

FY2024-33 Capital Plan Overview



SF Public Works Commission
October 6, 2023

The 10-Year Capital Plan

- ❑ Adopted in 2006 to provide a formal structure to infrastructure planning and finance
- ❑ Guides San Francisco's infrastructure investments over the next ten years, and is updated every two years
- ❑ Fiscally constrained, relies on funding principles and policies to prioritize projects and allocate funds
- ❑ Capital Planning Committee recommends Plan, use of debt, and annual capital budget for Board of Supervisor's approval
 - ❑ G.O Bond Program
 - ❑ Debt Program (COPs and Revenue bonds)
 - ❑ Capital Budget and Pay-As-You-Go Program



THE CITY AND COUNTY
OF SAN FRANCISCO
PROPOSED CAPITAL PLAN

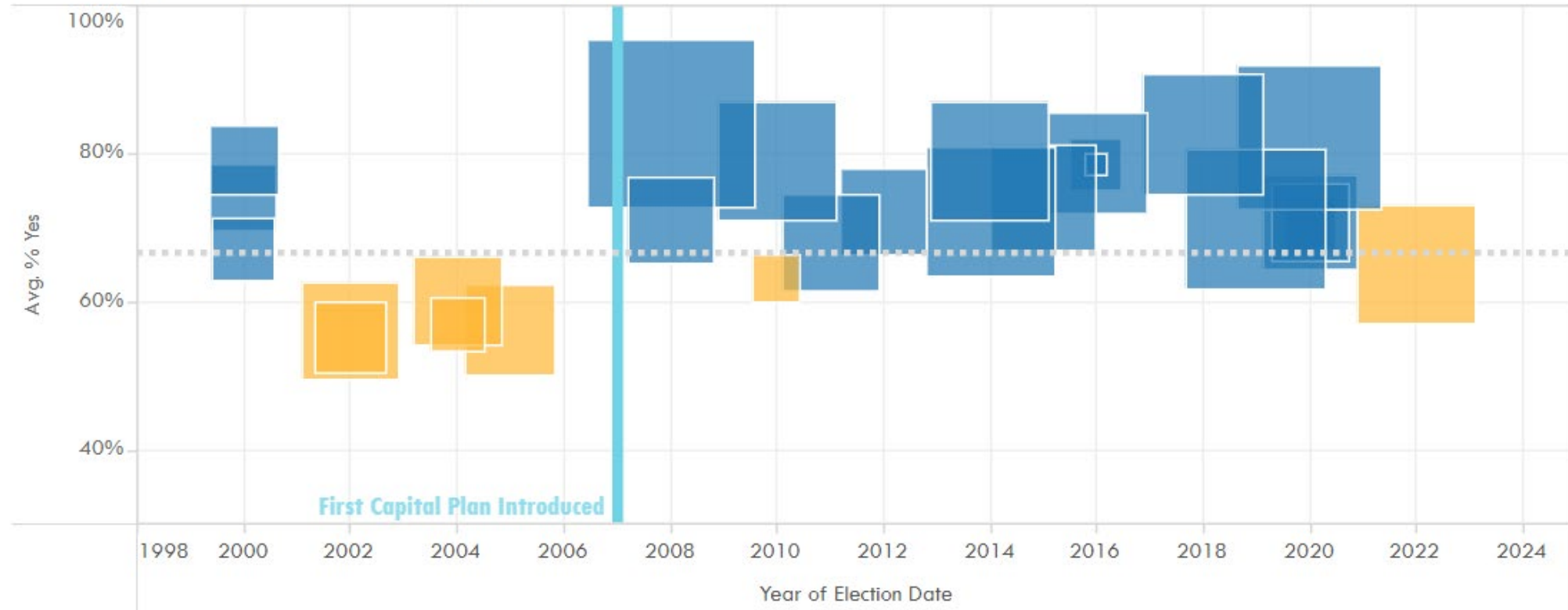
ONESF
Building Our Future

Fiscal Years 2024-2033

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G.O. Bonds Since 2000

Voter Approval and Bond Value by Year



- ❑ The 10-Year Capital Plan and process to create it has helped build confidence with voters
- ❑ \$6 billion since 2008 and \$2 billion in the last three years
- ❑ Important consideration for rating agencies

FY 2024-33 Capital Plan

Funding Overview

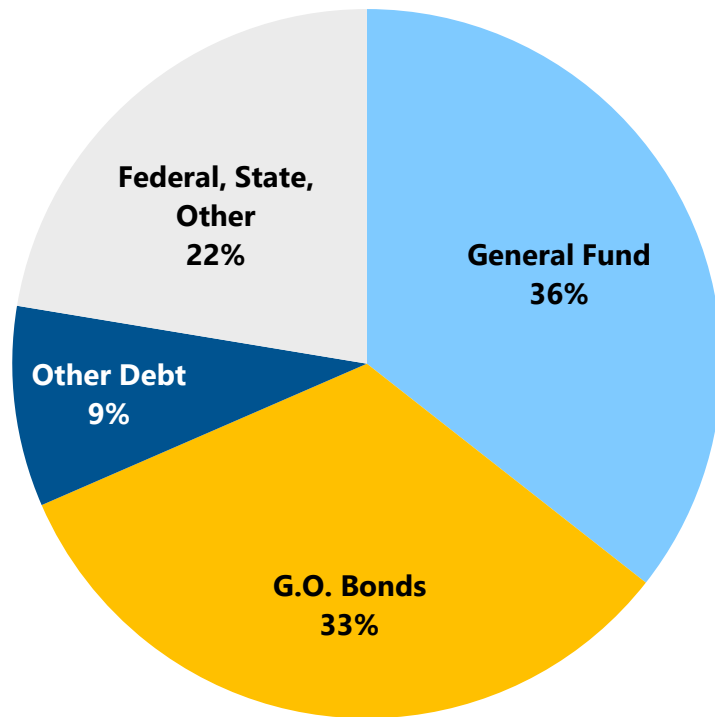
Summary by Service Area FY 24-33

(in \$millions – includes all funding sources)

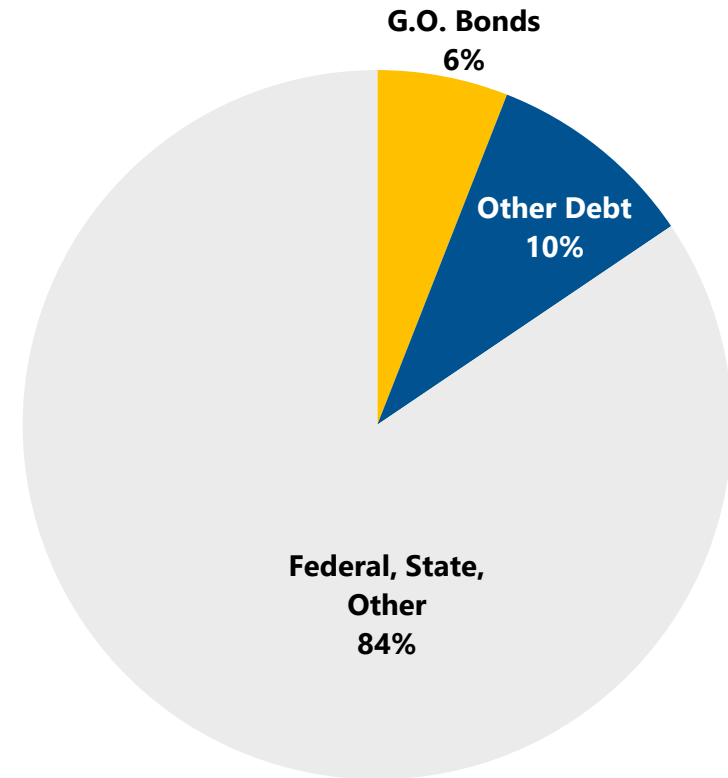
	GENERAL FUND DEPTS	ENTERPRISE DEPTS	EXTERNAL AGENCIES	TOTAL
Affordable Housing	-	-	3,920	3,920
Public Safety	1,413	-	-	1,413
Health and Human Services	901	-	-	901
Infrastructure & Streets	1,694	8,789	-	10,483
Recreation, Culture, and Education	1,397	-	2,932	4,329
Economic & Neighborhood Development	-	2,183	2,555	4,738
Transportation	-	8,071	7,244	15,315
General Government	311	-	-	311
TOTAL	5,716	19,043	16,651	41,410

Approved FY2024-33 Capital Plan Sources

Funding Sources - GF Depts



Funding Sources - Enterprise Depts



Approved FY2024-33 Capital Plan

Funding Principles

1. Address legal or regulatory mandate
2. Protect life safety and enhance resilience, including racial equity
3. Ensure asset preservation and sustainability
4. Programmatic and planned needs
5. Economic development

Approved FY 2024-33 Capital Plan

Building our Future

Racial and Social Equity	Climate Resilience	Earthquake Safety
<p>Promote equity in the services delivered by the City’s facilities and infrastructure</p>	<p>Get to net-zero GHG emissions and adapt to unavoidable climate impacts</p>	<p>Protect communities from the impacts of a major earthquake</p>
<ul style="list-style-type: none"> ▪ Environmental Justice Framework ▪ Racial Equity Lens in the Capital Budget ▪ Public Health – Mental Health SF, Neighborhood Clinics, public health bond ▪ Affordable Housing - \$1.1B in G.O. bonds since 2015, new bond in 2024 and overall funding ▪ Homeless Shelters 	<ul style="list-style-type: none"> ▪ Connect SF ▪ Muni Forward ▪ Bike and Ped Improvements ▪ EV Charging ▪ Building electrification ▪ Waterfront Resilience Program ▪ Ocean Beach Adaptation ▪ Extreme precipitation and rising ground water studies ▪ Heat and Air Quality Resilience 	<ul style="list-style-type: none"> ▪ Concrete Building Safety Program ▪ Addressing the most vulnerable buildings including clinics and shelters ▪ ESER Bond Program – Police and Fire Stations ▪ Emergency Firefighting Water Supply ▪ Embarcadero Early Projects

G.O. Bond Program

G.O. Program Considerations

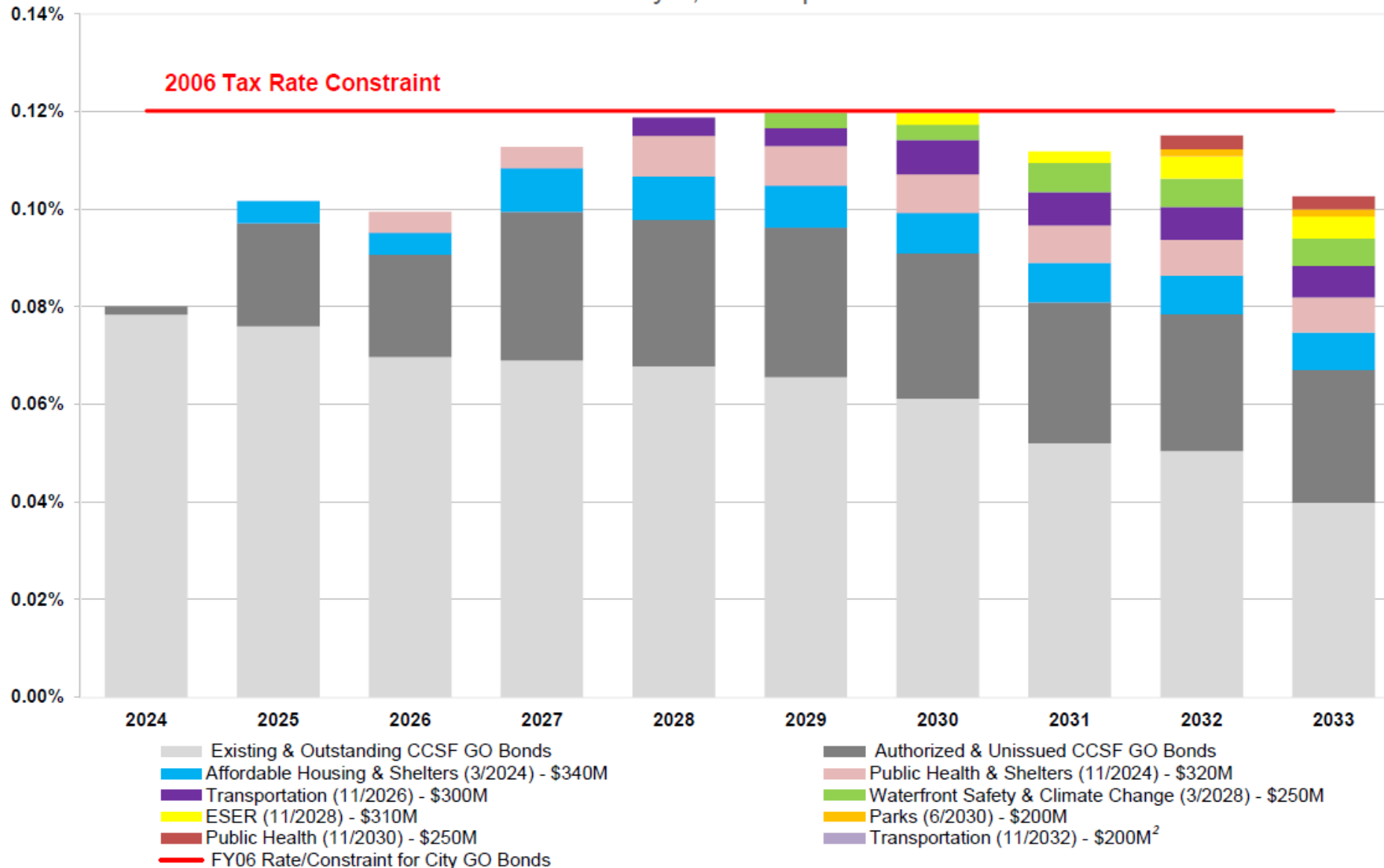
- Current policy is that G.O. bonds will not increase tax rates above 2006 levels (which means capacity to issue new bonds is very limited until 2028)
- Bonding capacity is very limited until 2028, due to:
 - Lower, near-term assessed value projections from Controller
 - Several, recently-approved, large G.O. Bond measures (as seen on previously)
- Bond program was modified to reflect even-year only election cycle
- New needs related to climate change and housing in addition to on-going seismic and state of repair infrastructure needs are out-stripping revenue sources

Approved G.O. Bond Schedule

Election	Proposed Program	Amount (M)	Details
Mar 2024	Affordable Housing	300	<ul style="list-style-type: none"> Affordable Housing Pipeline and various programs: 300M
Nov 2024	Public Health & Shelters	360	<ul style="list-style-type: none"> Chinatown Health Clinic: 72M Silver Ave Health Clinic: 35M City Clinic: 29M ZSFG Bldg 3 Retrofit to allow 101 Grove Exit: 51M LHH/ZSFG Critical Renewals: 33M Homeless Shelters: 140M
Nov 2026	Transportation	300	<ul style="list-style-type: none"> MTA facilities / yards
Mar 2028	Waterfront Safety & Climate Change	250	<ul style="list-style-type: none"> Seawall resilience: 200M Other climate priorities (flood/heat/GHG, etc.): 50M
Nov 2028	Earthquake Safety & Emergency Response	310	<ul style="list-style-type: none"> Fire Stations Police Stations Emergency Firefighting Water Supply
Jun 2030	Parks & Open Space	200	<ul style="list-style-type: none"> 10 years since last RPD bond + escalation Renewals, retrofits, and climate projects across the city
Nov 2030	Public Health	250	<ul style="list-style-type: none"> ZSFG Building 80/90 Health Clinics and other projects across the city
Nov 2032	Transportation	200	<ul style="list-style-type: none"> On-going facility and system-wide needs Projects yet to be defined
TOTAL		2,170	

Capital Plan - General Obligation Debt Program FY2024-2033

May 1, 2023 Update¹



¹ Updated size and timing of Affordable Housing & Shelters (3/2024) and Public Health & Shelters (11/2024) authorizations

² First tax levy for Transportation (11/2032) authorization does not occur until FY2034

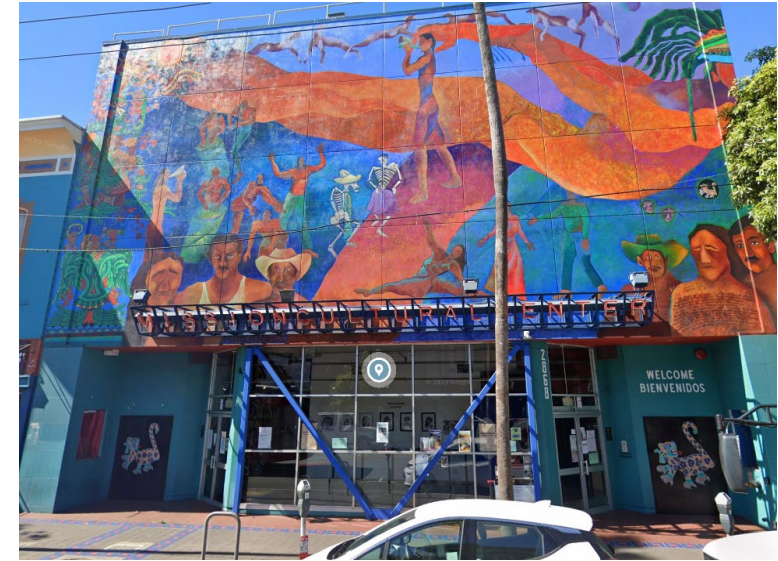
AV growth assumption of 1.14%, 1.03%, 0.87%, 1.01%, 1.48% from FY24-28, 3% per year thereafter

General Fund Debt Program



Approved COPs Debt Schedule

		<i>(in \$millions)</i>
Issuance	Proposed Project	Amount
FY24	170 Otis Exit	70
FY24	Critical Repairs / Recession Allowance	30
FY24	Street Repaving	30
FY25	Critical Repairs / Recession Allowance	30
FY27	HOJ Replacement	167
FY30	HOJ Replacement	200
TOTAL		527



Pay-As-You-Go (Cash) Program

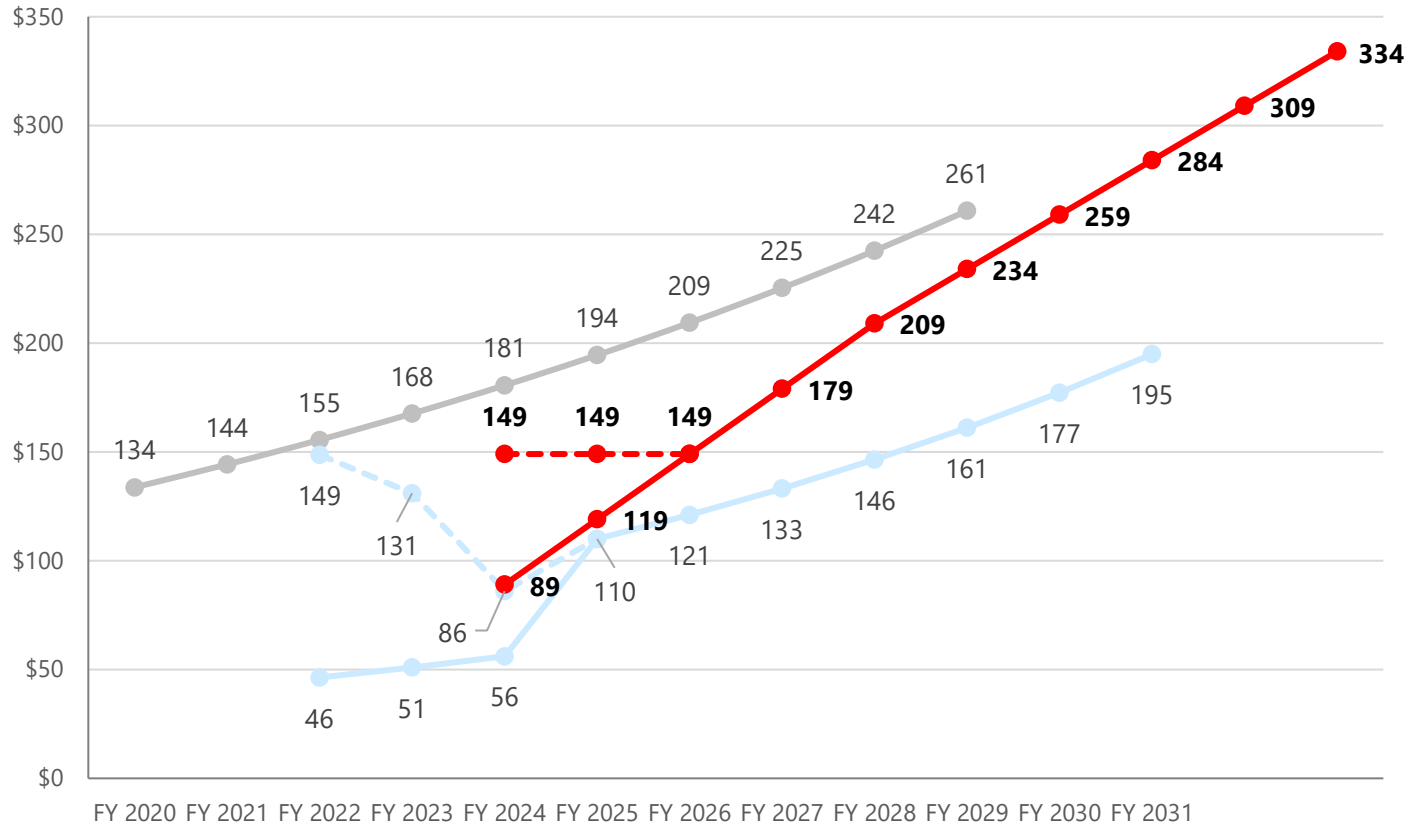
Approved Pay-As-You-Go Program

Policies and assumptions

- Pay Go funding level aims to restore and eventually exceed pre-pandemic funding levels
 - Recommend General Fund investment of \$89M in FY2024 growing by \$30M per year until FY2028, and \$25M per year thereafter
 - Recommend issuing \$30 million COPs in FY24 and FY25 to support lower General Fund funding level
- Achieve and maintain Street Resurfacing Pavement Condition Index (PCI) target at 75
 - Current PCI level is 74
- ADA-related policy continues to prioritize barrier access removal and the ongoing Curb Ramps right-of-way program
- Maintain \$10M/yr for Enhancement projects
 - In FY24 and FY25 the Plan recommends \$5M/yr due to lower General Fund funding level

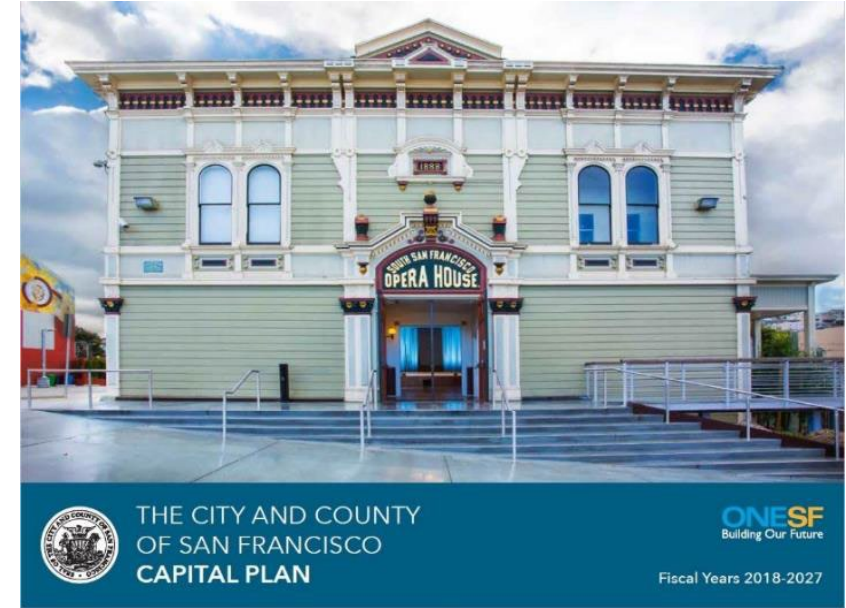
Approved Pay-As-You-Go Program

Impact of COVID-19 on Capital Plan



- The FY22-31 Capital Plan (in blue) was reduced significantly due to the uncertainties posed by COVID-19
- The FY24-33 Capital Plan (in red) is attempting to restore pre-pandemic funding levels, but proposed funding still falls short

Questions?



Thank You for Having Us!

www.onesanfrancisco.org

Brian Strong, Chief Resilience Officer
Nishad Joshi, Capital Planning Manager

CAPITAL PLANNING ROLES

DEPARTMENTS

- Keep up with capital project management and capital asset maintenance
- Identify capital-related needs and set departmental priorities
- Provide accurate data re: condition of capital assets and status of capital projects
- Make requests for capital funds and the issuance of long-term debt

RESILIENCE & CAPITAL PLANNING

- Produce the 10-Year Capital Plan and the annual Capital Budget
- Prioritize 10-Year Capital Plan and annual Capital Budget requests
- Project and coordinate capital funding sources and uses
- Make recommendations to the Capital Planning Committee
- Provide policy analysis and coordination for interagency capital projects

CAPITAL PLANNING COMMITTEE (CPC)

- Represents department interests to the Committee
- Reviews the annual budget and any proposed use of long-term debt, including General Obligation bonds, to ensure compliance with the adopted capital expenditure plan
- Make recommendations to the Mayor and Board of Supervisors regarding all capital expenditures

MAYOR AND BOARD OF SUPERVISORS

- Review and approve capital-related funding and policy decisions, including adopting the 10-Year Capital Plan and the annual Capital Budget
- Shall not place on the ballot, or authorize the issuance of any long term financing, until the Capital Planning Committee completes a review of the proposal and submits its recommendation to the Board of Supervisors.

G.O. Bond Program Review

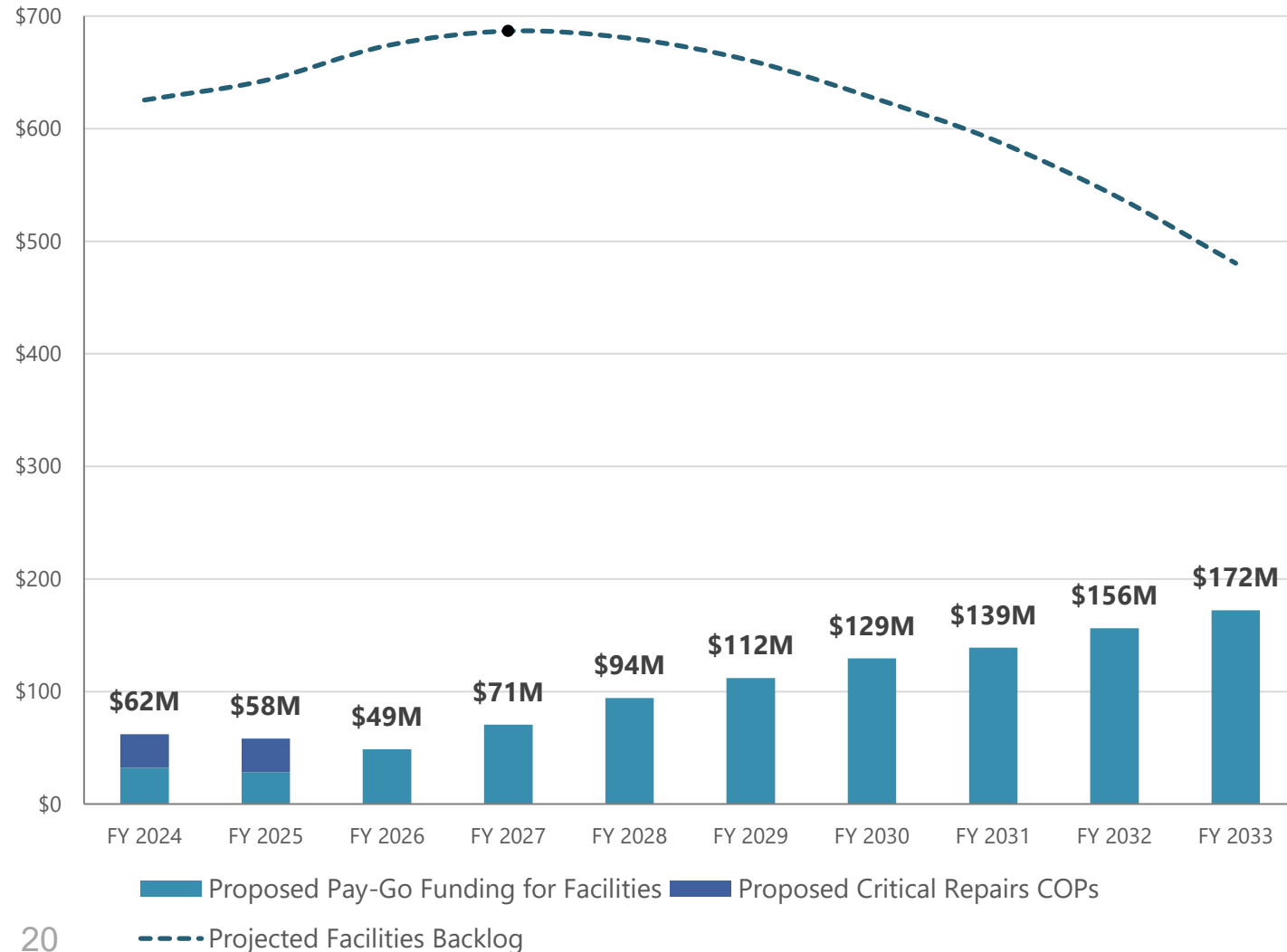
- Historically, the Capital Plan has focused on life safety (seismic needs, first responder facilities) and the City's state-of-good-repair needs

VOTER APPROVED BONDS SINCE 2008

Year	Program	Current Amount
2008	Neighborhood Parks and Open Space	180
2008	Public Health - SFGH rebuild	887
2010	Earthquake Safety & Emergency Response	412
2011	Road Resurfacing and Street Safety	248
2012	Neighborhood Parks and Open Space	195
2014	Earthquake Safety & Emergency Response	400
2014	Transportation	500
2015	Affordable Housing	310
2016	Public Health and Safety	350
2018	Seawall Resilience	425
2019	Affordable Housing	600
2020	Earthquake Safety & Emergency Response	628.5
2020	Health and Recovery	487.5
TOTAL		5,623

- Voters have approved \$1.7B in bonds since 2019
- This recent success limits capacity to issue new bonds in the near-term (while remaining under the 2006 property tax constraint)

Approved Pay-As-You-Go Program Impact of Funding Level on Backlog



- Facilities Backlog estimation methodology
 - Current backlog is defined as total current renewal need (i.e. deferred maintenance + immediate need) less the amount funded in the first year of the Plan
 - The chart above does not include REC facilities since REC has a GF set-aside to address these needs

- At planned funding levels, the facilities backlog is expected to start reducing in FY2028