

<https://voterguide.sfelections.org/en/embarcadero-seawall-earthquake-safety-bond>

A

Embarcadero Seawall Earthquake Safety Bond

SAN FRANCISCO SEAWALL EARTHQUAKE SAFETY BOND, 2018. 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; shall the city issue \$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? The City's current debt management policy is 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, though the overall property tax rate may vary based on other factors.

Digest by the Ballot Simplification Committee

The Way It Is Now: The 100-year-old Embarcadero seawall is the foundation of approximately 3 miles of San Francisco's northeastern waterfront. The seawall supports Muni, BART, and power and water utilities. The seawall no longer adequately protects The City from tides, floods and rising sea levels. The seawall is also not protected from earthquake damage.

Through the Port of San Francisco, The City is responsible for maintaining the seawall. The City plans to modernize, upgrade and repair the seawall over the next 30 years. The Port's recommended plan is estimated to cost up to \$5 billion, and The City seeks to finance the first phase.

To pay for large capital projects, The City relies on several funding sources, including borrowing money by selling general obligation bonds. The City uses property tax revenues to pay the principal and interest on these bonds.

The Proposal: Proposition A would authorize The City to borrow up to \$425 million by issuing general obligation bonds to modernize, repair and upgrade the Embarcadero seawall. The Citizens' General Obligation Bond Oversight Committee would review the spending of general obligation bond revenue proceeds.

The City will conduct a public process to determine the specific projects to modernize, repair and upgrade the seawall. The bond will fund ongoing design and construction improvements that address the most significant earthquake and flood risks to the seawall.

Proposition A would allow an increase in the property tax to pay for the bonds, if needed. It is City policy to limit the amount of money it borrows by issuing new bonds only as prior bonds are paid off. Landlords would be permitted to pass through up to 50 percent of any resulting property tax increase to tenants.

A "YES" Vote Means: If you vote "yes," you want The City to issue up to \$425 million in bonds to modernize, repair and upgrade the Embarcadero seawall.

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

Controller's Statement on "A"

City Controller Ben Rosenfield has issued the following statement on the fiscal impact of Proposition A:

Should the proposed \$425 million in bonds be authorized and sold under current assumptions, the approximate costs will be as follows:

- a) In fiscal year (FY) 2019–2020, following issuance of the first series of bonds, and the year with the lowest tax rate, the best estimate of the tax required to fund this bond issue would result in a property tax rate of \$0.00181 per \$100 (\$1.81 per \$100,000) of assessed valuation.
- b) In FY 2024–2025, following issuance of the last series of bonds, and the year with the highest tax rate, the best estimate of the tax required to fund this bond issue would result in a property tax rate of \$0.0117 per \$100 (\$11.70 per \$100,000) of assessed valuation.
- c) The best estimate of the average tax rate for these bonds from FY 2019–2020 through FY 2042–2043 is \$0.00767 per \$100 (\$7.67 per \$100,000) of assessed valuation.
- d) Based on these estimates, the highest estimated annual property tax cost for these bonds for the owner of a home with an assessed value of \$600,000 would be approximately \$69.39.

These estimates are based on projections only, which are not binding upon the City. Projections and estimates may vary due to the timing of bond sales, the amount of bonds sold at each sale, and actual assessed valuation over the term of repayment of the bonds. Hence, the actual tax rate and the years in which such rates are applicable may vary from those estimated above. The City's current debt management policy is to issue new general obligation bonds only as old ones are retired, keeping the property tax impact from general obligation bonds approximately the same over time.

How "A" Got on the Ballot

On June 26, 2018, the Board of Supervisors voted 11 to 0 to place Proposition A on the ballot. The Supervisors voted as follows:

Yes: Breed, Cohen, Fewer, Kim, Peskin, Ronen, Safai, Sheehy, Stefani, Tang, Yee.

No: None.

This measure requires 66⅔%+1 affirmative votes to pass.

The above statement is an impartial analysis of this measure. Some of the words used in the ballot digest are explained in [Words you need to know >](#).

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