"> ▪ Part of Mission Bay Ferry project, which is also delayed
	Citywide Programs		42	61	<ul style="list-style-type: none"> ▪ Lake Merced Trails ▪ McLaren Trails ▪ Community Opportunity Fund 	<ul style="list-style-type: none"> ▪ Archeological delays ▪ CEQA and staffing delays ▪ Funding issues
	Citywide Parks		36	61	<ul style="list-style-type: none"> ▪ Lake Merced ▪ Golden Gate Park ▪ McLaren Park 	<ul style="list-style-type: none"> ▪ Staffing-related delays ▪ Funding issues ▪ CEQA delays
2014 Transportation and Road Improvement	Accessibility Improvements		24	66	<ul style="list-style-type: none"> ▪ BART canopies 	<ul style="list-style-type: none"> ▪ 1st of 19 canopies to be completed by July 2022 ▪ Overall program projected to be complete by 2027 ▪ Component is managed by BART
	Muni Facility Upgrades		39	7 ¹³	<ul style="list-style-type: none"> ▪ Castro Station Accessibility Improvements 	<ul style="list-style-type: none"> ▪ Additional project added to scope since last report (Castro Station), other projects complete

¹³ MTA reported in the FY18-19 report that the Muni Facility Upgrades component was projected to be complete by April 2020, approximately 33 months ahead of the original projected end date of December 2022. Component completion has since been delayed to July 2023

Bond	Component	Schedule Status	Delay since 2019 Report (months)	Total Delay	Projects(s) Contributing to Delay	Project Details
2016 Public Health and Safety	ZSFG, Building 5		24	60	<ul style="list-style-type: none"> 15 projects 	<ul style="list-style-type: none"> Design and review delays COVID challenges (contractor availability, work guidelines, and materials)
	Neighborhood Fire Stations		31	37	<ul style="list-style-type: none"> Fire Station 15 Fire Station 18 Fire Station 37 Fire Station 44 	<ul style="list-style-type: none"> Additional design time at Fire Station 15 Fire Stations 18, 37, 44 on hold, contingent on remaining budget
	Homeless Services Sites Program		30	30	<ul style="list-style-type: none"> 1001 Polk Street (NextDoor Shelter) 525 5th Street (MSC South Shelter) 	<ul style="list-style-type: none"> Projects placed on hold until July 2020 due to COVID-19
2016 Preservation and Seismic Safety	Market Rate, Below Market Rate, and Deferred Loans		12	12	<ul style="list-style-type: none"> 7 projects total¹⁴ 	<ul style="list-style-type: none"> 7 projects went into forbearance Additional delays associated with COVID, developer capacity, and MOHCD staffing issues
2018 Embarcadero Seawall Earthquake Safety	US Army Corps of Engineers Study		--	50		<ul style="list-style-type: none"> Significant expansion in scope of study
2020 Earthquake Safety and Emergency Response	Neighborhood Fire Stations & Support Facilities		--	12	<ul style="list-style-type: none"> Fire Training Facility 	<ul style="list-style-type: none"> Work has not start due to a delay in establishing an MOU between DPW and Fire

¹⁴ Projects in forbearance include (1) 60 28th street, (2) 1411 Florida Street, (3) 3280 17th street, (4) 4830 Mission Street, (5) 305 San Carlos Street, (6) 65-69 Woodward Street, and (7) 654 Capp Street. All are sponsored by MEDA.

Public Health and Safety

There are six active general obligation (GO) bonds funding public health and safety improvements¹⁵ — the 2010, 2014, 2020 Earthquake Safety and Emergency Response (ESER) bonds, the 2016 Public Health and Safety bond, the 2018 Embarcadero Seawall Earthquake Safety bond, and the 2008 Public Health and Seismic Facilities (SFGH Rebuild) bond.

Across these six bonds, voters have authorized a total of \$3.1 billion. Of this, \$1.2 billion remain unspent and unencumbered, with most of that amount (\$1 billion) in the two youngest bond programs – 2020 ESER and the 2018 Embarcadero Seawall Earthquake Safety bond.

San Francisco Public Works manages five of the six bond programs, and the Port of San Francisco manages the 2018 Embarcadero Seawall Earthquake Safety Bond.

Two of the bonds, 2010 ESER bond (1.5% of budget remaining) and the 2008 SFGH Rebuild bond (0.5% of budget remaining), are considered functionally complete and will not be detailed in this report.

City Has **\$1.2 Billion** in GO Bond Funds Remaining for Public Health and Safety Bonds¹⁶

(In Millions, bond programs in italics are functionally complete)

Bond Program	Budget	Issued	Expended	Encumbered	Amount Remaining
2020 Earthquake Safety and Emergency Response	\$619.0	\$79.6	\$1.0	\$1.5	\$616.4
2018 Embarcadero Seawall Earthquake Safety	\$425.0	\$45.8	\$26.2	\$4.2	\$394.6
2016 Public Health and Safety	\$346.2	\$346.2	\$180.0	\$25.9	\$140.4
2014 Earthquake Safety and Emergency Response ¹⁷	\$395.7	\$395.7	\$337.9	\$27.6	\$30.2
<i>2010 Earthquake Safety and Emergency Response¹⁸</i>	<i>\$412.8</i>	<i>\$408.4</i>	<i>\$401.3</i>	<i>\$5.4</i>	<i>\$6.1</i>
<i>2008 Public Health and Seismic Facilities (SFGH Rebuild)¹⁹</i>	<i>\$893.0</i>	<i>\$880.2</i>	<i>\$888.7</i>	<i>\$.4</i>	<i>\$3.9</i>
Total	\$3,091.7	\$2,155.9	\$1,835.1	\$65.0	\$1,191.6

These bond programs fund the construction of a hospital, critical earthquake resiliency and flood protection upgrades to the Embarcadero Seawall, 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.

¹⁵ Voters also approved \$207 million for facilities that provide treatment, shelter, permanent supportive and transitional Housing as part of the 2020 Health and Recovery Bond, though funding from the first sale of this bond was not received until August 2021, which is outside the review period of this report. The report thus excludes this bond.

¹⁶ As of June 30, 2021. All amounts exclude costs related to Oversight, Accountability, and Cost of Issuance.

¹⁷ Includes program reserves.

¹⁸ Budgeted and expended figures include program reserves and appropriated interest.

¹⁹ Budgeted and expended figures include program reserves and appropriated interest.

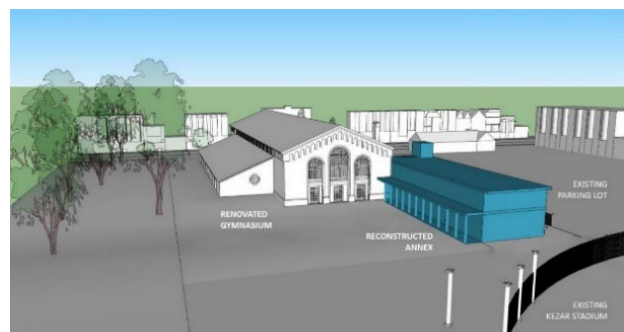
2020 Earthquake Safety and Emergency Response Bond

In November 2020, voters approved the \$628.5 million Earthquake Safety and Emergency Response (ESER) Bond to continue the work started in the ESER 2010 and 2014 bonds. These projects are focused on ensuring the effective deployment of first responders in the event of an earthquake or another major disaster. San Francisco Public Works (Public Works) manages four components of the bond, and the Public Utilities Commission (PUC) manages the remaining component, the Emergency Firefighting Water System (EFWS). This is the first year that the 2020 ESER bond appears in this report.

SCOPE

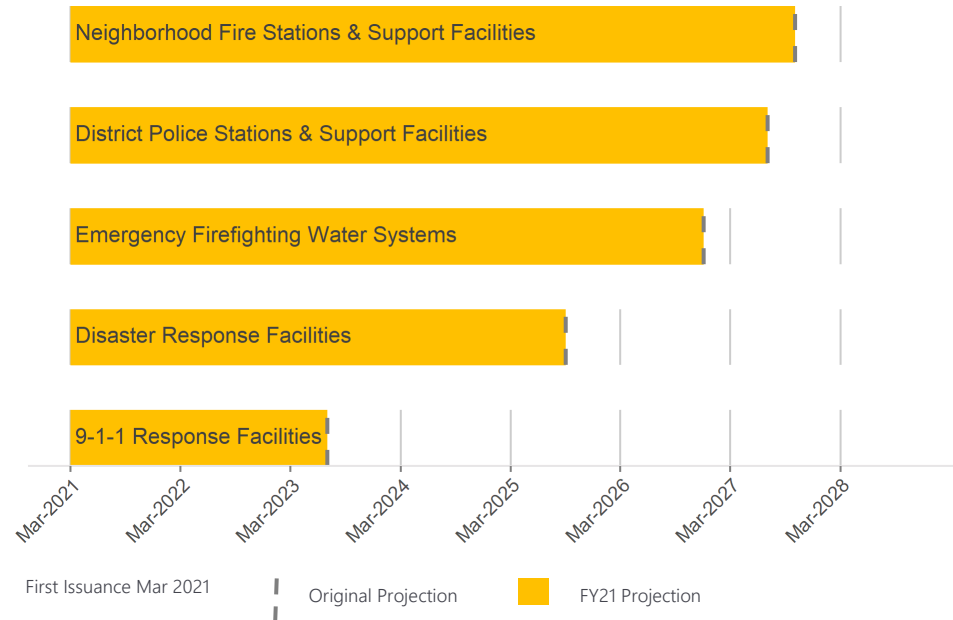
- **Neighborhood Fire Stations & Support Facilities** (\$270.8 million): This component is the successor to the 2014 Neighborhood Fire Stations component. The two projects targeted for this component are a new Fire Training Facility to replace existing facilities in SOMA and Treasure Island (which SFFD must soon vacate), and the replacement for Fire Station 7 in the Mission District.
- **Emergency Firefighting Water Systems** (\$151.2 million): This component is the successor to the corresponding 2010 and 2014 components aimed at seismically improving pipelines and tunnels that help supply water for fire suppression in the event of both earthquake-related and multiple alarm fires.
- **District Police Stations & Support Facilities** (\$119.2 million): This component is the successor to the 2014 Police Facilities component. The primary project in this component is the Ingleside Station replacement, and other projects including the Lake Merced Pistol Range Replacement, a temporary surge facility to enable work at Ingleside and Taraval stations, and other seismic and structural improvements.
- **Disaster Response Facilities** (\$68.9 million): This component is targeted at renovating Kezar Pavilion so that it can be used as a disaster response facility when required, and would support post-disaster response functions such as shelter, distribution of supplies and logistical staging, and serving as an incident command location.
- **9-1-1 Response Facilities** (\$8.9 million): This component will expand and upgrade the 9-1-1 Call Center at 1011 Turk Street operated by the Department of Emergency Management (DEM) to allow for increased workstations and better visual oversight of the operations center.

Kezar Pavilion Renovations



PROGRESS AND SCHEDULE

Bond Schedule by Component

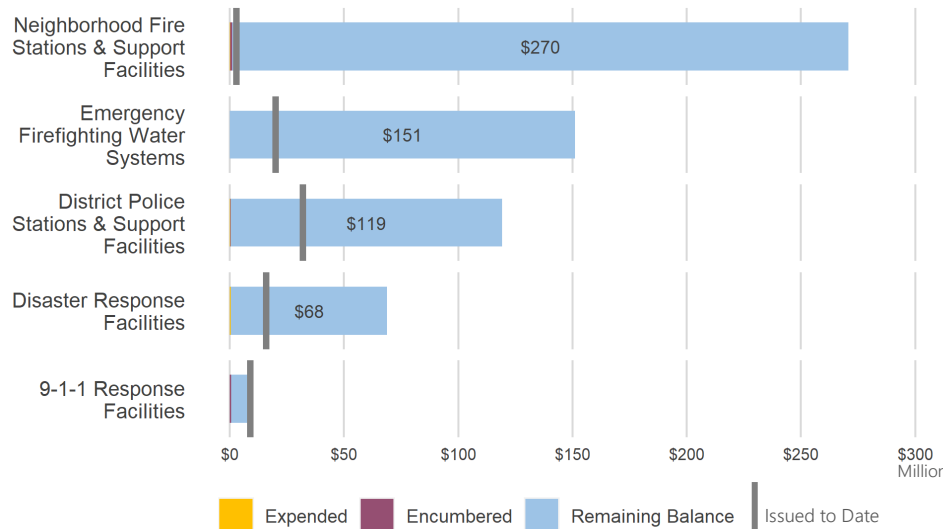


Public Works has developed this schedule with all components due to be completed by late 2027. PUC expects the schedule for the [EFWS](#) to hold. Public Works reports that substantial work has not yet started on the Fire Training Facility, which is the largest project in the [Neighborhood Fire Stations \(NFS\)](#) component.²⁰ This

will delay the project and could also impact SFFD's ability to move out of its existing facility on Treasure Island as required by the Treasure Island Development Authority.

BUDGET AND SPENDING

Bond Expenditures and Encumbrances



As of June 30, 2021, \$80.5 million of the \$628.5 million budget has been issued (13%). Of that amount, approximately \$3 million (0% of budget) has been expended or encumbered (see Appendix A).

The [9-1-1 Response Facility](#) component has the highest percentage of its

²⁰ As of March 2022, the projected end date for the Neighborhood Fire Stations and Support Facilities component was updated to late 2027, an extension from the October 2026 projected end date reported as of the end of FY 2020-21

budget encumbered and is expected to begin work in September 2022 and be complete by September 2023.

The [NFS](#) and [District Police Stations](#) components are targeting a smaller number of substantial capital projects relative to their 2010 and 2014 counterparts. For example, the 2020 [NFS](#) component will have two major capital projects and no Focused Scope projects – projects aimed at correcting severe deficiencies of selected building components to assure station functionality. In comparison, in 2014, 39 of 42 projects were Focused Scope. The budget also sets aside \$150 million for the Fire Training Facility, although this is a placeholder estimate set by SF Planning. Public Works estimates it could cost \$225 million (excluding land purchase costs) to complete this project. For both components, there is a list of projects that are needed to ensure SFPD and SFFD facilities are in good operable condition after a major earthquake, and the total projected budget for all currently identified projects would exceed the amounts authorized in the bond.

9-1-1 Call Center at 1011 Turk Street



2018 Embarcadero Seawall Earthquake Safety Bond

In November 2018, voters approved the \$425.0 million Embarcadero Seawall Earthquake Safety (Seawall) Bond. The Port of San Francisco (Port) manages all eight components of the bond. This is the first time the 2018 Seawall bond appears within this report.

SCOPE

The Port launched the San Francisco Seawall Earthquake Safety and Disaster Prevention Program to address seismic and flood risks associated with the aging Embarcadero Seawall. The seawall was built over 100 years ago to provide a waterfront foundation for over 500 acres of land that supports various commercial districts and transit lines (such as Muni and BART), as well as flood protection. The seawall now faces risks associated with climate change-driven sea-level rise, flooding, and earthquakes. The Port estimates the total cost of these improvements will likely exceed \$5 billion, which the Port anticipates will be funded through local general obligation (GO) bonds, the creation of a community facilities district, local property tax increment revenue, federal funding, and state funding.

This 2018 bond will provide the first phase of funding for this work, including long-term planning and funding for the most critical life-safety upgrades as determined by a multi-hazard risk assessment. In the long-term, the Port envisions at least three phases of work that will take until 2100 to complete. The 2018 bond will enable the Port to plan for these long-term Seawall improvements. The goals for the life-safety upgrades are to “act quickly to improve disaster preparedness, reduce earthquake damage and disruption, improve flood resilience, enhance the City and the bay, preserve historic resources, and engage the community.”²¹ As part of this work, the Port anticipates developing a detailed seismic and flood risk assessment. The three key components of this bond include:²²

- **Seawall Program Projects** (\$262.9 million): As the core component of the 2018 bond, this will fund various projects aimed at potentially raising the bulkhead wharf, protecting structures in the event of an earthquake, and mitigating flooding associated with sea level rise.
- **Pilot Projects** (\$40.0 million): The Port is piloting approximately 20 smaller projects to inform project planning for the [Seawall Program Projects](#) component.
- **United States Army Corps of Engineers Study** (\$8.9 million): Funding supports a unique seven-year study of flood risk along the San Francisco waterfront from Aquatic Park to Heron’s Head Park. Fewer than five low-lying metropolitan areas in the nation were selected by the US Army Corps of Engineers for such an in-depth assessment. The study will identify areas at risk for flooding, strategies to reduce these risks, and ultimately allow the City to become eligible for significant federal funding to adopt these strategies at a funding ratio of two-thirds federal, one-third local.

²¹ Seawall Earthquake Safety Program Bond Report, April 2018

²² The Port has indicated that its future reports to CGOBOC will likely reflect a different set of components than are listed in this report, though the components in this report reflect the Port’s planning as of June 30, 2021.

- Other Design and Planning Components** (\$113.2 million): This encompasses several components related to the Seawall design and planning process—planning/engineering/preliminary design, final design, seawall program labor, design support during construction, and funding to support the work of other City departments and government agencies.

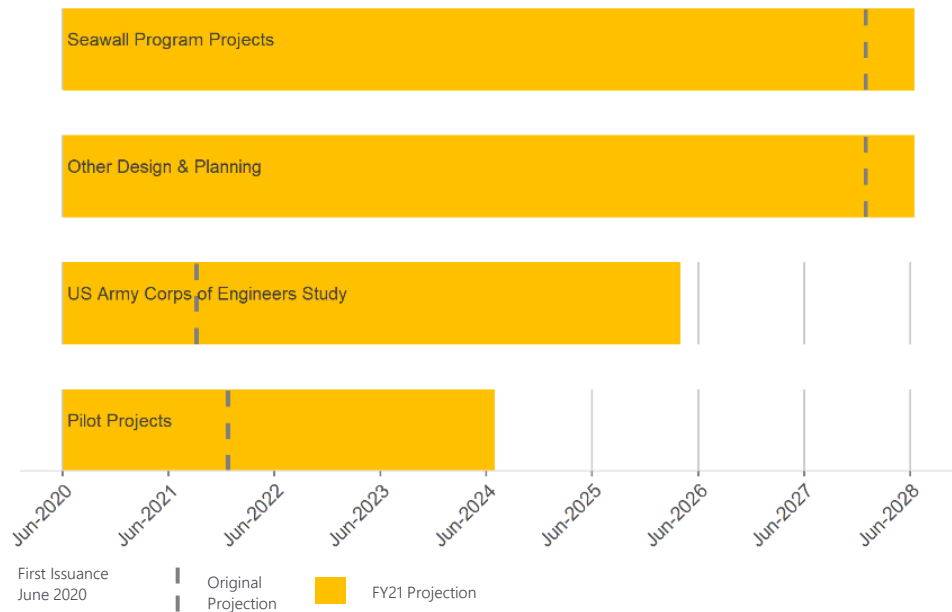


PROGRESS AND SCHEDULE

Following a delay attributed to a legal challenge, the City received \$49.7 million for the first issuance of the 2018 Seawall bond on June 2, 2020. The Port originally projected to fully expend the bond funding by December 2027, though this has since been delayed to June 2028. Certain components are projected to finish sooner.

These include the [US Army Corps of Engineers' Study](#), the [Pilot Projects](#), and portions of the design work for the broader [Seawall Program Projects](#).

Bond Schedule by Component



All components experienced delays when compared to the original completion date. The [US Army Corps of Engineers' Study](#) component experienced the most significant time extension of 50 months due to a significant expansion in the scope of this study and a federally-approved waiver to extend the

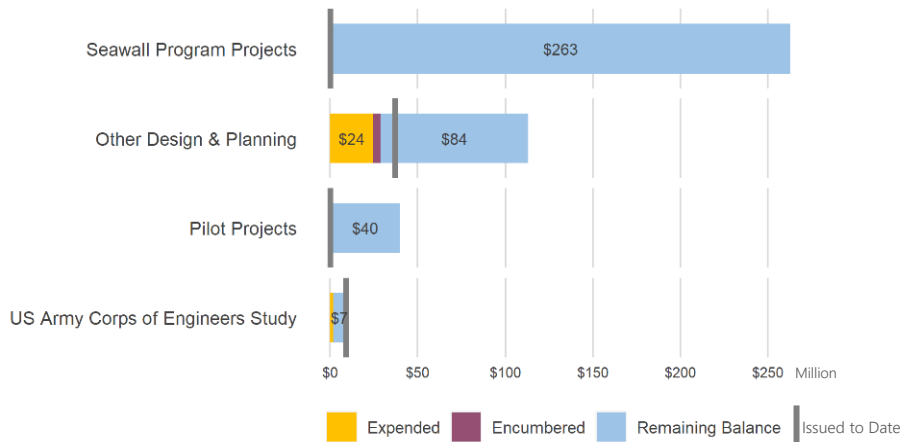
work of other City departments and government agencies.

study from 36 months to 86 months²³, allowing for \$5.0 million in additional federal funding. The next longest delay is attributed to the [Pilot Projects](#) component (30 months) due to delays completing an expanded multi-hazard risk assessment and adaptation strategies, including options for future coastal flood defenses that can be advanced through the US Army Corps of Engineers Flood Study. Through this work, the Port has identified 23 early projects, advancing 11 projects to pre-design.

BUDGET AND SPENDING

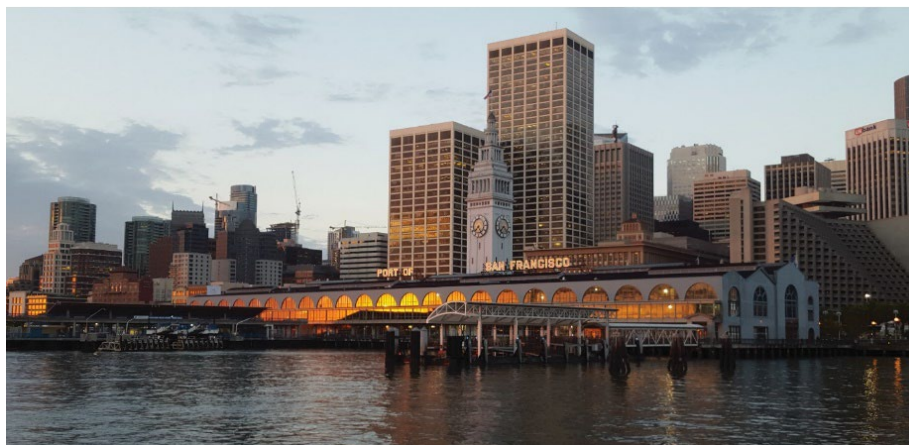
As of June 30, 2021, \$30.4 million (7.2% of the total budget) has been spent and encumbered (see Appendix A). Most of these expenditures are associated with the [Other Design & Planning](#) component, of which 84.1% of funding for planning, engineering, and preliminary design has been expended and 10.0% of funding for program labor. Prioritizing planning expenditures is consistent with the notion that

Bond Expenditures and Encumbrances



this bond funds the first phase of seawall retrofits.

All components currently have significant amount of funding remaining, though two-thirds of total remaining funding is budgeted for the [Seawall Program Projects](#) component (66.7%). As of June 30, 2021, the Port had \$19.2 million (38.7%) remaining of the bond's first issuance.



²³ The waiver was approved by the Federal government on November 18, 2021.

2016 Public Health and Safety Bond

In June 2016, voters approved the \$350.0 million Public Health and Safety (PHS) Bond. San Francisco Public Works (Public Works) manages the bond, delivering projects on behalf of the Department of Public Health (DPH), the San Francisco Fire Department (SFFD), and the Department of Homelessness and Supportive Housing (HSH).

SCOPE

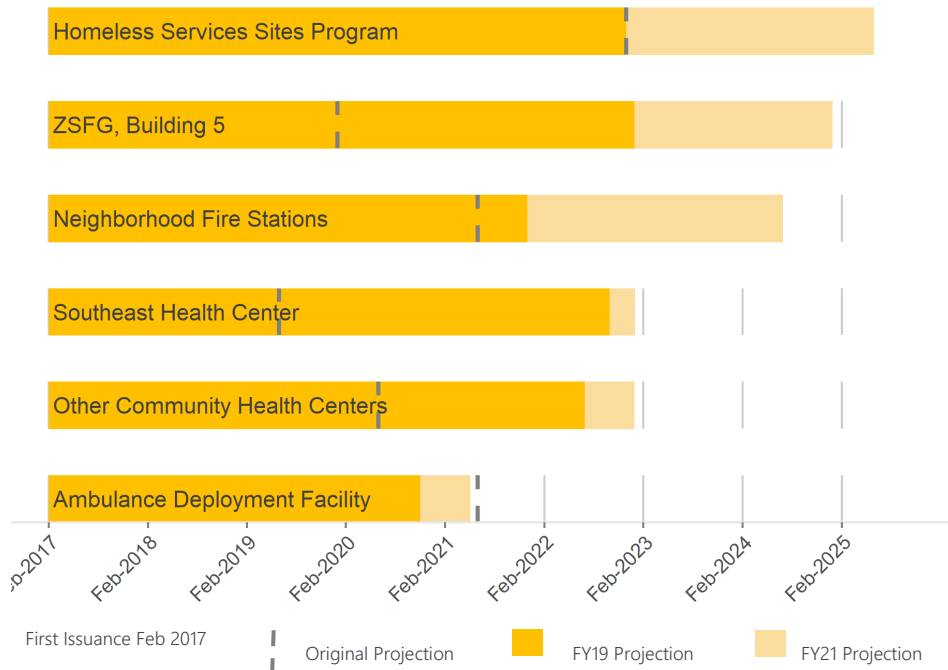
- **Zuckerberg San Francisco General Hospital (ZSFG), Building 5** (\$219.8 million): This component funds earthquake safety and fire/life safety improvements, Americans with Disabilities Act (ADA) improvements, and a centralized ambulatory care center at ZSFG Building 5, the former main hospital until 2016.
- **Ambulance Deployment Facility** (\$47.9 million): This component funds the construction of a modern emergency medical services facility to ensure that ambulance dispatch functions remain operational after a major earthquake.
- **Southeast Health Center** (\$29.9 million): This component funds a two-phase modernization of the Southeast Health Center, one of the SF Health Network's busiest clinics. The first phase expands the dental suite and lobby area to allow for expanded patient capacity and enhanced patient experience. The second phase will build a new two-story structure that will utilize a family-oriented primary care model with comprehensive behavioral health services on site.
- **Other Community Health Centers** (\$19.9 million): This component funds seismic assessments, seismic retrofits, and renovations at SF Health Network community health centers, including the Castro-Mission Health Center and Maxine Hall Health Center. Chinatown Public Health Center was removed from the scope of the 2016 PHS bond.
- **Homeless Services Sites Program** (\$19.7 million): This component funds three main areas: 1) renovation of three 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 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. All projects are managed by Public Works, except for 1064-68 Mission Street project, which is managed directly by HSH.
- **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.

Southeast Health Center



PROGRESS AND SCHEDULE

Bond Schedule by Component



All six components experienced schedule extensions since the last reporting period through June 30, 2019. Of those, three delays are over six months, and these components are still in progress.

[ZSFG Building 5](#) is now expected to be completed by December 2024, an approximately 24-month delay from the previously projected end date reported in 2019. The ZSFG

Building 5 component tracks over 15 individually delivered projects. Public Works attributes the 24-month delay to several reasons, including unforeseen conditions that impacted construction duration, extended duration to complete design, longer duration necessary to complete plan review, and reassessment of projects leading to a shift of design timeline. The onset of the COVID-19 pandemic also posed significant challenges to project work in Building 5, such as lack of subcontractor interest in bidding on ZSFG Building 5 projects leading to higher than expected bid prices; material costs escalation; COVID-19 health ordinances that created new work guidelines for contractors in an active hospital setting; labor resource impacts due to COVID-19 positive cases; and subcontractor refusal to work in the hospital environment due to concerns regarding exposure. Additionally, Public Works experienced challenges with reviews and approvals of design plans that involved the Office of Statewide Health Planning and Development (OSHPD), a state regulatory body that has jurisdiction over hospitals and other medical facilities. Three projects – the 4E Surge Space, the Building 80/90 Specialty Services Relocation, and the Behavior Health Center (BHC) Hummingbird Expansion have been placed on hold by DPH based on a reassessment of project priorities, change in programmatic needs, and the need to identify alternative non-bond funding sources necessary due to higher-than-expected bids.

The [Neighborhood Fire Station](#) component projected end date was pushed from November 2021 to June 2024, a delay of approximately 31 months. The remaining Hose Tower Removal at Fire Station 15 experienced additional design time and is expected to be complete in Q4 of FY2024. The budgets for three generator replacements at Fire Stations 18, 37, and 44 added to the scope in 2017 are being reviewed and are contingent on funds remaining after the hose tower removals. Public Works staff anticipate the possibility of not having enough funds to complete the generator replacement at Fire Station 18.

The [Homeless Services Sites Program](#) is now expected to be complete in May 2025, a thirty month delay from its previously-reported June 2019 projected end date of November 2022. While substantial completion has occurred on the 440 Turk administrative facility and the shelter at 260 Golden Gate is expected by March 2022 for the SFHOT deployment facility, this delay is driven by the Next Door Shelter at 1001 Polk Street and the MSC South Shelter at 525 5th Street. Both projects were placed on-hold during the COVID-19 pandemic until July 2020 and are currently in the design phase.

The [Ambulance Deployment Facility](#) experienced a six-month delay to substantial completion since the last report issuance in 2020 and was occupied by SFFD in May 2021.

[Southeast Health Center](#) is projected to be complete by January 2023. Phase 2 of the project began construction in 2020 and is currently underway.²⁴

[Other Community Health Center](#) includes two community health center projects. Maxine Hall Health Center was completed and re-occupied in October 2021. Castro Mission Health is targeting to be complete by June 2022, with the component expected to close out by December 2022.

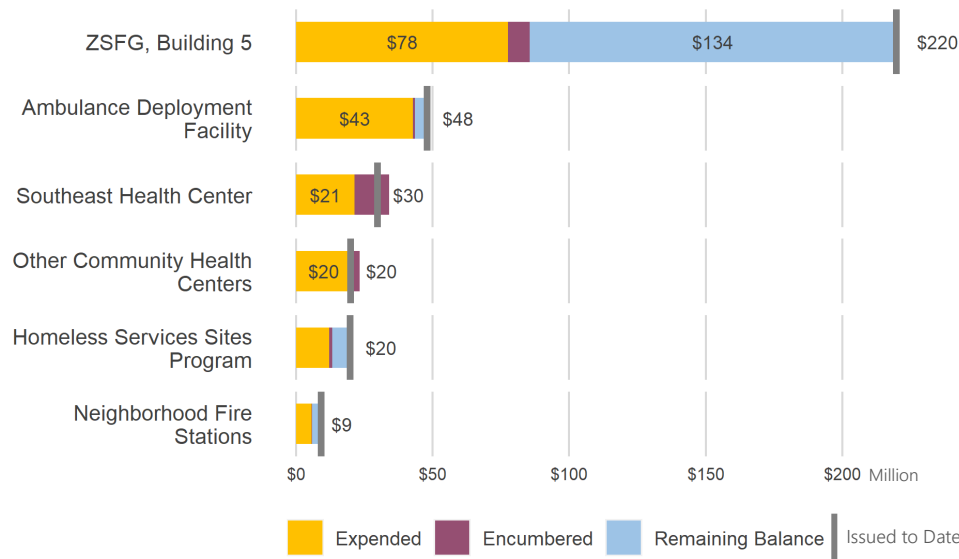
Fire Station 49 Ambulance Deployment Facility



²⁴ The 2018-2019 Annual GO Bond Program Report showed the projected completion date of the Southeast Health Center as June 2020 in the schedule chart under the section titled "Bond Progress by Component". This has been updated to September 2022 in the FY19 projection in this report's chart.

BUDGET AND SPENDING

Bond Expenditures and Encumbrances



As of June 30, 2021, \$208.1 million dollars of bond funding (60% of the total budget) have been spent and encumbered (see Appendix A).

The City completed the sale of the third and final issuance of \$126.5 million in

October 2020. The final issuance fully funds the components for [ZSFG Building 5](#), [Southeast Health Center](#), [Other Community Health Centers](#), and [Neighborhood Fire Stations](#).

Encumbered and expended amounts for the [Southeast Health Center](#) and [Other Community Health Centers](#) components exceeded budgeted amounts by a total of \$7.8 million as of June 30, 2021. To correct for this, in September 2021, Public Works and DPH revised the budgets, reallocating \$16.2 million from [ZSFG Building 5](#) and increasing the budget for [Southeast Health Center](#) by \$7.6 million and [Other Community Health Centers](#) by \$8.6 million. This budget increase was driven by additional seismic upgrade scope additions to Maxine Hall and Castro Mission Health Center, creation of a temporary clinic during construction needed to maintain clinical services for Maxine Hall Health Center, and the higher construction costs of delivering the [Southeast Health Center](#). DPH leveraged over \$9.0 million from alternative non-bond funds to supplement bond funding for Castro Mission Health Center and [Southeast Health Center](#).

2014 Earthquake Safety and Emergency Response Bond

In June 2014, voters approved the \$400 million Earthquake Safety and Emergency Response (ESER) Bond. San Francisco Public Works (Public Works) manages four components of the bond, and the Emergency Firefighting Water System is managed by the Public Utilities Commission (PUC).

SCOPE

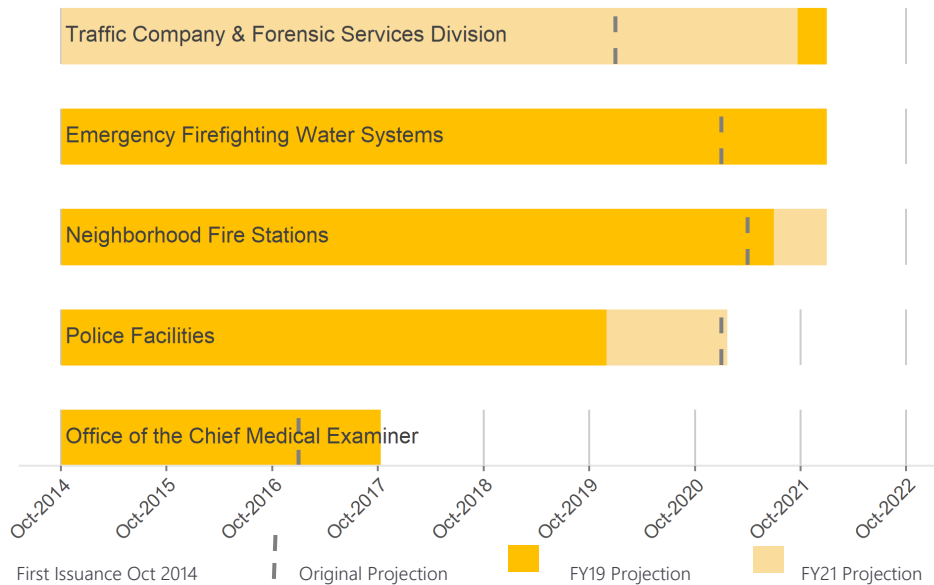
- **Traffic Company and Forensic Services Division (TCFSD) Facility** (\$178.9 million): This component relocates the SFPD's Motorcycle Unit (Traffic Company) and the Forensic Services Division to a new location in the Bayview.
- **Neighborhood Fire Stations (NFS)** (\$67.6 million): The NFS component consists of 47 projects at 40 fire facilities, 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.
- **Office of the Chief Medical Examiner** (\$67.5 million): This component was for the construction of new facility for the Office of the Chief Medical Examiner (OCME), previously located at the Hall of Justice.
- **Emergency Firefighting Water System (EFWS)** (\$54.3 million): This component is an extension of the Auxiliary Water Supply System (AWSS) work from the 2010 ESER bond.
- **Police Facilities** (\$26.8 million): This component funds 14 projects that will make critical district station building improvements, such as ADA compliance, HVAC, plumbing, electrical, and seismic safety.

Traffic Company and Forensic Services Division



PROGRESS AND SCHEDULE

Bond Schedule by Component



Three components reported extended schedules since the last report in 2019.

The completion date for the [Police Facilities](#) component was extended approximately fifteen months, from an estimated completion of November 2019 as of the last report to an actual substantial completion date of late January 2021.

This was driven primarily by change order requests from the contractor. The Mission Police Station project was also moved from the 2014 bond to the corresponding component in the 2020 bond.

The completion date for the [Emergency Firefighting Water Systems \(EFWS\)](#) component was projected to be December 2021 as of the fiscal reporting period end date of June 2021. Subsequent interviews in January 2022 have indicated that work is approaching completion on this component, e.g., Clarendon Supply, Terry Francois/Mission Rock/Warriors Way Pipeline, Pump Station #2, but PUC now expects to complete the remaining projects by December 2022²⁵. The Merced Pipeline is on long-term postponement that is contingent on the redevelopment plan for ParkMerced.

The completion date for [Neighborhood Fire Stations](#) was projected to be June 2021 as of the last report issuance, but due to delay of the last Focused Scope project FS19 Emergency Generator, and extraordinary supply chain lead times, the schedule will be extended to June 2024.²⁶

Fireboat Station 35 at Pier 22 1/2

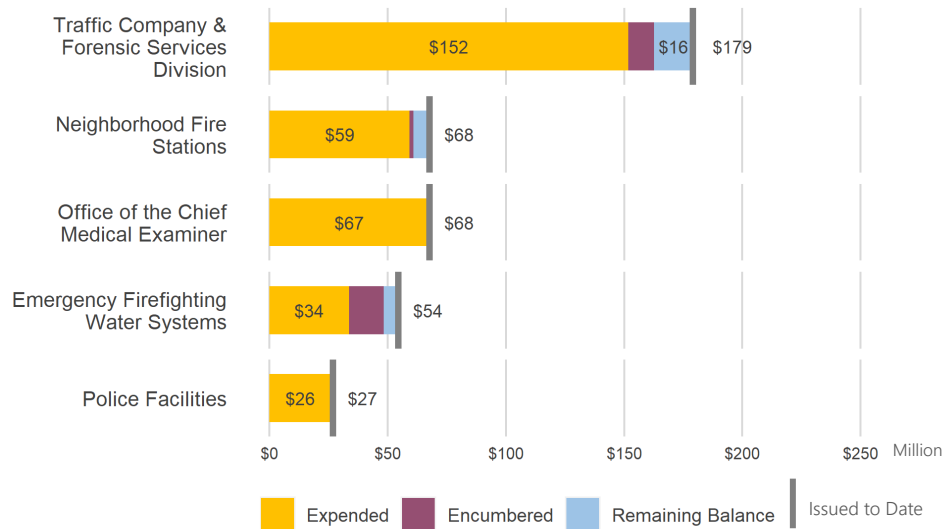


²⁵ This is an additional delay from the December 2021 projected end date reported as of the end of FY 2020-21

²⁶ This is an additional delay from the December 2021 projected end date reported as of the end of FY 2020-21

BUDGET AND SPENDING

Bond Expenditures and Encumbrances



As of June 30, 2021, \$367.2 million dollars of bond funding (92% of the total budget) have been spent and encumbered (see Appendix A).

The [Traffic Company & Forensic Services Division](#) component saw a \$15 million dollar budget increase since the last report. This increase was driven by the

difference between estimated costs from the City’s cost estimators in the planning phase and the estimated budget from the contractor, attributed to construction cost increases due to a more heated construction market between the time the project was scoped and actual construction. The project went through a cost reduction process, though it also added scope. About half of the increased budget came from the [Neighborhood Fire Stations](#) and [Police Facilities](#) components.

The [EFWS](#) component balance had \$6.0m unspent and unencumbered as of June 2021, and this amount had been reduced to approximately \$3.6 million by early 2022. Substantial completion is on track for March/April 2022. Remaining ESER 2014 funding will be used for the Potable Emergency Firefighting Water System pipeline, which is part of the ESER 2020 scope.

Affordable Housing

There are three active general obligation (GO) affordable housing bonds—the 2019 Affordable Housing, the 2016 Preservation and Seismic Safety (PASS), and the 2015 Affordable Housing bonds.²⁷ This is the first year the 2019 Affordable Housing bond is included in this report. In November 2019, voters authorized the bond which funds similar types of projects in the 2015 Affordable Housing bond.

Across the three bonds, voters have authorized a total of \$1.2 billion. Of this amount, \$800.0 million remains across the three bonds as of June 30, 2021. The 2019 Affordable Housing Bond accounts for \$535.1 million of this, the 2016 PASS Bond accounts for \$209.0 million, and the 2015 Affordable Housing Bond accounts for \$55.6 million. The three bond programs are managed by the Mayor’s Office of Housing and Community Development (MOHCD), which notes that a large portion of this \$800.0 million in remaining funding is committed to identified housing projects which are currently in the development process.

The \$1.2 billion is expected to support new construction and preservation of at least 4,897 total affordable housing units across the three bond programs.

City Has **\$800.0 Million** in GO Bond Funds Remaining for Affordable Housing Projects

(In Millions)

Bond Program	Budget	Issued	Expended	Encumbered	Amount Remaining
2019 Affordable Housing	\$600.0 ²⁸	\$254.1	\$33.3	\$31.6	\$535.1
2016 Preservation and Seismic Safety	\$260.7	\$175.0	\$51.7	\$0	\$209.0
2015 Affordable Housing	\$310.0	\$310.0	\$229.4	\$25.0	\$55.6
Total	\$1,170.7	\$739.1	\$314.4	\$56.6	\$800.0

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.

²⁷ The 2020 Health & Recovery Bond also provides funding for health and homelessness programs (not administered by MOHCD), though is omitted from this report due to the bond’s first sale occurring on July 20, 2021, which is beyond the scope of this year’s review period of June 30, 2021.

²⁸ Reflects the total amount authorized by voters for the 2019 Affordable Housing bond. To date, MOHCD has only budgeted for the \$254.1 million in the bond’s first issuance.

In addition to the 2015, 2016, and 2019 Affordable Housing GO bonds, MOHCD draws on several sources to support financing for affordable housing projects, including Development Impact Fees,²⁹ the Housing Trust Fund, geographic-specific funds, and other local, state and federal 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 multiple GO bond programs.

The three affordable housing bond programs use counts of the number of units produced, protected, or assisted³⁰ 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 three active affordable housing GO bonds.

KEY ISSUE + OPPORTUNITY

The City may benefit from exploring alternative financing structures for affordability preservation of existing housing. Within the Preservation and Seismic Safety (PASS) Bond’s Small Sites program, there are two key challenges that the Mayor’s Office of Housing & Community Development (MOHCD) has identified. First, the bond, as approved, cannot create a revolving loan program, meaning that MOHCD is not able to re-lend PASS funds that are repaid by developers. Second, the Small Sites program is also reliant on the City’s ongoing financial investment (not repaid by developers). Thus, without dedicated funding streams, there may be limited incentives for developers to invest in existing housing affordability preservation and consequently, limited developer capacity in this market. MOHCD reports that various other jurisdictions facilitate a revolving loan fund—including New York City, Seattle, Massachusetts, and Minnesota.

Opportunity: The City could take two steps to address these issues. First, it could fund PASS-type programs using an alternative funding source that does allow for revolving loans. Second, the City could perform a benchmarking analysis to identify how other jurisdictions fund affordable housing programs (such as PASS). Once this is complete, the City could evaluate their tradeoffs and pursue the most effective option to meet the City’s affordable housing goals.

²⁹ 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.

³⁰ 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.

2019 Affordable Housing Bond

In November 2019, voters approved the \$600 million Affordable Housing Bond. The Mayor's Office of Housing and Community Development (MOHCD) manages all 4 components of the bond. This is the first time the 2019 Affordable Housing bond appears within this report.³¹

SCOPE

- Low-Income Housing** (\$220.0 million): This component funds loans for the construction, acquisition, and rehabilitation of permanently affordable rental housing for households earning 0% to 80% Area Median Income (AMI). MOHCD's priorities for this component include funding for neighborhoods with limited affordable housing production, projects that are shovel-ready within four years, predevelopment funding, and projects that can leverage non-City funding sources, among other factors. This component is anticipated to fund 748 units.
- Public Housing** (\$150.0 million): This component funds the repair and rebuilding of distressed public housing and its underlying infrastructure. MOHCD prioritizes projects with an urgent capital need to address life safety risks, create new homes, accelerate construction timelines, or reduce adverse community impacts associated with long construction timelines. This component will fund 538 units largely located at two HOPE SF sites—Sunnydale and Potrero, as well as the substantial renovation of 70 dilapidated units located in five multifamily sites.
- Senior Housing** (\$150.0 million): This component funds the creation of new affordable senior housing rental opportunities, through new construction and acquisition, for seniors on fixed incomes earning between 0% and 80% AMI. Similar to the **Low-Income** component, MOHCD prioritizes projects in neighborhoods with limited affordable housing production and those that can leverage additional non-City resources, in addition to new construction projects. This component is projected to fund 368 units, of which 200 (54%) are located at the Laguna Honda Hospital.
- Preservation and Middle-Income Housing** (\$60.0 million): This has two subcomponents--\$30.0 million for affordable housing preservation and \$30.0 million for middle-income housing. The preservation funding is for the acquisition and/or rehabilitation of rental housing at risk of losing affordability and is intended for households earning between 30% to 120% of AMI. Priorities include acquisitions and/or rehabilitation of sites that enhance permanent affordability, buildings at risk of imminent conversion to market-rate rents, or those in neighborhoods with limited affordable housing production or high eviction rates. The middle-income funding is for the creation of new affordable housing through either down payment assistance loans or the purchase of land for new affordable construction for those earning between 80% to 175% of AMI. Priorities include San Francisco Unified School District (SFUSD) educators eligible for the Teacher Next Door Down Payment Assistance Loans or households eligible for Down Payment Assistance Loans. This component will fund 195 units.
- Educator Housing** (\$20.0 million): This component funds pre-development and construction of permanently affordable rental housing serving SFUSD and City College of San Francisco educators earning between 30% to 140% of AMI. MOHCD has not yet identified a project to utilize this

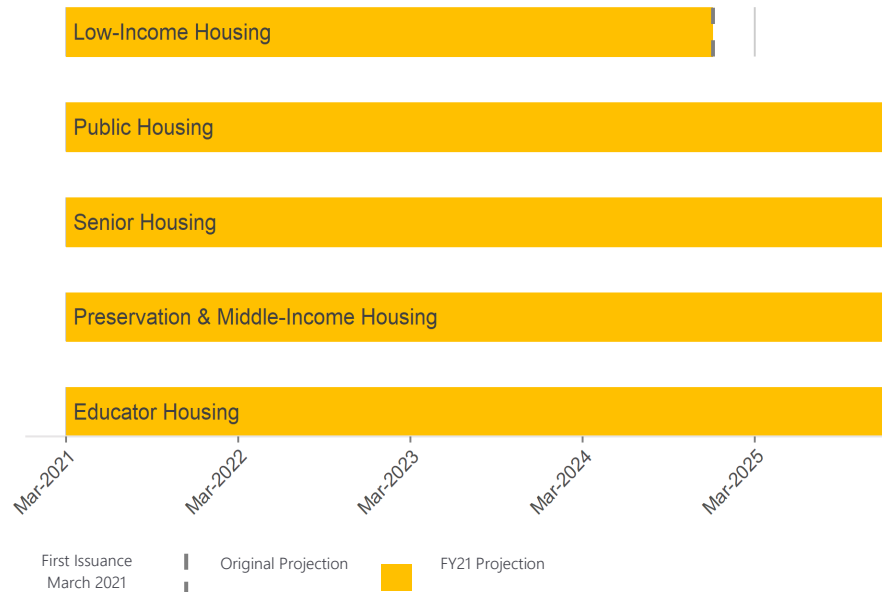
³¹ Figures cited throughout this section reflect MOHCD's estimates as of June 30, 2021, unless otherwise cited.

funding. If funding is not fully allocated by 2023, 50% of the remaining funding may be reallocated as down payment assistance loans for educators earning up to 200% AMI, and the other 50% may be reallocated to any other eligible project within the **Low-Income Housing** component.

PROGRESS AND SCHEDULE

Following a delay attributed to a legal challenge, current estimated completion timelines are approximately one year later than originally anticipated in 2019. The City received \$254.6 million for the first issuance of the 2019 Affordable Housing bond on March 30, 2021. MOHCD’s [June 2019 bond report](#) indicated that most components would fully expend funding by 2025, with the two exceptions being **Low-Income Housing** component (stated due date in 2024) and the **Middle-Income Housing** subcomponent (2021).

Bond Schedule by Component

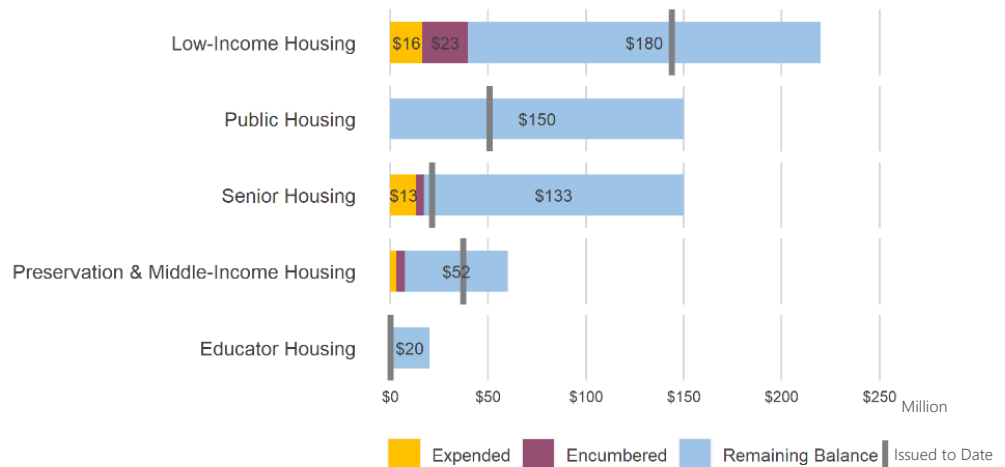


BUDGET AND SPENDING

As of June 30, 2021, \$64.9 million (10.8% of the total budget) has been spent and encumbered (see Appendix A). The majority of these expenditures are associated with the **Low-Income Housing** (61.0%) and the **Senior Housing** (26.4%) components.

All components currently have significant amount of funding remaining, though MOHCD notes the balance is almost fully committed to identified projects, and MOHCD anticipates that it will fully expend the \$254.6 million from the first issuance by mid-2024 and the bond more broadly by 2026.

Bond Expenditures and Encumbrances



2016 Preservation and Seismic Safety Bond

In November of 2016, voters authorized repurposing the \$260.7 million remaining from 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. The Mayor's Office of Housing and Community Development (MOHCD) now manages the components of the bond.

SCOPE

PASS bond proceeds provide loans to housing developers for the 1) acquisition, improvement, and/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").

All PASS loans issued to date have been for take-out financing, similar to refinancing, where loans finance a project after construction is complete. MOHCD reports that this provides sponsors with a more expeditious and lower-cost financing over a longer term (up to 40 years) than conventional loans taken out to begin the acquisition and construction process. This practice therefore lowers developers' long-term costs in an effort to maximize the number of projects.

PASS's favorable financing terms allow projects to deepen affordability and increase rehabilitation scopes, and are deployed to projects with reasonable per-unit costs that can support debt service. One implication of take-out financing is that PASS is sensitive to the availability of properties that can be financed by other traditional sources during the construction period and also meet program underwriting guidelines.

The bond's scope is organized according to loan cost and associated affordability requirement. The three types of loans below represent the components of the bond. PASS loans blend funding from all three components to produce a composite rate that is competitive in the market (typically 2-3%). This practice also means that schedule changes typically affect all three components equally.

- **Market Rate (MR)** (\$154.9 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.

- Below Market Rate (BMR)** (\$89.3 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.
- 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. Deferred loans have no payments due until loan maturity.

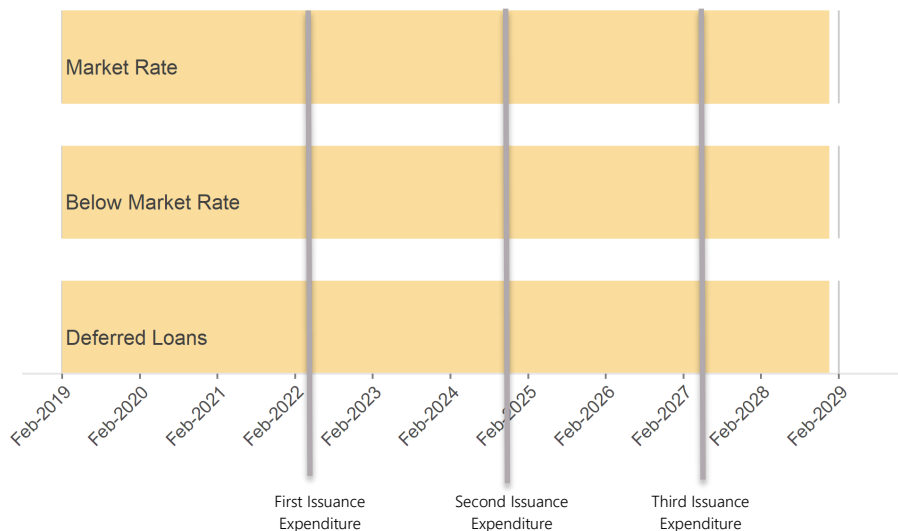
PROGRESS AND SCHEDULE

MOHCD’s reports to CGOBOC typically focus on progress made within each bond issuance, rather than overall progress made on the bond. (There have been two issuances to date totaling \$175 million.) MOHCD’s rationale for this practice is that it awards take-out financing to developers through a notice of funding availability (NOFA) process that is sized to align with the scale of each bond issuance. MOHCD notes the results of these NOFAs, or earmarking of projects, as “committed” funding and will recognize the project completed once construction has been completed and MOHCD has transferred the take-out financing to the developer, thus both encumbering and expending the funds in quick succession.

This report focuses on overall expenditure progress by GO bond program and thus may differ from MOHCD’s issuance-specific reporting to CGOBOC. Reporting in this manner allows for comparability across bond programs and consistency within bond programs over time. (For example, a bond program-wide view will capture delays that affect when a subsequent issuance is made or the completion of that issuance.)

MOHCD currently estimates that this bond program will be complete and fully expended by the end of 2028. This is based on MOHCD’s projection that each issuance is typically expended in about four years. Funding from the first issuance of \$72.4 million was received in February 2019 and MOHCD expects to fully expend it by January 2023. The second issuance of \$102.6 million was received in December 2020 and MOHCD expects to fully expend it by December 2024. MOHCD projects that the third issuance will be received around this time-period, resulting in a 2028 completion date based on experiences with the first issuance.

Bond Schedule by Component—Entire Bond

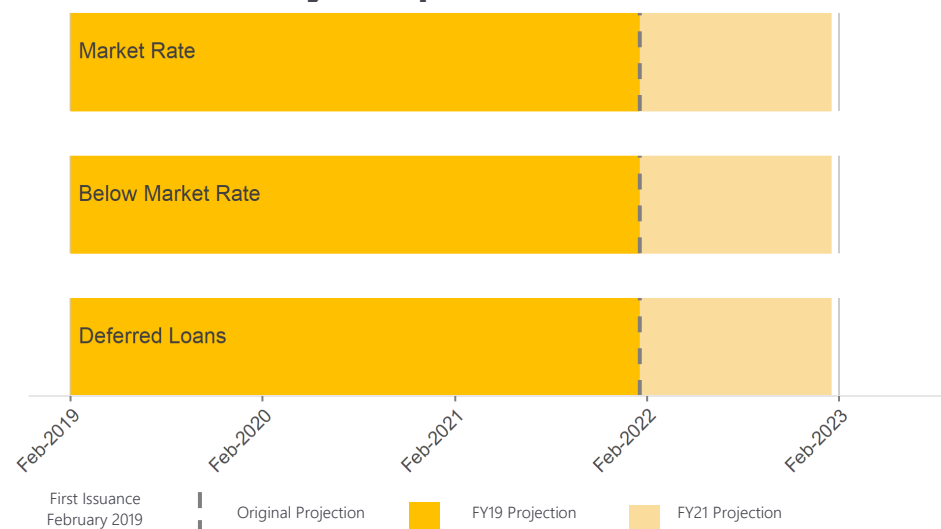


We note that MOHCD’s timeline for the bond’s completion date may be optimistic. Projects associated with the second issuance, received in December 2020, are currently expected to close by calendar year 2023 and may experience additional delays. As of June 30, 2021, MOHCD had not yet disbursed funding for any of the 20 projects established in the 2019 NOFA totaling \$66.6 million. Were all these projects to ultimately be funded, the second issuance will still provide \$35.9 million more than there are projects in the pipeline. More time may be needed to identify projects to meet this gap.

Seven of the loans funded by the first issuance totaling \$22.8 million in PASS funding went into forbearance due to decreased commercial and residential rent collections associated with COVID-19 pandemic impacts³², leading to program delays. MOHCD has been working with developers to stabilize these projects. MOHCD is also taking a series of steps to reduce the chance that future loans enter forbearance. These steps include updating underwriting guidelines and practices to make them more conservative, as well as conducting

increased monitoring of developers’ financial health. While these actions are fiscally prudent, they will require MOHCD to perform additional work and could result in delays to future projects.

Bond Schedule by Component—First Issuance



All three components have experienced a one-year delay since June 30, 2019. In addition to the forbearance issue, MOHCD attributes this delay to:

- (1) COVID-related delays, such as project shut-downs due to health orders, sickness among key staff, supply-chain issues, and the rental market softening that required a reduction in underwritten rents and additional administrative work;
- (2) Developer capacity and funding-related delays, such as few non-profit developers willing to engage in preservation projects, fewer developers being awarded these funds,³³ and limited financial incentives to pursue these projects due to smaller project margins and limited stable funding from non-PASS sources;
- (3) MOHCD staffing issues, such as employee turnover in a competitive job market and ongoing vacancies of project management positions, including a vacant Capacity Building Program Manager position (tasked with creating a strategy for supporting developers) and a Bond Program Manager.

³² Forbearance is when a supplier either does not make a planned payment or negotiates a lower payment.

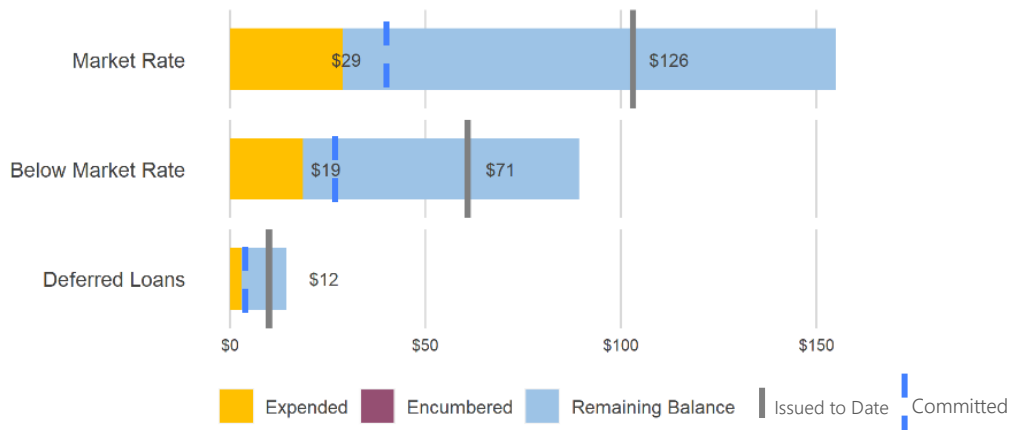
³³ The Budget and Legislative Analyst’s June 28, 2021 performance audit of MOHCD cited developer constraints, finding that the number of developers awarded projects as lead sponsor had declined from 20 in the late 1990s to just 8 between 2015 and 2019.

BUDGET AND SPENDING

As of June 30, 2021, \$51.7 million dollars of funding (19.8% of budget) have been spent (see Appendix A). The City has \$85.7 million dollars of unissued authority (32.9% of budget) remaining. Per the original 1992 ballot measure, this remaining balance cannot be issued until FY23-24.

All components experienced expenditures between June 30, 2019 and June 30, 2021, though significant balances remain. **Market Rate Housing** increased expenditures by \$26.5 million (17.1% of budget) and has \$126.0 million remaining. **Below Market Rate Housing** increased expenditures by \$17.1 million (19.2%) and has \$70.6 remaining. Finally, **Deferred Loans** increased expenditures by \$2.8 million (19.1%) and has \$11.5 million remaining. We note that a large portion of this remaining funding has already been committed by MOHCD to projects, but not yet encumbered or expended. This includes the balance of funding for the bond's first issuance—\$12.5 million for Market Rate Housing, \$8.0 million for Below Market Rate Housing, and \$1.3 million for Deferred Loans.

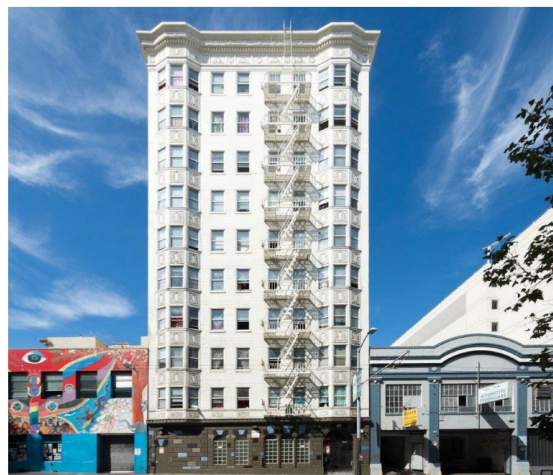
Bond Expenditures and Encumbrances



1201 Powell Street



270 Turk Street



2015 Affordable Housing Bond

In November 2015, voters approved the \$310 million Affordable Housing Bond. The Mayor's Office of Housing and Community Development (MOHCD) manages all four components of the bond.

SCOPE

- **Low-Income Housing** (\$98.9 million): This component funds loans for the construction of new housing units at select sites and renovations of existing housing in the Small Sites Program.³⁴ This component is projected to fund construction, rehabilitation, or preservation of a total of 509 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 305 housing units.
- **Public Housing** (\$79.1 million): This component will expedite development and revitalization of two HOPE SF projects (Sunnydale and Potrero). This component will fund 576 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 increasing rents and displacement. It will fund loans for the construction of 143 units of multi-family housing.

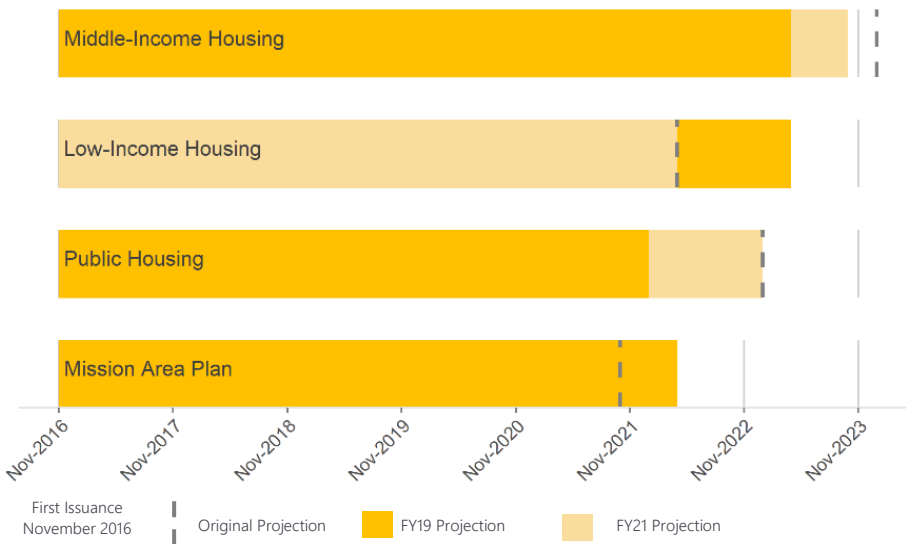
For the 2015 Affordable Housing bond, there are two loan agreement types: 1) predevelopment loans, which fund acquisition, design, engineering, architecture, environmental review, and permitting; and 2) construction loans, also known as gap financing, which are amendments to the original loan agreement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

PROGRESS AND SCHEDULE

The only component with a notable delay since our last report was [Public Housing](#), which had a one-year extension for its completion date (now December 31, 2022). To complete work on the Sunnydale and Potrero projects, MOHCD first had to move residents out of their homes. The COVID-19 pandemic complicated the staging of these moves. In addition, MOHCD needed to address certain infrastructure design issues that impacted the placement of the buildings.

³⁴ The Small Sites Program removes buildings from the speculative market to preserve them for households averaging 80% of area median income (AMI).

Bond Schedule by Component



BUDGET AND SPENDING

As of June 30, 2021, \$254.4 million dollars of bond funding (82% of the total budget) have been spent and encumbered (see Appendix A). The City sold the bond’s final issuance in October of 2019.

The two components with remaining funding are [Public Housing](#) and [Middle-Income Housing](#). From June 30, 2019 to June 30, 2021, [Public Housing](#) encumbered and spent \$30.9 million (39% of budget) while [Middle-Income Housing](#) spent \$6.9 million (9% of budget). As of June 30, 2021, the components had \$7.9 million and \$46.8 million remaining, respectively. MOHCD anticipates fully expending the remaining [Public Housing](#) funding by the end of the 2022 calendar year.

A larger portion of funding remains for [Middle-Income Housing](#) for two primary reasons. First, \$25 million is associated with an educator housing project at 43rd and Irving that will not break ground until August 2022. MOHCD projects expending most of this project’s budget by early 2024. Second, the COVID-19 pandemic resulted in a

cancellation of the lottery for the 2020 Down Payment Assistance Program as well as a reduction in the public’s demand for middle-income subsidies. MOHCD believes that the approximate 20% reduction in market-rate rents was the primary driver of this drop in demand.

Bond Expenditures and Encumbrances



Transportation

There are two general obligation (GO) transportation bonds³⁵ —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, with several exceptions – the Caltrain Upgrades component is managed by Caltrain, the Accessibility Improvements (BART Canopies) component is managed by Bay Area Rapid Transit (BART), and Better Market Street-related projects are managed by the Department of Public Works (Public Works). Public Works manages the 2011 Road Repaving and Street Safety bond.

Voters have authorized a total of \$748 million for transportation-related GO bonds. Of the budgeted amounts, \$251.1 million remain unspent and unencumbered across the two bonds as of June 30, 2021. A majority of this amount (\$246.5 million) is in the 2014 Transportation and Road Improvement bond.

As the 2011 Road Repaving and Street Safety bond is functionally complete, with 98% of funds expended or encumbered, it will not be detailed in this report.

City Has **\$251.1 Million** in GO Bond Funds Remaining for Transportation Projects³⁶

(In Millions, bond programs in italics are functionally complete)

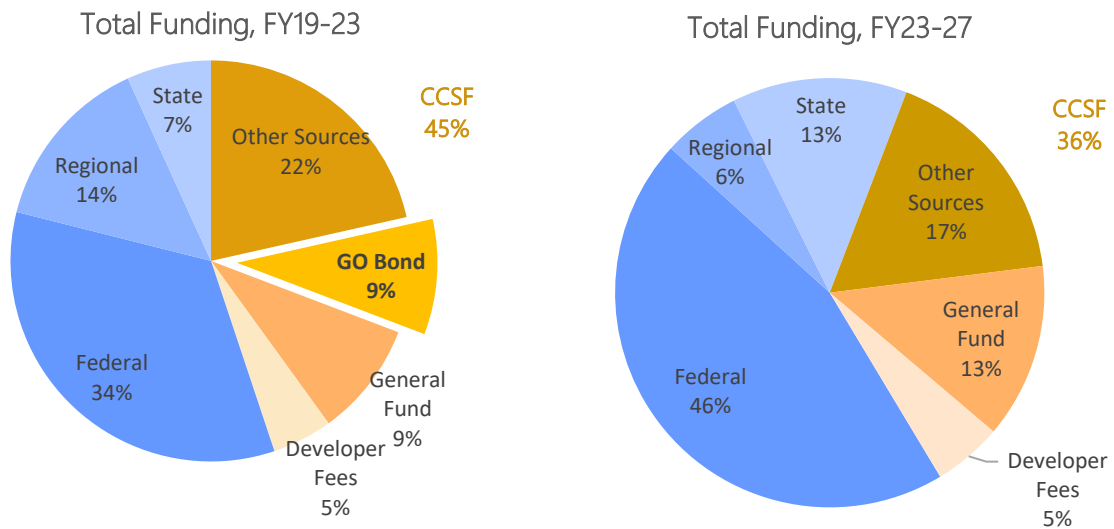
Bond Program	Budget	Issued	Expended	Encumbered	Amount Remaining
2014 Transportation and Road Improvement	\$493.4	\$372.1	\$225.9	\$20.9	\$246.5
<i>2011 Road Repaving and Street Safety</i>	<i>\$249.3</i>	<i>\$249.3</i>	<i>\$243.6</i>	<i>\$1.1</i>	<i>\$4.6</i>
Total	\$742.7	\$621.4	\$469.5	\$22.0	\$251.1

SFMTA is preparing a \$400 million bond to go in front of San Francisco voters on the June 2022 ballot. This bond, currently titled “Muni Reliability and Street Safety Bond,” will have components targeted at repairs and upgrades to facilities and equipment, replacing the train control system, and improving street safety and traffic flow. The programming for the bond has been informed by the Transportation 2050 Task Force, an effort to identify operational and capital needs for the transit system over the next 30 years.

³⁵ Voters also approved \$41.5 million for shovel-ready street-related public infrastructure as part of the 2020 Health and Recovery Bond, though funding from the first sale of this bond was not received until August 2021, which is outside the review period of this report. The report thus excludes this bond.

³⁶ As of June 30, 2021. All amounts exclude costs related to Oversight, Accountability, and Cost of Issuance.

SFMTA's Approach to Capital Budgeting Results in Frequent Funding Plan Changes



SFMTA receives capital funding from a variety of sources. The SFMTA's in-progress FY23-27 five-year capital plan projects \$2.6 billion in funding over the next five-year period, to be sourced from 70 different accounts. This projected amount is approximately \$0.6 billion more than the FY19-23 five-year Capital Improvement Program (CIP). Of this amount, 45% of the funding stems from the federal government (chiefly from the Federal Transit Administration), 17% is from other CCSF sources (such as Proposition K sales tax revenue and SFMTA operating funds), 6% is from regional sources (such as regional transit measures and the Bay Area Toll Authority, which governs Bay Area bridge tolls), and currently no amount is projected for GO Bond funding. GO Bond funding will depend on the passage by City voters of a new transportation-based GO Bond in June 2022. Major changes in funding sources in the upcoming capital plan will be reflected in future versions of the CIP based on the outcome of the June 2022 ballot, a potential reauthorized transportation sales tax, and potential receipt of new federal Infrastructure Bill funds. The share of federal funding as a percentage of capital funding is projected to increase as the percentage contributed by the City decreases.

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, more complex projects may use 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 grants from the Federal Transit Administration or meeting bond expenditure schedules) are constrained by deadlines by which the SFMTA must expend the funds or risk losing them. 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, the list of SFMTA bond-funded projects undergoes frequent change. Because shifts within subfunds are common, the projects funded by bond dollars change. Furthermore, SFMTA 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

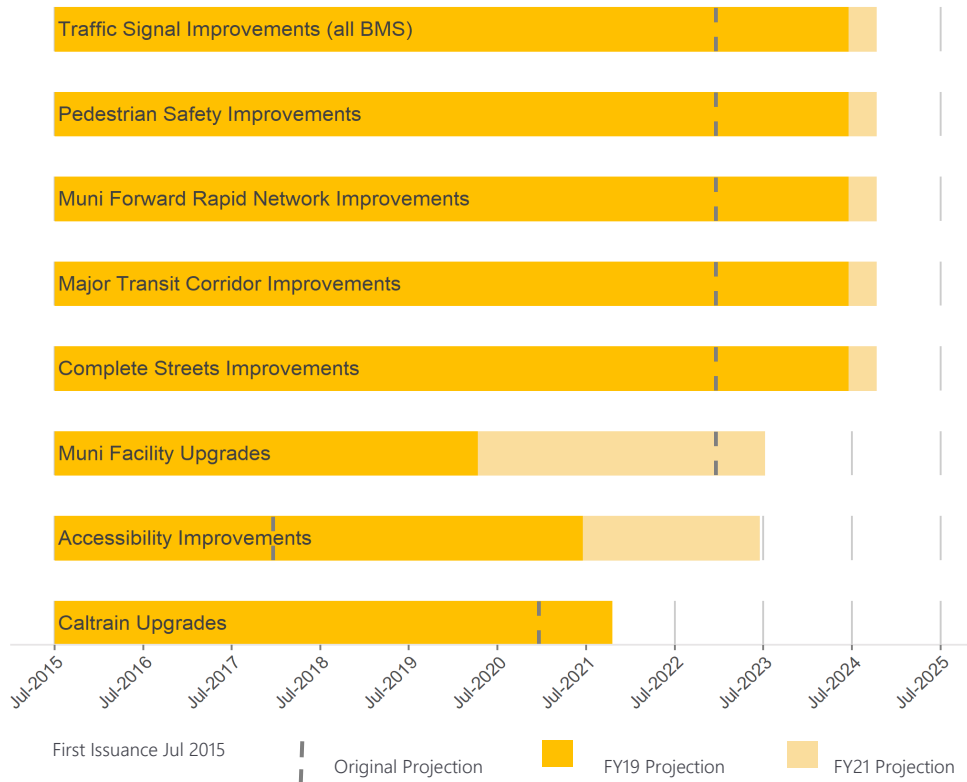
In November 2014, voters approved \$500.0 million in bond funding to improve the City's transportation system, targeting safety improvements and making Muni more reliable. The San Francisco Municipal Transit Agency (SFMTA) manages six of eight components and is the fiscal agent for all components. Caltrain handles project management of the [Caltrain Upgrades](#) component, and Bay Area Rapid Transit (BART) handles project management of the [Accessibility Improvements](#) component.

SCOPE

- **Muni Forward Rapid Network Improvements** (\$190.9 million): This component focuses on improving efficiency and connectivity on Muni's high ridership lines. Projects have been developed from learnings from the Transit Effectiveness Project (TEP).
- **Muni Facility Upgrades** (\$66.7 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** (\$54.9 million): Using analysis from WalkFirst, a data-driven effort to improve pedestrian safety, this component targets capital improvements in neighborhoods to create a safer environment for walking. These improvements are part of the City's commitment to Vision Zero, whose goal is to reduce serious traffic injuries and end fatalities by 2024.
- **Accessibility Improvements** (\$51.1 million): This component funds accessibility improvements (such as elevators and boarding islands) at transit stops. One of the main projects is the installation of BART canopies over shared BART/Muni entrances to protect them from the elements.
- **Complete Streets Improvements** (\$41.8 million): This component provides funding for pedestrian and bicycle enhancements and public space improvements and complements the 2011 Road Repaving and Street Safety bond. 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.
- **Major Transit Corridor Improvements** (\$27.1 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).
- **Traffic Signal Improvements** (\$21.9 million): This component funds upgrades to traffic signals and operations, including traffic signal improvements on and adjacent to Market Street.

PROGRESS AND SCHEDULE

Bond Schedule by Component³⁷



Five of the eight components – improvements associated with [Traffic Signals](#), [Pedestrian Safety](#), the [Muni Forward Rapid Network](#), and [Major Transit Corridors](#) – had projected end dates that moved from June 2024 to October 2024 since the last reporting period through June 30, 2019. These delays are attributed to projects that are under the umbrella of the larger Better Market Street (BMS) project. BMS has

experienced significant delays and was rescoped to reduce impacts to businesses to allow them to economically recover from COVID-19 impacts.

The [Muni Facility Upgrades](#) component’s projected end date was extended from April 2020 to July 2023. Although the six projects previously reported as part of its scope have been completed, one additional project (Castro Station Accessibility Improvements) was added, which shifted the end date forward.

The [Accessibility Improvements](#) component is managed by BART. BART had to push the project schedule out, and SFMTA reallocated funding intended for the canopy project from the third issuance to the fourth issuance. BART reported delays for the BART canopies project due negotiations of disputed costs and re-estimates due to higher-than-expected bids. Since the end of the FY2021, BART has updated and rescoped the project. BART now expects that

Castro Street Station



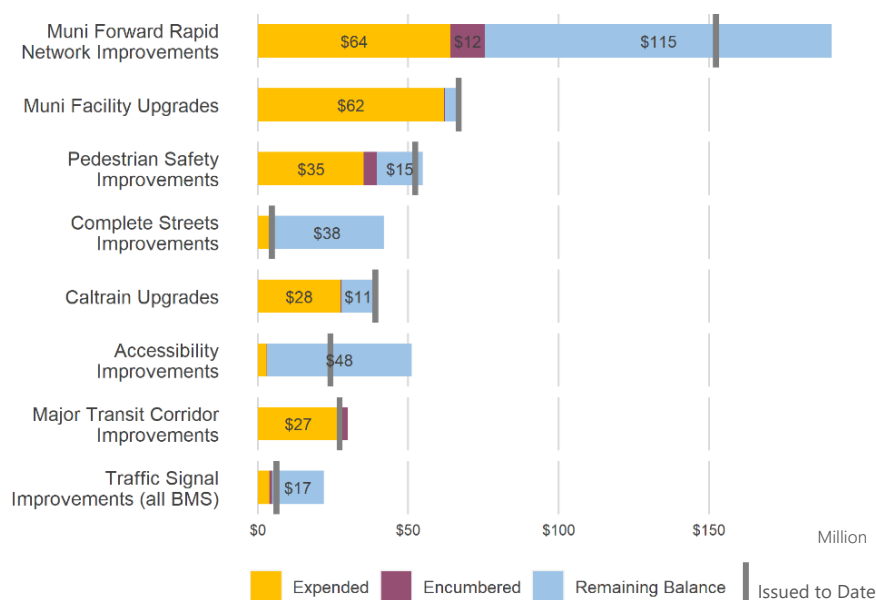
³⁷ After SFMTA submitted data to the Controller’s Office, CalTrain notified SFMTA of additional delays to the Caltrain Electrification project. This will delay the completion of the Caltrain Upgrades component to the end of calendar year 2024.

the full contract for 19 canopies in the base contract and three canopies as options will be completed by Spring 2027, with four canopies installed each year. The first station canopy installation is projected to be completed by July 2022.³⁸ SFMTA expects that the portion of funding committed from this bond will be complete by the end of the project MOU with BART ending in December 2025.

Major transit-related capital projects will draw from multiple sources of financing, and as such, the end date for a GO-bond component may not align with major project completion. GO-bond funding is generally drawn down first and may be fully expended before the project is open. (See “SFMTA’s Approach to Capital Budgeting Results in Frequent Funding Plan Changes” for further details.)

BUDGET AND SPENDING

Bond Expenditures and Encumbrances



As of June 30, 2021, \$247.1 million of bond funding (49% of the total budget) has been spent and encumbered (see Appendix A).

The City sold the bond’s fourth and final issuance of \$122.8 million in August 2021. The final issuance will be used to fund four projects that are shovel-ready and fully-funded – L Taraval transit improvements, Better Market Street, BART

Canopies, and Western Addition pedestrian safety upgrades.

As previously noted, higher than expected bids on the BART Canopies project resulted a \$21.5 million increase to the [Accessibility Improvements](#) component. Only \$3.0 million has been expended or encumbered as of June 2021 (12% of the component budget) due to contracting delays.

Delays to the BMS project have had an impact on amounts spent for specific components. The projects associated with [Traffic Signal Improvements](#) are all linked to BMS, while \$22.2 million of \$41.8 million for [Complete Streets Improvements](#) is linked to BMS.

³⁸ Two pilot canopies have been installed at Powell and Civic Center stations.

Parks and Recreation

There are two³⁹ 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).

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. The 2008 bond is not detailed in this report because it is effectively complete.

Across both bonds, voters have authorized a total of \$380.0 million. Of the \$384.7 million in budgeted funds, \$23.7 million remains across both bonds as of June 30, 2021. Of the \$23.7 million, the entire amount (\$23.7 million) is associated with the 2012 Clean and Safe Neighborhood Parks bond, which provided \$196.4 million for capital improvements and land restoration for parks throughout the City and along its waterfront.

City Has **\$23.7 Million** in GO Bond Funds Remaining for Parks Projects^a

(In Millions, bond programs in italics are functionally complete)

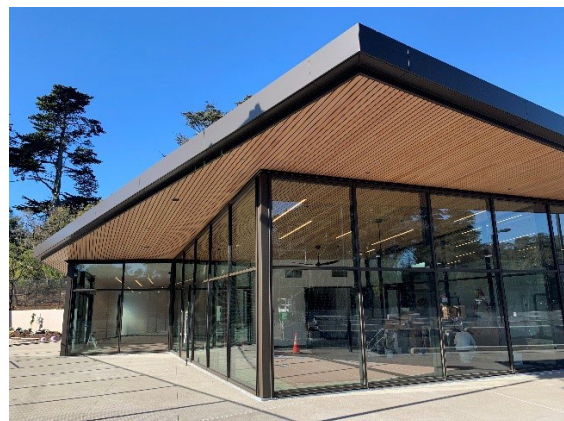
Bond Program	Budget	Issued	Expended	Encumbered	Amount Remaining
2012 Clean and Safe Neighborhood Parks	\$196.4	\$187.6	\$168.3	\$4.6	\$23.6
<i>2008 Clean and Safe Neighborhood Parks</i>	<i>\$188.3</i>	<i>\$183.3</i>	<i>\$188.1</i>	<i>\$0.1</i>	<i>\$0.1</i>
Total	\$384.7	\$370.9	\$356.4	\$4.7	\$23.7

^a As of June 30, 2021. All amounts exclude costs related to Oversight, Accountability, and Cost of Issuance.

Alice Chalmers Park



Golden Gate Park Tennis Center



³⁹ Voters also approved \$239 million for parks projects as part of the 2020 Health and Recovery Bond, though funding from the first sale of this bond was not received until August 2021, which is outside the review period of this report. The report thus excludes this bond.

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 16 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 five capital improvement projects intended to improve waterfront open spaces. (One additional project—Islais Creek—was found to be financially infeasible during the review period, and Port staff are currently working to identify alternative eligible funding uses in the southern waterfront.)
- **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: Golden Gate Park, McLaren Park, and Lake Merced.

The 2012 CSNP bond continues RPD and the Port’s work from the 2008 CSNP bond and is nearly complete. Of the 17 outstanding projects as of June 30, 2021, five have been completed as of December 31, 2021. Of the remaining 12 projects, three are associated with the [Citywide Parks](#) component, four are in the [Citywide Programs](#) component, and five are in the [Waterfront Parks](#) component.

PROGRESS AND SCHEDULE

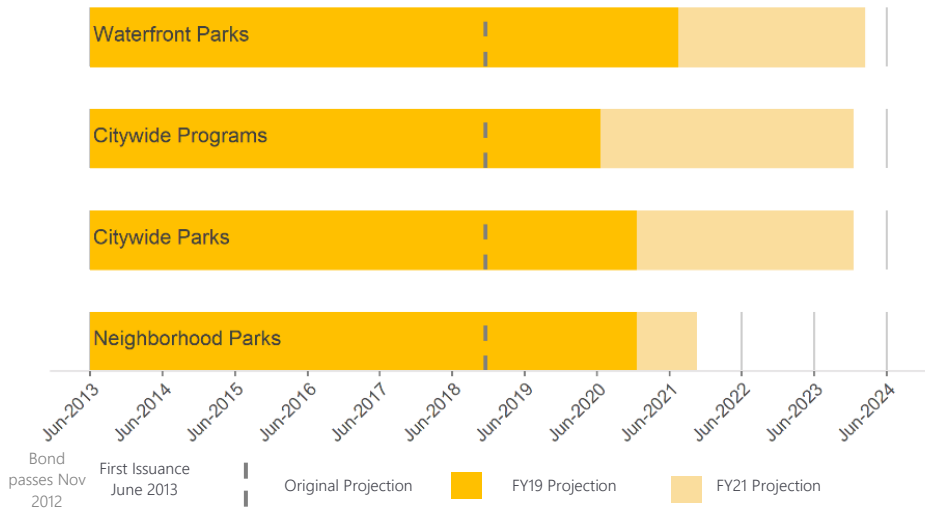
Several of the 2012 bond components have experienced delays during the review period, including [Waterfront Parks](#) (31 months), [Citywide Programs](#) (42 months), and [Neighborhood Parks](#) (11 months).

With the latest delay, [Waterfront Parks](#) is projected to be the 2012 bond’s final component completed as of March 2024—approximately 11 years after the bond’s first sale. Aqua Vista Park is driving this extended timeline, though other projects have also experienced delays. The Port attributes Aqua Vista Park’s delays to its association with Mission Bay Ferry construction, which faces funding constraints, and federal restrictions that limit construction on the Bay from June to December, compounding smaller delays experienced in the park’s construction process.

Delays in the RPD-managed components were generally driven by similar issues. Both [Citywide Programs](#) and [Neighborhood Parks](#) experienced delays associated with staff resources, including temporary vacancies due to COVID redeployments, challenges due to managing construction sites during COVID (e.g., implementing health and safety plans, construction staff challenges, work stoppages), California Environmental Quality Act reviews, and unforeseen archaeological issues. (For example, Rossi Park is delayed after extant burials and funerary objects from a cemetery were discovered at the site.) The [Citywide Programs](#)' Community Opportunity Fund also faces fundraising

challenges to complete projects, while [Neighborhood Parks](#) face delays and additional costs attributed to some projects having to negotiate cost and infrastructure issues with Pacific Gas and Electric.

Bond Schedule by Component



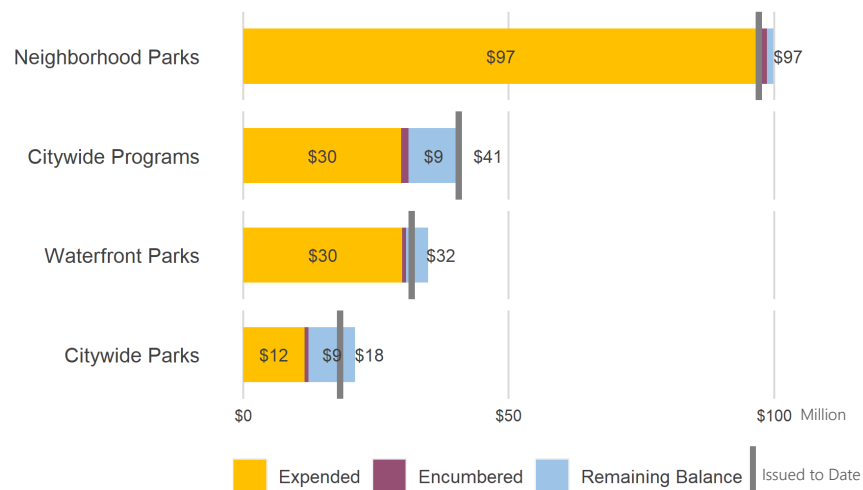
BUDGET AND SPENDING

As of June 30, 2021, \$173.9 million dollars of funding (88.0% of budget) have been spent or encumbered (see Appendix A). The City's final issuance for the bond of \$3.1 million was received in October 2019.

The two components with more significant amounts of funding remaining include [Citywide Programs](#) and [Citywide Parks](#).

From June 30, 2019 to June 30, 2021, [Citywide Programs](#) encumbered and spent \$5.9 million (14.5% of budget) while [Citywide Parks](#) spent \$6.9 million (32.5% of budget). As of June 30, 2021, the components had \$9.4 million (23.3% of budget) and \$8.7 million (41.4% of budget) remaining, respectively.

Bond Expenditures and Encumbrances



Appendices

APPENDIX A: FINANCIAL SUMMARY OF BOND PROGRAMS

(as of June 30, 2021)

Bond Program/Component	Revised Budget	Issued	Expended	Encumbered	Remaining of Budget ⁴⁰	% of Budget Expended/Encumbered	% of Issued Expended/Encumbered
Public Health and Safety							
2020 Earthquake Safety and Emergency Response	\$628,500,000	\$80,536,045	\$1,551,109	\$1,486,052	\$625,462,839	0%	4%
Neighborhood Fire Stations & Support Facilities	\$270,827,260	\$2,900,000	\$216,632	\$778,811	\$269,831,817	0%	34%
Emergency Firefighting Water Systems	\$151,170,852	\$20,000,000	\$15,398	\$0	\$151,155,454	0%	0%
District Police Stations & Support Facilities	\$119,163,994	\$32,022,200	\$268,457	\$160,348	\$118,735,189	0%	1%
Disaster Response Facilities	\$68,937,848	\$15,855,705	\$492,651	\$0	\$68,445,197	1%	3%
9-1-1 Response Facilities	\$8,863,438	\$8,863,438	\$47,336	\$546,893	\$8,269,209	7%	7%
Oversight, Accountability & Cost of Issuance (COI)	\$9,536,608	\$894,702	\$510,635	\$0	\$9,025,973	5%	57%
2018 Embarcadero Seawall Earthquake Safety Bond	\$425,000,000	\$49,675,000	\$26,196,305	\$4,244,246	\$394,559,449	7%	61%
Seawall Program Projects	\$262,900,000	\$0	\$0	\$0	\$262,900,000	0%	
Other Design & Planning	\$113,200,000	\$36,925,000	\$24,499,561	\$4,244,246	\$84,456,193	25%	78%
Pilot Projects	\$40,000,000	\$0	\$0	\$0	\$40,000,000	0%	
US Army Corps of Engineers Study	\$8,900,000	\$8,875,000	\$1,695,616	\$0	\$7,204,384	19%	19%
Oversight, Accountability & Cost of Issuance (COI)		\$3,875,000	\$1,129	\$0			0%
2016 Public Health and Safety	\$349,999,999	\$349,999,999	\$182,833,368	\$25,914,841	\$141,251,790	60%	60%
ZSFG, Building 5	\$219,743,875	\$219,743,875	\$77,659,440	\$7,847,089	\$134,237,346	39%	39%
Ambulance Deployment Facility	\$47,880,049	\$47,880,049	\$42,874,628	\$650,837	\$4,354,584	91%	91%
Southeast Health Center	\$29,839,786	\$29,839,786	\$21,423,714	\$12,705,466	-\$4,289,394	114%	114%
Other Community Health Centers	\$19,896,001	\$19,896,001	\$20,097,292	\$3,299,996	-\$3,501,287	118%	118%
Homeless Services Sites Program	\$19,700,000	\$19,700,000	\$12,108,912	\$1,267,711	\$6,323,377	68%	68%
Neighborhood Fire Stations	\$9,188,009	\$9,188,009	\$5,809,179	\$143,742	\$3,235,088	65%	65%
Oversight, Accountability & Cost of Issuance (COI)	\$3,752,279	\$3,752,279	\$2,860,203		\$892,076	76%	76%
2014 Earthquake Safety and Emergency Response	\$397,988,157	\$397,988,157	\$339,582,739	\$27,589,635	\$30,815,783	92%	92%
Traffic Company & Forensic Services Division	\$178,895,790	\$178,895,790	\$151,710,493	\$10,908,395	\$16,276,902	91%	91%
Neighborhood Fire Stations	\$67,630,741	\$67,630,741	\$59,219,900	\$1,651,767	\$6,759,074	90%	90%

⁴⁰ 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 ⁴⁰	% of Budget Expended/ Encumbered	% of Issued Expended/ Encumbered
Office of the Chief Medical Examiner	\$67,533,024	\$67,533,024	\$67,469,177	\$22,165	\$41,682	100%	100%
Emergency Firefighting Water Systems	\$54,347,209	\$54,347,209	\$33,588,252	\$14,737,893	\$6,021,064	89%	89%
Police Facilities	\$26,845,661	\$26,845,661	\$25,957,400	\$269,415	\$618,846	98%	98%
Oversight, Accountability & Cost of Issuance (COI)	\$2,284,545	\$2,284,545	\$1,637,517		\$647,028	72%	72%
Program reserves	\$451,187	\$451,187			\$451,187	0%	0%
2010 Earthquake Safety and Emergency Response	\$415,372,928	\$410,957,895	\$403,403,648	\$5,390,139	\$6,579,141	98%	99%
Public Safety Building	\$229,379,359	\$229,379,359	\$229,210,839	\$16,567	\$151,953	100%	100%
Auxiliary Water Supply Systems	\$102,400,000	\$102,400,000	\$99,817,987	\$2,273,311	\$308,702	100%	100%
Neighborhood Fire Stations	\$80,941,986	\$76,526,953	\$72,278,296	\$3,100,261	\$5,563,429	93%	98%
Oversight, Accountability & Cost of Issuance (COI)	\$2,545,864	\$2,545,864	\$2,096,526	\$0	\$449,338	82%	82%
DPW Reserves	\$105,719	\$105,719	\$0	\$0	\$105,719	0%	0%
2008 Public Health and Seismic Facilities (SFGH Rebuild)	\$900,207,267	\$887,400,000	\$894,909,806	\$431,458	\$4,866,003	99%	100%
ZSFG Hospital and Trauma Center (Building 25)	\$877,031,226	\$887,400,000	\$874,372,240	\$211,866	\$2,447,120	100%	99%
ZSFG Bridge and Tunnel	\$6,655,205		\$6,551,398		\$103,808	98%	
Miscellaneous ZSFG Follow-on Projects	\$5,753,485		\$4,259,940	\$219,593	\$1,273,952	78%	
ZSFG Plant Services Building Seismic Upgrade	\$2,268,055		\$2,204,868		\$63,187	97%	
ZSFG Pneumatic Tube Connectivity Project	\$1,340,766		\$1,297,944		\$42,822	97%	
Oversight, Accountability & Cost of Issuance (COI)	\$7,158,530		\$6,223,416		\$935,114	87%	
Transportation							
2014 Transportation and Road Improvement	\$500,000,000	\$377,215,000	\$226,190,663	\$20,923,712	\$252,885,625	49%	66%
Muni Forward Rapid Network Improvements	\$190,877,553	\$152,310,353	\$63,925,002	\$11,681,390	\$115,271,161	40%	50%
Muni Facility Upgrades	\$66,708,794	\$66,708,794	\$61,786,247	\$395,528	\$4,527,019	93%	93%
Pedestrian Safety Improvements	\$54,879,998	\$52,234,694	\$35,234,238	\$4,412,084	\$15,233,675	72%	76%
Accessibility Improvements	\$51,120,000	\$24,120,000	\$2,867,150	\$132,850	\$48,120,000	6%	12%
Complete Streets Improvements	\$41,837,984	\$4,607,184	\$4,029,964	\$90,147	\$37,717,873	10%	89%
Caltrain Upgrades	\$39,000,000	\$39,000,000	\$27,516,743	\$263,257	\$11,220,000	71%	71%
Major Transit Corridor Improvements	\$27,088,937	\$27,088,937	\$26,745,410	\$3,062,432	-\$2,718,905	110%	110%
Traffic Signal Improvements (all BMS)	\$21,882,578	\$6,000,000	\$3,818,190	\$886,023	\$17,178,365	21%	78%
Oversight, Accountability & Cost of Issuance (COI)	\$6,604,156	\$5,145,038	\$267,719		\$6,336,437	4%	5%
2011 Road Repaving and Street Safety	\$250,670,538	\$250,670,538	\$244,731,415	\$1,136,669	\$4,802,454	98%	98%
Street Resurfacing	\$146,110,260	\$146,110,260	\$145,743,793	\$68,769	\$297,698	100%	100%
Streetscape	\$54,611,111	\$54,611,111	\$50,195,183	\$1,033,333	\$3,382,595	94%	94%
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	\$19,236,721	\$0	\$550,757	97%	97%
Street Structure Rehabilitation	\$6,941,880	\$6,941,880	\$6,894,221	\$0	\$47,659	99%	99%
Oversight, Accountability & Cost of Issuance (COI)	\$1,332,606	\$1,332,606	\$1,107,099		\$225,507	83%	83%

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Bond Program/Component	Revised Budget	Issued	Expended	Encumbered	Remaining of Budget ⁴¹	% of Budget Expended/ Encumbered	% of Issued Expended/ Encumbered
Affordable Housing							
2019 Affordable Housing	\$254,134,002	\$254,134,002	\$33,334,608	\$31,589,187	\$189,210,207	26%	26%
Low-Income Housing	\$143,700,000	\$143,700,000	\$16,326,391	\$23,262,108	\$104,111,501	28%	28%
Public Housing	\$50,620,000	\$50,620,000	\$52,217	\$0	\$50,567,783	0%	0%
Preservation & Middle-Income Housing	\$37,100,000	\$37,100,000	\$2,884,240	\$4,615,760	\$29,600,000	20%	20%
Senior Housing	\$21,200,000	\$21,200,000	\$13,432,516	\$3,711,319	\$4,056,165	81%	81%
Oversight, Accountability & Cost of Issuance (COI)	\$1,514,002	\$1,514,002	\$639,244	\$0	\$874,758	42%	42%
2016 Preservation And Seismic Safety	\$260,700,000	\$175,000,001	\$51,730,690	\$0	\$208,969,310	20%	30%
Market Rate	\$154,917,440	\$103,030,822	\$28,915,088	\$0	\$126,002,352	19%	28%
Below Market Rate	\$89,316,278	\$60,695,762	\$18,683,312	\$0	\$70,632,966	21%	31%
Deferred Loans	\$14,567,054	\$9,921,431	\$3,038,600	\$0	\$11,528,454	21%	31%
Oversight, Accountability & Cost of Issuance (COI)	\$1,899,228	\$1,351,986	\$1,093,690	\$0	\$805,538	58%	81%
2015 Affordable Housing	\$310,000,000	\$310,000,000	\$229,390,260	\$24,965,846	\$55,643,894	82%	82%
Low-Income Housing	\$98,911,887	\$98,862,429	\$98,085,976	\$70,210	\$755,701	99%	99%
Middle-Income Housing	\$79,188,394	\$79,188,394	\$32,214,112	\$135,724	\$46,838,558	41%	41%
Public Housing	\$79,088,366	\$79,049,357	\$46,582,443	\$24,644,557	\$7,861,366	90%	90%
Mission Area Plan	\$49,438,201	\$49,426,736	\$49,134,577	\$115,355	\$188,269	100%	100%
Oversight, Accountability & Cost of Issuance (COI)	\$3,373,152	\$3,473,084	\$3,373,152	\$0	\$0	100%	97%
Parks and Recreation							
2012 Clean and Safe Neighborhood Parks	\$197,677,058	\$188,800,006	\$169,300,960	\$4,561,318	\$23,814,780	88%	92%
Neighborhood Parks	\$99,816,678	\$96,997,276	\$96,990,621	\$1,612,628	\$1,213,429	99%	102%
Citywide Programs	\$40,595,000	\$40,595,000	\$29,759,035	\$1,393,718	\$9,442,246	77%	77%
Waterfront Parks	\$34,857,227	\$31,731,365	\$29,943,609	\$754,949	\$4,158,669	88%	97%
Citywide Parks	\$21,100,000	\$18,235,088	\$11,557,994	\$800,023	\$8,741,983	59%	68%
Oversight, Accountability & Cost of Issuance (COI)	\$1,308,153	\$1,241,276	\$1,049,700	\$0	\$258,453	80%	85%
2008 Clean and Safe Neighborhood Parks	\$189,885,786	\$184,948,589	\$189,713,010	\$84,955	\$87,821	100%	103%
Neighborhood Parks	\$115,800,705	\$115,800,705	\$115,800,705	\$0	\$0	100%	100%
Citywide Programs	\$38,675,734	\$34,665,392	\$38,675,734	\$0	\$0	100%	112%
Waterfront Parks	\$33,793,478	\$32,866,623	\$33,620,702	\$84,955	\$87,821	100%	103%
Oversight, Accountability & Cost of Issuance (COI)	\$1,615,870	\$1,615,870	\$1,615,870	\$0	\$0	100%	100%

⁴¹ The remaining budget adds expended and encumbered, then subtracts this amount from the revised budget.

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.⁴²

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, 2018 unless otherwise stated.

⁴² <http://sfcontroller.org/primary-market-disclosurefinal-official-statements-upcoming-sales>