

## Seawall Earthquake Safety Bond\*

Digest by the Ballot Simplification Committee

**Status:** Draft for Consideration

**On:** Monday, July 30, 2018

**Members:** Packard, Anderson, Patterson, Raveche

**Deadline to Request Reconsideration:** TBD

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**The Way It Is Now:** San Francisco's 100-year old Embarcadero seawall is the foundation of approximately three miles of San Francisco's northeastern waterfront. The waterfront includes sovereign lands that the State of California has legislatively granted to the City. These lands and their resources are protected by the common law public trust doctrine and the City holds them in trust on behalf of all the People of California. The City, through its Port, is responsible for maintaining the seawall. To protect the waterfront as well as BART and Muni, buildings, historic piers, and roads from the risk of earthquake, floods and rising sea level, the City plans to fortify the seawall over the next three decades.

The Port's seawall fortification plan is estimated to cost \$5 billion, and the City now seeks to finance the first phase. To pay for large capital projects such as the seawall, the City can borrow money by selling general obligation bonds. The City uses property tax revenues to pay the principal and interest on general obligation bonds.

The City has a non-binding policy to keep the property tax rate from City general obligation bonds below the 2006 rate by issuing new bonds as older ones are retired and the tax base grows. But the overall property tax rate may vary based on other factors.

The Citizens' General Obligation Bond Oversight Committee oversees the spending of general obligation bond revenue proceeds.

**The Proposal:** Proposition \_\_\_ would allow the City to borrow up to \$425 million by issuing general obligation bonds, to:

- Repair and upgrade the City's seawall;
- Strengthen the Embarcadero roadway; and
- Protect public transit infrastructure and utilities that provide water, wastewater, power and telecommunications to residents and businesses.

The Port and the Board of Supervisors would conduct a public process to determine the specific projects that the bond revenues will finance.

Proposition \_\_\_ would allow an increase in the tax on real property to pay for the bonds, and would allow landlords to pass through up to 50% of the increase to tenants.

**A "YES" Vote Means:** If you vote "yes," you want the City to issue up to \$425,000,000 in bonds, with a duration up to 30 years from the time of issuance, an estimated tax rate of \$0.013/\$100 of assessed property value, and estimated annual revenues of up to \$40,000,000, with citizen oversight and regular audits, to protect the waterfront, BART and Muni, buildings, historic piers, and roads from earthquakes, flooding and rising seas by: repairing the 100 year old Embarcadero Seawall; strengthening the Embarcadero; and fortifying transit infrastructure and utilities serving residents and businesses.

**A "NO" Vote Means:** If you vote "no," you do not want the City to issue these bonds.

*\*Working title, for identification only. The Director of Elections determines the title of each local ballot measure; measure titles are not considered during Ballot Simplification Committee meetings.*