

FILE NO. 140139

Petitions and Communications received from February 3, 2014, through February 14, 2014, for reference by the President to Committee considering related matters, or to be ordered filed by the Clerk on February 25, 2014.

Personal information that is provided in communications to the Board of Supervisors is subject to disclosure under the California Public Records Act and the San Francisco Sunshine Ordinance. Personal information will not be redacted.

From Controller, regarding general obligation bonds partially financing the San Francisco General Hospital project. (1)

From concerned citizens, submitting letters regarding bikes for low-income families. File No. 131206. Copy: Each Supervisor. 198 letters. (2)

From concerned citizens regarding proposed ordinance on prohibiting e-cigarette use. File No. 131208. Copy: Each Supervisor. 7 letters. (3)

From Controller, submitting economic impact report. File No. 130788. Copy: Each Supervisor. (4)

From concerned citizens, submitting letters regarding the official status of English in the United States. Copy: Each Supervisor. 70 letters. (5)

From Controller, regarding a report issued on the Airport Commission. (6)

From Controller, regarding six-month Budget Status report. (7)

From Budget & Legislative Analyst, regarding the impact of the 34th America's Cup to the City. Copy: Each Supervisor. (8)

From State Fish and Game, providing notice of proposed emergency action with regards to low flow closures to fishing due to drought conditions. Copy: Each Supervisor. (9)

From Controller, regarding FY2012-2013 Annual Overtime report. (10)

From Controller, regarding a report issued on the Port Commission. (11)

From John Barry, regarding the underpass of Geary. (12)

From California Fish and Wildlife, providing notice of a status review of the Townsend's big-eared bat. Copy: Each Supervisor. (13)

From Board President Chiu, submitting a letter of appointment to the Building Inspection Commission: (14)

Debra Walker, a residential tenant
Warren Mar, a residential landlord
Myrna Melgar, a member of the general public

From Sandra Mangold, regarding intolerance. Copy: Each Supervisor. (15)

From James Robinson, regarding crack pipes. Copy: Each Supervisor. (16)

From Vanessa Hales, regarding formal complaints. Copy: Each Supervisor. (17)

From David Khan, regarding issues with the taxi industry. Copy Each Supervisor. 2 letters. (18)

From Carl Macmurdo, regarding the taxi industry. Copy: Each Supervisor. (19)

From Elections, regarding the certification for the voter approval for Waterfront development height increases. (20)

From Abdalla Megahed, regarding various projects in the City. Copy: Each Supervisor. (21)

From Sophie Jasson-Holt, regarding CleanPowerSF. (22)

From Mayor, submitting a letter designating Supervisor Malia Cohen as acting Mayor from February 16th to February 19, 2014. Copy: Each Supervisor. (23)

From Mayor, submitting a letter designating Supervisor Jane Kim as acting Mayor from February 20th to February 22, 2014. Copy: Each Supervisor. (24)

From Kermit Kubitz, regarding Earthquake Safety and Emergency Response ordinance. File No. 131190. Copy: Each Supervisor. (25)

From concerned citizens, regarding Woodhouse on Marina Green. File No. 120987. Copy Each Supervisor. 4 letters. (26)

From Clerk of the Board, submitting a memo regarding an appointment by the Mayor to the Rent Stabilization & Arbitration Board: (27)

Richard S.J. Hung

From Entertainment Commission, submitting One-Time Event and Extended Hours Premises permit quarterly reports. Copy: Each Supervisor. (28)

From Terry Chong, regarding soda tax. File No. 140098. Copy Each Supervisor. (29)

From Youth Commission, regarding Transgender and Gender Non-conforming Youth and Restorative Justice Resolution. File No. 140070. Copy: Each Supervisor. (30)

From Small Business Commission, regarding the ordinance considering criminal history information. File No. 131192. Copy: Each Supervisor. (31)

From Deputy City Attorney, regarding a letter of inquiry submitted by Supervisor Avalos. Copy: Each Supervisor. (32)

From Small Business Commission, regarding private parking garages and lots. File No. 131062. Copy: Each Supervisor. (33)

From concerned citizens, submitting a petition regarding Sharp Park. 976 signatures. Copy: Each Supervisor. (34)

From District Attorney, regarding expanding eligibility for electronic monitoring. File No. 130650. Copy: Each Supervisor. (35)

From concerned citizens, submitting a petition regarding fiber broadband for San Francisco. 1300 signatures. Copy: Each Supervisor. (36)

From Howard Chabner, regarding SFMTA. (37)

From Ron Lee, regarding a proposed Broadway Alcohol Use District. File No. 131120. Copy: Each Supervisor. (38)

From Elections, submitting a memo regarding Notice of Ballot Simplification Committee meeting on June 3, 2014. (39)

From Controller, regarding a memo issued on the Airport Commission. (40)

From John Rizzo, regarding solar and renewable energy. (41)

From Recreation and Park, submitting a report on lead poisoning prevention for the 2nd quarter of FY2013-2014. Copy: Each Supervisor. (42)

From Controller, regarding a report issued on the Government Barometer for the 2nd quarter of FY 2014. (43)

From Alice Gleghorn, regarding demand on substance abuse treatment report. Copy: Each Supervisor. (44)

From Historic Preservation, regarding Mutual Savings Bank building. Copy: Each Supervisor. (45)

From Mayor, regarding water conservation. Copy: Each Supervisor. (46)

From Public Utilities Commission, regarding water conservation. Copy: Each Supervisor. (47)

From Public Utilities Commission, submitting presentation on water conservation. Copy: Each Supervisor. (48)

From: Board of Supervisors
To: BOS-Supervisors
Subject: FW: Re: SF General Hospital GO Bonds
Attachments: Board Memo Ser 2014A (Proposition A 2008).pdf

From: Ababon, Anthony
Sent: Tuesday, February 11, 2014 3:30 PM
To: Calvillo, Angela; Board of Supervisors
Cc: Blake, Mark; Rosenfield, Ben; Elliott, Jason; Rose, Harvey; Howard, Kate; Trivedi, Vishal; Whittaker, Angela; Sesay, Nadia; Wagner, Greg; Wagner, Greg
Subject: Re: SF General Hospital GO Bonds

In accordance with Government Code section 54509.5, the Controller's Office of Public Finance is providing the Board of Supervisors with the results of its most recent sale of general obligation bonds partially financing the San Francisco General Hospital project. Thank you.

Anthony Ababon
Controller's Office of Public Finance
City & County of San Francisco
(P) 415.554.6902
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(E) Anthony.Ababon@sfgov.org



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER


Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

Nadia Sesay
Director
Office of Public Finance

MEMORANDUM

TO: Honorable Members, Board of Supervisors

FROM: Nadia Sesay, Director of Public Finance 

SUBJECT: City and County of San Francisco General Obligation Bonds, Series 2014A
(San Francisco General Hospital Improvement Bonds, 2008)

DATE: Tuesday, February 11, 2014

In accordance with Government Code section 54509.5, the Controller's Office of Public Finance is providing the Board with the results of its most recent sale of general obligation bonds.

On Thursday, January 16, 2014, the City competitively sold \$209.955 million in principal amount of City and County of San Francisco General Obligation Bonds (the "Bonds"). A two-thirds majority of voters of the City approved Proposition A in November 2008 ("Proposition A"), which authorized the issuance of not to exceed \$887.400 million in general obligation bonds to build and/or rebuild and improve the earthquake safety of San Francisco General Hospital and Trauma Center (the "General Hospital Project").

The Bonds are the final series of bonds under Proposition A (i.e. the City has now issued \$887.400 million of Prop A bonds). Proceeds of the Bonds will finance the continued construction of the new General Hospital Project, service building modifications associated with the new emergency generators, and modifications to the existing hospital building 5 related to the General Hospital Project. Construction of the General Hospital Project commenced May 2009 and completion is expected 2015.

The Bonds are rated "AA+/"Aa1"/"AA" by S&P, Moody's and Fitch Ratings, respectively. S&P, Moody's and Fitch Ratings maintain a rating outlook of "Stable" on the City's long term debt obligations.

The City received 7 bids for the Bonds, and Citigroup Global Markets Inc. was the successful bidder at a true interest cost (TIC) of 3.35%. The cover bid was from Barclays Capital Inc. at 3.36%. The Bonds are amortized over 20 years. The final maturity on the Bonds is June 15, 2033.

This transaction closed on January 28, 2014.

For convenience, a copy of the final official statement has been lodged with the Clerk of the Board. Page 7 contains a table reflecting the estimated sources and uses of Bond proceeds (attached hereto as Exhibit A).

CC: Ben Rosenfield, Controller
Jason Elliott, Mayor's Office
Harvey Rose, Budget Analyst
Angela Calvillo, Clerk of the Board
Mark Blake, Deputy City Attorney
Greg Wagner, Department of Public Health
Kate Howard, Mayor's Budget Office

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: Moody's: Aa1
S&P: AA+
Fitch: AA
(See "Ratings" herein)

Subject to compliance by the City and County of San Francisco with certain covenants, in the separate opinions of Schiff Hardin LLP and Amira Jackmon, Attorney at Law, Co-Bond Counsel, under present law, interest on the Bonds is excludable from the gross income of their owners for federal income tax purposes and thus will be exempt from present federal income taxes based upon gross income. Such interest is not included as an item of tax preference in computing the federal alternative minimum tax on individuals and corporations, but will be taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Co-Bond Counsel are further of the opinion that interest on the Bonds is exempt from present California personal income taxes under present California law. See "Tax Matters" in this Official Statement for a more complete discussion of these matters.



\$209,955,000
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
SERIES 2014A
(PROPOSITION A, 2008)

Dated: Date of Delivery

Due: June 15, as shown in the inside cover

This cover page contains certain information for general reference only. It is not intended to be a summary of the security for or the terms of the Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The City and County of San Francisco General Obligation Bonds, Series 2014A (the "Bonds") will be issued under the Government Code of the State of California and the Charter of the City and County of San Francisco (the "City"). The issuance of the Bonds has been authorized by Resolution No. 528-08 and Resolution No. 417-13, adopted by the Board of Supervisors of the City (the "Board of Supervisors") on December 16, 2008 and November 26, 2013, respectively, and duly approved by the Mayor of the City on December 19, 2008 and November 27, 2013, respectively. See "THE BONDS – Authority for Issuance; Purposes." The proceeds of the Bonds will be used to finance the building or rebuilding and improving the earthquake safety of the San Francisco General Hospital and Trauma Center as described herein, and to pay certain costs related to the issuance of the Bonds. See "SOURCES AND USES OF FUNDS."

The Bonds will be issued only in fully registered form without coupons, and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of the Bonds will be made in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Payments of principal of and interest on the Bonds will be made by the City Treasurer, as paying agent, to DTC, which in turn is required to remit such principal and interest to the DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS – Form and Registration." The Bonds will be dated and bear interest from their date of delivery until paid in full at the rates shown in the maturity schedule on the inside cover hereof. Interest on the Bonds will be payable on June 15 and December 15 of each year, commencing June 15, 2014. Principal will be paid at maturity as shown on the inside cover. See "THE BONDS – Payment of Interest and Principal."

The Bonds will be subject to redemption prior to maturity, as described herein. See "THE BONDS – Redemption."

The Board of Supervisors has the power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property subject to taxation by the City (except certain property which is taxable at limited rates) for the payment of the Bonds and the interest thereon when due. See "SECURITY FOR THE BONDS."

MATURITY SCHEDULES

(See Inside Cover)

The Bonds are offered when, as and if issued by the City and accepted by the initial purchaser, subject to the approval of legality by Schiff Hardin LLP, San Francisco, California, and Amira Jackmon, Attorney at Law, Berkeley, California, Co-Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by its City Attorney and by Hawkins Delafield & Wood LLP, San Francisco, California, Disclosure Counsel. It is expected that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about January 28, 2014.

Dated: January 16, 2014.

MATURITY SCHEDULE
(Base CUSIP Number: 797646¹)

\$209,955,000
SERIES 2014A BONDS

Maturity Date (June 15)	Principal Amount	Interest Rate	Price/ Yield²	CUSIP Suffix¹
2014	\$11,275,000	1.00%	0.12%	XG6
2015	16,000,000	4.00	0.16	XH4
2016	6,645,000	5.00	0.33	XJ0
2017	6,980,000	5.00	0.55	XK7
2018	7,325,000	5.00	0.91	XL5
2019	7,695,000	5.00	1.26	XM3
2020	8,075,000	5.00	1.69	XN1
2021	8,480,000	5.00	2.02	XP6
2022	8,905,000	5.00	2.31	XQ4
2023	9,350,000	5.00	2.55 ^(c)	XR2
2024	9,820,000	5.00	2.74 ^(c)	XS0
2025	10,310,000	5.00	2.85 ^(c)	XT8
2026	10,825,000	3.25	3.45	XU5
2027	11,175,000	4.00	3.45 ^(c)	XV3
2028	11,625,000	4.00	3.60 ^(c)	XW1
2029	12,090,000	4.00	3.72 ^(c)	XX9
2030	12,570,000	4.00	3.82 ^(c)	XY7
2031	13,075,000	4.00	3.91 ^(c)	XZ4
2032	13,595,000	4.00	100.00	YA8
2033	14,140,000	4.00	4.07	YB6

¹ CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. CUSIP numbers are provided for convenience of reference only. Neither the City nor the initial purchaser take any responsibility for the accuracy of such numbers.

² Reoffering prices/yields furnished by the initial purchaser. The City takes no responsibility for the accuracy thereof.

^(c) Yield to the first optional call date of June 15, 2022.

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The information set forth herein other than that provided by the City, although obtained from sources which are believed to be reliable, is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

The City maintains a website. The information presented on such website is *not* incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds. Various other websites referred to in this Official Statement also are not incorporated herein by such references.

This Official Statement is not to be construed as a contract with the initial purchaser of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 in reliance upon the exemption provided thereunder by Section 3(a)(2) for the issuance and sale of municipal securities.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.



CITY AND COUNTY OF SAN FRANCISCO

MAYOR

Edwin M. Lee

BOARD OF SUPERVISORS

David Chiu, *Board President, District 3*

Eric Mar, *District 1*
Mark Farrell, *District 2*
Katy Tang, *District 4*
London Breed, *District 5*
Jane Kim, *District 6*

Norman Yee, *District 7*
Scott Wiener, *District 8*
David Campos, *District 9*
Malia Cohen, *District 10*
John Avalos, *District 11*

CITY ATTORNEY

Dennis J. Herrera

CITY TREASURER

José Cisneros

OTHER CITY AND COUNTY OFFICIALS

Naomi M. Kelly, *City Administrator*
Benjamin Rosenfield, *Controller*

PROFESSIONAL SERVICES

Paying Agent and Registrar

Treasurer of the City and County of San Francisco

Co-Bond Counsel

Schiff Hardin LLP
San Francisco, California

Amira Jackmon, Attorney at Law
Berkeley, California

Co-Financial Advisors

Backstrom McCarley Berry & Co.
San Francisco, California

Montague DeRose and Associates, LLC
Walnut Creek, California

Disclosure Counsel

Hawkins Delafield & Wood LLP
San Francisco, California



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OFFICIAL STATEMENT

\$209,955,000
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
SERIES 2014A
(PROPOSITION A, 2008)

INTRODUCTION

This Official Statement, including the cover page and the appendices hereto, is provided to furnish information in connection with the public offering by the City and County of San Francisco (the "City") of its City and County of San Francisco General Obligation Bonds, Series 2014A (the "Bonds"). The Board of Supervisors of the City has the power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property subject to taxation by the City (except certain property which is taxable at limited rates) for the payment of the principal of and interest on the Bonds when due. See "SECURITY FOR THE BONDS" herein.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Except as required by the Continuing Disclosure Certificate to be executed by the City with respect to the Bonds, the City has no obligation to update the information in this Official Statement. See "CONTINUING DISCLOSURE" and APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein.

Quotations from and summaries and explanations of the Bonds, the resolutions providing for the issuance and payment of the Bonds, and provisions of the constitution and statutes of the State of California (the "State"), the charter of the City (the "Charter") and City ordinances, and other documents described herein, do not purport to be complete, and reference is made to said laws and documents for the complete provisions thereof. Copies of those documents and information concerning the Bonds are available from the City through the Office of Public Finance, 1 Dr. Carlton B. Goodlett Place, Room 336, San Francisco, California 94102-4682. Reference is made herein to various other documents, reports, websites, etc., which were either prepared by parties other than the City, or were not prepared, reviewed and approved by the City with a view towards making an offering of public securities, and such materials are therefore not incorporated herein by such references nor deemed a part of this Official Statement.

THE CITY AND COUNTY OF SAN FRANCISCO

The City is the economic and cultural center of the San Francisco Bay Area and northern California. The limits of the City encompass over 93 square miles, of which 49 square miles are land, with the balance consisting of tidelands and a portion of the San Francisco Bay (the "Bay"). The City is located at the northern tip of the San Francisco Peninsula, bounded by the Pacific Ocean to the west, the Bay and the San Francisco-Oakland Bay Bridge to the east, the entrance to the Bay and the Golden Gate Bridge to the north, and San Mateo County to the south. Silicon Valley is about a 40-minute drive to the south, and the wine country is about an hour's drive to the north. The City's 2013 population is approximately 839,100.

The San Francisco Bay Area consists of the nine counties contiguous to the Bay: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma Counties (collectively, the "Bay Area"). The economy of the Bay Area includes a wide range of industries, supplying local needs as well as the needs of national and international markets. Major business sectors in the Bay Area include retail, entertainment and the arts, conventions and tourism, service businesses, banking, professional and financial

services, corporate headquarters, international and wholesale trade, multimedia and advertising, biotechnology and higher education.

The City is a major convention and tourist destination. According to the San Francisco Travel Association, a nonprofit membership organization, during the calendar year 2012, approximately 16.5 million people visited the City and spent an estimated \$8.93 billion during their stay. The City is also a leading center for financial activity in the State and is the headquarters of the Twelfth Federal Reserve District, the Eleventh District Federal Home Loan Bank, and the San Francisco regional Office of Thrift Supervision.

The City benefits from a highly skilled, educated and professional labor force. The CAFR estimates that per-capita personal income of the City for fiscal year 2012-13 was \$73,197. The San Francisco Unified School District operates 72 elementary and K-8 school sites, 13 middle schools, 18 senior high schools (including two continuation schools and an independent study school), and 34 state-funded preschool sites, and sponsors 13 independent charter schools. Higher education institutions located in the City include the University of San Francisco, California State University – San Francisco, University of California – San Francisco (a medical school and health science campus), the University of California Hastings College of the Law, the University of the Pacific's School of Dentistry, Golden Gate University, City College of San Francisco (a public community college), the Art Institute of California – San Francisco, the San Francisco Conservatory of Music, the California Culinary Academy, and the Academy of Art University.

San Francisco International Airport ("SFO"), located 14 miles south of downtown San Francisco in an unincorporated area of San Mateo County and owned and operated by the City, is the principal commercial service airport for the Bay Area and one of the nation's principal gateways for Pacific traffic. In fiscal year 2012-13, SFO serviced approximately 44.7 million passengers and handled 370,195 metric tons of cargo. The City is also served by the Bay Area Rapid Transit District (electric rail commuter service linking the City with the East Bay and the San Francisco Peninsula, including SFO), Caltrain (a conventional commuter rail line linking the City with the San Francisco Peninsula), and bus and ferry services between the City and residential areas to the north, east and south of the City. San Francisco Municipal Railway, operated by the City, provides bus and streetcar service within the City. The Port of San Francisco (the "Port"), which administers 7.5 miles of Bay waterfront held in "public trust" by the Port on behalf of the people of the State, promotes a balance of maritime-related commerce, fishing, recreational, industrial and commercial activities and natural resource protection.

The City is governed by a Board of Supervisors elected from eleven districts to serve four-year terms, and a Mayor who serves as chief executive officer, elected citywide to a four-year term. Edwin M. Lee is the 43rd and current Mayor of the City, having been elected by the voters of the City in November 2011. The City's Original Budget for fiscal years 2013-14 and 2014-15 totals \$7.91 billion and \$7.93 billion respectively. The General Fund portion of each year's budget is \$3.95 billion in fiscal year 2013-14 and \$4.05 billion in fiscal year 2014-15, with the balance being allocated to all other funds, including enterprise fund departments, such as SFO, the San Francisco Municipal Transportation Agency, the Port Commission and the San Francisco Public Utilities Commission. The City employed 28,387 full-time-equivalent employees at the end of fiscal year 2012-13. According to the Controller of the City (the "Controller"), fiscal year 2013-14 total net assessed valuation of taxable property in the City is approximately \$172.5 billion.

More detailed information about the City's governance, organization and finances may be found in APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES" and in APPENDIX B – "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2013."

THE BONDS

Authority for Issuance; Purposes

The Bonds will be issued under the Government Code of the State and the Charter. The City authorized the issuance of the Bonds by its Resolution No. 528-08, adopted by the Board of Supervisors of the City on December 16, 2008, and duly approved by the Mayor of the City on December 19, 2008, and by its Resolution No. 417-13, adopted by the Board of Supervisors on November 26, 2013, and duly approved by the Mayor on November 27, 2013 (together, the "Resolution").

The Bonds will constitute the fourth and final series of bonds to be issued from an aggregate authorized amount of \$887,400,000 of City and County of San Francisco General Obligation Bonds (San Francisco General Hospital Improvement Bonds, 2008), duly approved by at least two-thirds of the voters voting on Proposition A at an election held on November 4, 2008 ("Proposition A"), to provide funds to finance the building and/or rebuilding and improving the earthquake safety of the San Francisco General Hospital and Trauma Center (the "Hospital") and to pay related costs necessary or convenient for these purposes. The City previously issued \$131,650,000, \$294,695,000 and \$251,100,000 of the bonds authorized by Proposition A on March 18, 2009, March 24, 2010 and August 29, 2012, respectively.

The Administrative Code of the City (the "Administrative Code") and Proposition A provide that, to the extent permitted by law, 0.1% of the gross proceeds of all proposed bonds, including the Bonds, be deposited by the Controller and used to fund the costs of the City's independent citizens' general obligation bond oversight committee. The committee was created by the Administrative Code and is appointed by the Board of Supervisors of the City to inform the public concerning the expenditure of general obligation bond proceeds in accordance with the voter authorization.

Form and Registration

The Bonds will be issued in the principal amounts set forth on the inside cover hereof, in the denomination of \$5,000 each or any integral multiple thereof, and will be dated their date of delivery. The Bonds will be issued in fully registered form, without coupons. The Bonds will be initially registered in the name of Cede & Co. as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, which is required to remit payments of principal and interest to the DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See APPENDIX E – "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Payment of Interest and Principal

The City Treasurer will act as paying agent and registrar with respect to the Bonds. Interest on the Bonds will be payable on each June 15 and December 15 to maturity or prior redemption, commencing June 15, 2014, at the interest rates shown on the inside cover hereof. Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. The interest on the Bonds will be payable in lawful money of the United States to the person whose name appears on the Bond registration books of the City Treasurer as the owner thereof as of the close of business on the last day of the month immediately preceding an interest payment date (the "Record Date"), whether or not such day is a business day. Each Bond authenticated on or before May 31, 2014 will bear interest from the date of delivery. Every other Bond will bear interest from the interest payment date next preceding its date of authentication unless it is authenticated as of a day during the period from the Record Date next preceding any interest payment date to the interest payment date, inclusive, in which event it will bear interest from such interest payment date; provided, that if, at the time of authentication of any Bond, interest is then in default on the Bonds, such Bond will bear interest from the interest payment date to which interest has previously been paid or made available for payment on the Bonds.

The Bonds will mature on the dates shown on the inside cover page hereof. The Bonds will be subject to redemption prior to maturity, as described below. See "– Redemption" below. The principal of the Bonds will be payable in lawful money of the United States to the owner thereof upon the surrender thereof at maturity or earlier redemption at the office of the City Treasurer.

The registered owner of an aggregate principal amount of at least \$1,000,000 of the Bonds may submit a written request to the City Treasurer on or before a Record Date for payment of interest on the succeeding interest payment date and thereafter by wire transfer to a commercial bank located within the United States of America. For so long as the Bonds are held in book-entry form by a securities depository selected by the City, payment may be made to the registered owner of the Bonds designated by such securities depository by wire transfer of immediately available funds.

Redemption

Optional Redemption of the Bonds

The Bonds maturing on or before June 15, 2022 will not be subject to optional redemption prior to their respective stated maturity dates. The Bonds maturing on or after June 15, 2023 will be subject to optional redemption prior to their respective stated maturity dates, at the option of the City, from any source of available funds, as a whole or in part on any date (with the maturities to be redeemed to be determined by the City and by lot within a maturity), on or after June 15, 2022, at the redemption price equal to the principal amount of the Bonds redeemed, together with accrued interest to the date fixed for redemption (the "Redemption Date"), without premium.

Selection of Bonds for Redemption

Whenever less than all of the outstanding Bonds are called for redemption on any one date, the City Treasurer will select the maturities of Bonds to be redeemed in the sole discretion of the City Treasurer, and whenever less than all the outstanding Bonds maturing on any one date are called for redemption on any date, the City Treasurer will select the Bonds or portions thereof by lot, in any manner which the City Treasurer deems fair. The Bonds may be redeemed in denominations of \$5,000 or any integral multiple thereof.

Notice of Redemption

The City Treasurer will mail, or cause to be mailed, notice of any redemption of the Bonds, postage prepaid, to the respective registered owners thereof at the addresses appearing on the Bond registration books not less than 20 days and not more than 60 days prior to the Redemption Date.

Notice of redemption also will be given, or caused to be given, by the City Treasurer, by (i) registered or certified mail, postage prepaid, (ii) confirmed facsimile transmission, (iii) overnight delivery service, or (iv) to the extent applicable to the intended recipient, email or similar electronic means, to (a) all organizations registered with the Securities and Exchange Commission as securities depositories and (b) such other services or organizations as may be required in accordance with the Continuing Disclosure Certificate. See "CONTINUING DISCLOSURE" and APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein.

Each notice of redemption will (a) state the Redemption Date; (b) state the redemption price; (c) state the maturity dates of the Bonds called for redemption, and, if less than all of any such maturity is called for redemption, the distinctive numbers of the Bonds of such maturity to be redeemed, and in the case of a Bond redeemed in part only, the respective portions of the principal amount thereof to be redeemed; (d) state the CUSIP number, if any, of each Bond to be redeemed; (e) require that such Bonds be surrendered by the owners at the office of the City Treasurer or his or her agent; and (f) give notice that interest on such Bonds or portions of such Bonds to be redeemed will cease to accrue after the designated Redemption Date. Any notice of

redemption may be conditioned on the receipt of funds or any other event specified in the notice. See "*Conditional Notice; Right to Rescind Notice of Optional Redemption*" below.

The actual receipt by the owner of any Bond of such notice of redemption will not be a condition precedent to redemption of such Bond, and failure to receive such notice, or any defect in such notice, will not affect the validity of the proceedings for the redemption of such Bond or the cessation of the accrual of interest on such Bond on the Redemption Date.

Effect of Notice of Redemption

When notice of optional redemption has been given as described above, and when the amount necessary for the redemption of the Bonds called for redemption (principal, premium, if any and accrued interest to the Redemption Date) is set aside for that purpose in the redemption account for the Bonds (the "Redemption Account") established under the Resolution, the Bonds designated for redemption will become due and payable on the Redemption Date, and upon presentation and surrender of said Bonds at the place specified in the notice of redemption, those Bonds will be redeemed and paid at said redemption price out of the applicable Redemption Account. No interest will accrue on such Bonds called for redemption after the Redemption Date and the registered owners of such Bonds will look for payment of such Bonds only to the Redemption Account. Moneys held in the Redemption Account will be invested by the City Treasurer pursuant to the City's policies and guidelines for investment of moneys in the General Fund of the City. See APPENDIX C – "CITY AND COUNTY OF SAN FRANCISCO, OFFICE OF THE TREASURER & TAX COLLECTOR – INVESTMENT POLICY."

Conditional Notice; Right to Rescind Notice of Optional Redemption

Any notice of optional redemption may provide that such redemption is conditioned upon: (i) deposit of sufficient moneys to redeem the applicable Bonds called for redemption on the anticipated Redemption Date, or (ii) the occurrence of any other event specified in the notice of redemption. In the event that such conditional notice of optional redemption has been given and on the scheduled Redemption Date (i) sufficient moneys to redeem the applicable Bonds have not been deposited or (ii) any other event specified in the notice of redemption did not occur, such Bonds for which notice of conditional optional redemption was given will not be redeemed and will remain Outstanding for all purposes and the redemption not occurring will not constitute a default under the Resolution.

In addition, the City may rescind any optional redemption and notice thereof for any reason on any date prior to any Redemption Date by causing written notice of the rescission to be given to the Registered Owner of all Bonds so called for redemption. Notice of such rescission of redemption will be given in the same manner notice of redemption was originally given. The actual receipt by the Registered Owner of any Bond of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice so mailed will not affect the validity of the rescission.

Defeasance

Payment of all or any portion of the Bonds may be provided for prior to such Bonds' respective stated maturities by irrevocably depositing with the City Treasurer (or any commercial bank or trust company designated by the City Treasurer to act as escrow agent with respect thereto): (a) an amount of cash equal to the principal amount of all of such Bonds or a portion thereof, and all unpaid interest thereon to maturity, except that in the case of Bonds which are to be redeemed prior to such Bonds' respective stated maturities and in respect of which notice of such redemption will have been given as described above or an irrevocable election to give such notice will have been made by the City, the amount to be deposited will be the principal amount thereof, all unpaid interest thereon to the Redemption Date, and premium, if any, due on such Redemption Date; or (b) Defeasance Securities (as defined below) not subject to call, except as described in the definition below, maturing and paying interest at such times and in such amounts, together with interest

earnings and cash, if required, as will, without reinvestment, as certified by an independent certified public accountant, be fully sufficient to pay the principal and all unpaid interest to maturity, or to the Redemption Date, as the case may be, and any premium due on the Bonds to be paid or redeemed, as such principal and interest come due; provided, that, in the case of the Bonds which are to be redeemed prior to maturity, notice of such redemption will be given as described above or an irrevocable election to give such notice will have been made by the City; then, all obligations of the City with respect to said outstanding Bonds will cease and terminate, except only the obligation of the City to pay or cause to be paid from the funds deposited as described in this paragraph, to the owners of said Bonds all sums due with respect thereto, and the tax covenant obligations of the City with respect to such Bonds; provided, that the City will have received an opinion of nationally recognized bond counsel that provision for the payment of said Bonds has been made as required by the Resolution.

As used in this section, the following terms have the meanings given below:

"Defeasance Securities" means any of the following which at the time are legal investments under the laws of the State of California for the moneys proposed to be invested therein: (1) United States Obligations (as defined below); and (2) Pre-refunded fixed interest rate municipal obligations meeting the following conditions: (a) the municipal obligations are not subject to redemption prior to maturity, or the trustee or paying agent has been given irrevocable instructions concerning their calling and redemption and the issuer has covenanted not to redeem such obligations other than as set forth in such instructions; (b) the municipal obligations are secured by cash or United States Obligations (as defined below); (c) the principal of and interest on the United States Obligations (plus any cash in the escrow fund or the Redemption Account) are sufficient to meet the liabilities of the municipal obligations; (d) the United States Obligations serving as security for the municipal obligations are held by an escrow agent or trustee; (e) the United States Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and (f) the municipal obligations are rated (without regard to any numerical modifier, plus or minus sign or other modifier), at the time of original deposit to the escrow fund, by any two Rating Agencies (as defined below) not lower than the rating then maintained by the respective Rating Agency on such United States Obligations.

"United States Obligations" means (i) direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including without limitation, the interest component of Resolution Funding Corporation (REFCORP) bonds that have been stripped by request to the Federal Reserve Bank of New York in book-entry form, or (ii) any security issued by an agency or instrumentality of the United States of America that is selected by the Director of Public Finance that results in the escrow fund being rated by any two Rating Agencies (as defined below) at the time of the initial deposit to the escrow fund and upon any substitution or subsequent deposit to the escrow fund, no lower than the rating then maintained by the respective Rating Agency on United States Obligations described in (i) herein.

"Rating Agencies" means Moody's Investors Service, Inc., Fitch Ratings, and Standard and Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., or any other nationally-recognized bond rating agency that is the successor to any of the foregoing rating agencies or that is otherwise established after the date of adoption of the Resolution.

SOURCES AND USES OF FUNDS

The following are the sources and estimated uses of funds in connection with the Bonds:

Sources

Principal Amount of Bonds	\$209,955,000
Net Original Issue Premium	<u>16,508,472</u>
Total Sources of Funds	\$226,463,472

Uses

Deposit to 2014A Project Subaccount	\$208,552,165
Deposit to 2014A Bond Subaccount	16,508,472
Underwriter's Discount	606,770
Oversight Committee	209,955
Costs of Issuance*	<u>586,110</u>
Total Uses of Funds	\$226,463,472

* Includes fees for services of rating agencies, Co-Financial Advisors, Co-Bond Counsel, Disclosure Counsel, costs of the City, printing, and other miscellaneous costs associated with the issuance of the Bonds.

Deposit and Investment of Bond Proceeds

Any bid premium received upon the delivery of the Bonds, and all taxes collected for payment of the Bonds, will be deposited into a special subaccount established for the payment of the Bonds. The subaccount was created by the Resolution specifically for payment of the Bonds (the "2014A Bond Subaccount").

All remaining proceeds of the sale of the Bonds are required to be deposited by the City Treasurer into a special subaccount within the project account created by the City to hold proceeds of sale of all of the bonds approved on November 4, 2008 for the Hospital improvement project, which proceeds are required to be applied exclusively to the acquisition, construction or reconstruction of the Hospital improvement project, and to pay costs of issuance of such bonds. The subaccount was created by the Resolution specifically to hold the proceeds of the Bonds (the "2014A Project Subaccount").

Under the Resolution, the 2014A Bond Subaccount and the 2014A Project Subaccount may each be invested in any investment of the City in which moneys in the General Fund of the City are invested. The City Treasurer may commingle any of the moneys held in any such account with other City moneys, or deposit amounts credited to such accounts into a separate fund or funds for investment purposes only. All interest earned on any such account will be retained in that account. See APPENDIX C – "CITY AND COUNTY OF SAN FRANCISCO, OFFICE OF THE TREASURER & TAX COLLECTOR – INVESTMENT POLICY."

A portion of the proceeds of the Bonds will be used to pay certain costs related to the issuance of the Bonds. Up to 0.1% of the proceeds of the Bonds are required to be appropriated to fund the Citizens' General Obligation Bond Oversight Committee, created to oversee various general obligation bond programs of the City. See "THE BONDS – Authority for Issuance; Purposes" herein.

DEBT SERVICE SCHEDULE

Scheduled debt service payable with respect to the Bonds is as follows:

Payment Date	Principal	Interest	Total Principal and Interest	Fiscal Year Total
June 15, 2014	\$11,275,000	\$3,354,450	\$14,629,450	\$14,629,450
December 15, 2014	-	4,350,931	4,350,931	-
June 15, 2015	16,000,000	4,350,931	20,350,931	24,701,863
December 15, 2015	-	4,030,931	4,030,931	-
June 15, 2016	6,645,000	4,030,931	10,675,931	14,706,863
December 15, 2016	-	3,864,806	3,864,806	-
June 15, 2017	6,980,000	3,864,806	10,844,806	14,709,613
December 15, 2017	-	3,690,306	3,690,306	-
June 15, 2018	7,325,000	3,690,306	11,015,306	14,705,613
December 15, 2018	-	3,507,181	3,507,181	-
June 15, 2019	7,695,000	3,507,181	11,202,181	14,709,363
December 15, 2019	-	3,314,806	3,314,806	-
June 15, 2020	8,075,000	3,314,806	11,389,806	14,704,613
December 15, 2020	-	3,112,931	3,112,931	-
June 15, 2021	8,480,000	3,112,931	11,592,931	14,705,863
December 15, 2021	-	2,900,931	2,900,931	-
June 15, 2022	8,905,000	2,900,931	11,805,931	14,706,863
December 15, 2022	-	2,678,306	2,678,306	-
June 15, 2023	9,350,000	2,678,306	12,028,306	14,706,613
December 15, 2023	-	2,444,556	2,444,556	-
June 15, 2024	9,820,000	2,444,556	12,264,556	14,709,113
December 15, 2024	-	2,199,056	2,199,056	-
June 15, 2025	10,310,000	2,199,056	12,509,056	14,708,113
December 15, 2025	-	1,941,306	1,941,306	-
June 15, 2026	10,825,000	1,941,306	12,766,306	14,707,613
December 15, 2026	-	1,765,400	1,765,400	-
June 15, 2027	11,175,000	1,765,400	12,940,400	14,705,800
December 15, 2027	-	1,541,900	1,541,900	-
June 15, 2028	11,625,000	1,541,900	13,166,900	14,708,800
December 15, 2028	-	1,309,400	1,309,400	-
June 15, 2029	12,090,000	1,309,400	13,399,400	14,708,800
December 15, 2029	-	1,067,600	1,067,600	-
June 15, 2030	12,570,000	1,067,600	13,637,600	14,705,200
December 15, 2030	-	816,200	816,200	-
June 15, 2031	13,075,000	816,200	13,891,200	14,707,400
December 15, 2031	-	554,700	554,700	-
June 15, 2032	13,595,000	554,700	14,149,700	14,704,400
December 15, 2032	-	282,800	282,800	-
June 15, 2033	14,140,000	282,800	14,422,800	14,705,600
Total⁽¹⁾	\$209,955,000	\$94,102,550	\$304,057,550	\$304,057,550

⁽¹⁾ Totals may appear inconsistent due to rounding of components.

SECURITY FOR THE BONDS

General

The Board of Supervisors of the City has the power and is obligated, and under the Resolution has covenanted, to levy *ad valorem* taxes without limitation as to rate or amount upon all property subject to taxation by the City (except certain property which is taxable at limited rates) for the payment of the principal of and interest on the Bonds when due.

At the option of the Board of Supervisors, other available funds of the City that are not restricted by law to specific uses may be used to pay debt service on the Bonds.

Factors Affecting Property Tax Security for the Bonds

The annual property tax rate for repayment of the Bonds will be based on the total assessed value of taxable property in the City and the scheduled debt service on the Bonds in each year, less any other lawfully available funds applied by the City for repayment of the Bonds. Fluctuations in the annual debt service on the Bonds, the assessed value of taxable property in the City, and the availability of such other funds in any year, may cause the annual property tax rate applicable to the Bonds to fluctuate. Issuance by the City of additional authorized bonds payable from *ad valorem* property taxes may cause the City's overall property tax rate to increase.

The principal factors that may affect the City's ability to levy and collect sufficient taxes to pay scheduled debt service on the Bonds each year are discussed in detail in APPENDIX A, as referred to below.

Total Assessed Value of Taxable Property in the City. The greater the assessed value of taxable property in the City, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on bonds. Total net assessed valuation of taxable property in the City in fiscal year 2013-14 is approximately \$172.5 billion. During economic downturns, declining real estate values, increased foreclosures, and increases in requests submitted to the Assessor and the Assessment Appeals Board for reductions in assessed value have generally caused a reduction in the assessed value of some properties in the City. See APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – PROPERTY TAXATION – Assessed Valuations, Tax Rates and Tax Delinquencies."

Natural and economic forces can affect the assessed value of taxable property in the City. The City is located in a seismically active region, and damage from an earthquake in or near the City could cause moderate to extensive or total damage to taxable property. See "Seismic Risks" below. Other natural or manmade disasters, such as flood, fire, toxic dumping or acts of terrorism, could also cause a reduction in the assessed value of taxable property within the City. Economic and market forces, such as a downturn in the Bay Area's economy generally, can also affect assessed values, particularly as these forces might reverberate in the residential housing and commercial property markets. In addition, the total assessed value can be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

Concentration of Taxable Property Ownership. The more property (by assessed value) owned by any single assessee, the more exposure of tax collections to weakness in that taxpayer's financial situation and ability or willingness to pay property taxes. For fiscal year 2013-14, no single assessee owned more than 0.57% of the total taxable property in the City. See APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – PROPERTY TAXATION – Tax Levy and Collection."

Property Tax Rates. One factor in the ability of taxpayers to pay additional taxes for general obligation bonds is the cumulative rate of tax. The total tax rate per \$100 of assessed value (including the basic countywide 1% rate required by statute) is discussed further in APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – PROPERTY TAXATION – Assessed Valuations, Tax Rates and Tax Delinquencies."

Debt Burden on Owners of Taxable Property in the City. Another measure of the debt burden on local taxpayers is total debt as a percentage of taxable property value. Issuance of general obligation bonds by the City is limited under Section 9.106 of the Charter to 3.00% of the assessed value of all taxable real and personal property located within the City's boundaries. For purposes of this provision of the Charter, the City calculates its debt limit on the basis of total assessed valuation net of non-reimbursable and homeowner exemptions. On this basis, the City's gross general obligation debt limit for fiscal year 2013-14 is approximately \$5.17 billion, based on a net assessed valuation of approximately \$172.5 billion. As of December 1, 2013, the City had outstanding approximately \$1.89 billion in aggregate principal amount of general obligation bonds, which equals approximately 1.10% of the net assessed valuation for fiscal year 2013-14. See APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CAPITAL FINANCING AND BONDS."

Additional Debt; Authorized but Unissued Bonds. Issuance of additional authorized bonds can cause the overall property tax rate to increase. As of December 1, 2013, the City had voter approval to issue up to \$750.67 million in additional aggregate principal amount of new bonds payable from *ad valorem* property taxes. See APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO – CAPITAL FINANCING AND BONDS – General Obligation Bonds." In addition, the City expects that it will propose further bond measures to the voters from time to time to help meet its capital needs, quantified in the City's most recent ten-year Capital Plan at \$25.1 billion. See APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CAPITAL FINANCING AND BONDS – Capital Plan."

City Long-Term Challenges

The following discussion highlights certain long-term challenges facing the City and is not meant to be an exhaustive discussion of challenges facing the City. Notwithstanding the City's strong economic and financial performance during the recent recovery and despite significant City initiatives to improve public transportation systems, expand access to healthcare and modernize parks and libraries, the City faces several long-term financial challenges and risks described below.

Significant capital investments are proposed in the City's adopted ten-year capital plan. However identified funding resources are below those necessary to maintain and enhance the City's physical infrastructure. As a result, over \$14 billion in capital needs are deferred from the capital plan's ten-year horizon. Over two-thirds of these unfunded needs relate to the City's transportation and waterfront infrastructure, where maintenance investment has lagged for decades. Mayor Edwin Lee has convened a taskforce to recommend funding mechanisms and strategies to bridge a portion of the gaps in the City's transportation needs, but it is likely that significant funding gaps will remain even assuming the identification of significant new funding resources.

In addition, the City faces long term challenges with respect to the management of pension and post-employment retirement obligations. The City has taken significant steps to address long-term unfunded liabilities for employee pension and other post employment benefits, including retiree health obligations, yet significant liabilities remain. The most recent actuarial analyses estimate unfunded actuarial liabilities of almost \$8 billion for these benefits, comprised of \$4.4 billion for retiree health obligations and \$3.4 billion for employee pension benefits. In recent years, the City and voters have adopted significant changes that should mitigate these unfunded liabilities over time, including adoption of lower-cost benefit tiers, increases to employee and employer contribution requirements, and establishment of a trust fund to set-aside funding for future retiree health costs. The financial benefit from these changes will phase in over time, however, leaving

ongoing financial challenges for the City in the shorter term. Further, the size of these liabilities is based on a number of assumptions, including but not limited to assumed investment returns and actuarial assumptions. It is possible that actual results will differ materially from current assumptions, and such changes in investment returns or other actuarial assumptions could increase budgetary pressures on the City.

Lastly, while the City has adopted a number of measures to better position the City's operating budget for future economic downturns, these measures may not be sufficient. Economic stabilization reserves have grown significantly during the last three fiscal years and now exceed pre-recession peaks, but remain below adopted target levels of 10% of discretionary General Fund revenues.

There is no assurance that other challenges not discussed here may become material to investors in the future. For more information, see APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES" and in APPENDIX B – "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2013."

Seismic Risks

The City is located in a seismically active region. Active earthquake faults underlie both the City and the surrounding Bay Area, including the San Andreas Fault, which passes about three miles to the southeast of the City's border, and the Hayward Fault, which runs under Oakland, Berkeley and other cities on the east side of San Francisco Bay, about 10 miles away. Significant recent seismic events include the 1989 Loma Prieta earthquake, centered about 60 miles south of the City, which registered 6.9 on the Richter scale of earthquake intensity. That earthquake caused fires, building collapses, and structural damage to buildings and highways in the City and environs. The San Francisco-Oakland Bay Bridge, the only east-west vehicle access into the City, was closed for a month for repairs, and several highways in the City were permanently closed and eventually removed.

In April 2008, the Working Group on California Earthquake Probabilities (a collaborative effort of the U.S. Geological Survey (U.S.G.S.), the California Geological Society, and the Southern California Earthquake Center) reported that there is a 63% chance that one or more quakes of about magnitude 6.7 or larger will occur in the San Francisco Bay Area before the year 2038. Such earthquakes may be very destructive. For example, the U.S.G.S. predicts a magnitude 7 earthquake occurring today on the Hayward Fault would likely cause hundreds of deaths and almost \$100 billion of damage. In addition to the potential damage to City-owned buildings and facilities (on which the City does not generally carry earthquake insurance), due to the importance of San Francisco as a tourist destination and regional hub of commercial, retail and entertainment activity, a major earthquake anywhere in the Bay Area may cause significant temporary and possibly longer-term harm to the City's economy, tax receipts, and residential and business real property values.

Risk of Sea Level Changes and Flooding

In May 2009, the California Climate Change Center released a final paper, for informational purposes only, which was funded by the California Energy Commission, the California Environmental Protection Agency, the Metropolitan Transportation Commission, the California Department of Transportation and the California Ocean Protection Council. The title of the paper is "The Impacts of Sea-Level Rise on the California Coast." The paper posits that increases in sea level will be a significant consequence of climate change over the next century. The paper evaluated the population, infrastructure, and property at risk from projected sea-level rise if no actions are taken to protect the coast. The paper concluded that significant property is at risk of flooding from 100-year flood events as a result of a 1.4 meter sea level rise. The paper further estimates that the replacement value of this property totals nearly \$100 billion (in 2000 dollars). Two-thirds of this at-risk property is concentrated in San Francisco Bay, indicating that this region is particularly vulnerable to impacts associated with sea-level rise due to extensive development on the margins of the Bay. A wide range of critical infrastructure, such as roads, hospitals, schools, emergency facilities, wastewater

treatment plants, power plants, and wetlands is also vulnerable. Continued development in vulnerable areas will put additional assets at risk and raise protection costs.

The City is unable to predict whether sea-level rise or other impacts of climate change or flooding from a major storm will occur, when they may occur, and if any such events occur, whether they will have a material adverse effect on the business operations or financial condition of the City and the local economy.

Natural Gas Transmission and Distribution Pipelines

In September 2010, a Pacific Gas and Electric Company ("PG&E") high pressure natural gas transmission pipeline exploded in San Bruno, California, with catastrophic results. There are numerous gas transmission and distribution pipelines owned, operated and maintained by PG&E throughout the City. The City cannot provide any assurances as to the condition of PG&E pipelines in the City, or predict the extent of damage to surrounding property that would occur if a PG&E pipeline located within the City were to explode.

Other Natural Events

Seismic events, wildfires and other calamitous events may damage City infrastructure and adversely impact the City's ability to provide municipal services. In August 2013, a massive wildfire in Tuolumne County and the Stanislaus National Forest burned over 257,135 acres (the "Rim Fire"), which area included portions of the City's Hetch Hetchy Project. The Hetch Hetchy Project is comprised of dams (including O'Shaughnessy Dam), reservoirs (including Hetch Hetchy Reservoir which supplies 85% of San Francisco's drinking water), hydroelectric generator and transmission facilities and water transmission facilities. Hetch Hetchy facilities affected by the Rim Fire included two power generating stations and the southern edge of the Hetch Hetchy Reservoir. There was no impact to drinking water quality. The City's hydroelectric power generation system was interrupted by the fire, forcing the San Francisco Public Utilities Commission to spend approximately \$1.6 million buying power on the open market and using existing banked energy with PG&E. The Rim Fire inflicted approximately \$40 million in damage to parts of the City's water and power infrastructure located in the region.

TAX MATTERS

Federal Income Tax

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed with them, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the City's compliance with the above-referenced covenants, under present law, in the separate opinions of Co-Bond Counsel, interest on the Bonds is excludable from the gross income of their owners for federal income tax purposes, and thus will be exempt from present Federal income taxes based on gross income. Interest on the Bonds is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a

corporation (excluding S Corporations, Regulated Investment Companies, Real Estate Investment Trusts, REMICS and FASITs) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include all tax exempt interest, including interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Co-Bond Counsel will express no opinion with respect to any such collateral consequences with respect to the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors regarding the collateral consequences arising with respect to the Bonds described in this paragraph.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity, the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond for a price in excess of its stated principal amount at maturity. (Such Bond is referred to as a "Premium Bond"). Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Premium Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a Premium Bond. The amortized bond premium is treated as a reduction in the amount of tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Premium Bond should consult their own tax advisors regarding the amortization of bond premium and its effect on the Premium Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of such Premium Bond.

Owners of Bonds who dispose of Bonds prior to their stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from their issue price, or purchase Bonds subsequent to the initial public offering should consult their own tax advisors as to the federal, state or local tax consequences of such dispositions or purchases.

State and Local Taxes

In the separate opinions of Co-Bond Counsel, interest on the Bonds is exempt from present California personal income taxes under present California law. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Co-Bond Counsel will express no opinion with respect to any such state and local tax consequences with respect to the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors regarding any state and local tax consequences arising with respect to the Bonds.

Basis of Co-Bond Counsel Opinions

The separate opinions of Co-Bond Counsel to be delivered concurrently with the delivery of the Bonds and the descriptions of the tax law contained in this Official Statement are based on statutes, judicial decisions, regulations, rulings and other official interpretations of law in existence on the date the Bonds are

issued. There can be no assurance that such law or those interpretations will not be changed or that new provisions of law will not be enacted or promulgated at any time while the Bonds are outstanding in a manner that would adversely affect the market value or liquidity or the tax treatment of ownership of the Bonds. Co-Bond Counsel have not undertaken to provide advice with respect to any such future changes.

Each of the opinions of Co-Bond Counsel expresses the professional judgment of the attorneys rendering the opinion on the legal issues explicitly addressed in the opinion. By rendering a legal opinion, the opinion giver does not undertake to be an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Rendering an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

In rendering their opinions on tax exemption, Co-Bond Counsel will receive and rely upon certifications and representations of facts, calculations, estimates and expectations furnished by the City and others which Co-Bond Counsel will not have verified independently.

Risk of Audit

The Internal Revenue Service ("IRS") conducts a program of audits of issues of tax-exempt obligations to determine whether, in the view of the IRS, interest on such obligations is properly excluded from the gross income of the owners of such obligations for federal income tax purposes. Whether or not the IRS will decide to audit the Bonds cannot be predicted. If the IRS begins an audit of the Bonds, under current IRS procedures, the IRS will treat the City as the taxpayer subject to the audit and the holders of the Bonds may not have the right to participate in the audit proceedings. The fact that an audit of the Bonds is pending could adversely affect the liquidity or market price of the Bonds until the audit is concluded even if the result of the audit is favorable.

Legislation

From time to time, there are legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to in this section, or adversely affect the market price or liquidity of tax-exempt bonds of the character of the Bonds. In some cases, these proposals have included provisions that had a retroactive effective date. For example, in connection with federal deficit reduction and tax reform efforts, various proposals have been made recently in Congress and by the President which, if enacted in the forms proposed, would subject interest on bonds that is otherwise excludable from gross income for federal income tax purposes, including interest on the Bonds, to a tax payable by certain bondholders that are individuals, estates or trusts with adjusted gross income in excess of certain thresholds. It cannot be predicted whether or in what form any such proposal might be introduced in Congress or enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation. Co-Bond Counsel will express no opinion regarding any pending or proposed federal tax legislation.

Backup Withholding

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in most cases required to be reported to the IRS. Additionally, backup withholding may apply to any such payments to any owner of Bonds who fails to provide an accurate Form W-9 Payers Request for Taxpayer Identification Number, or a substantially identical form, or to any such owner who is notified by the IRS of a failure to report all interest and dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

OTHER LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds and with regard to the tax status of the interest on the Bonds (see "TAX MATTERS" herein) are subject to the legal opinions of Schiff Hardin LLP, San Francisco, California, and Amira Jackmon, Attorney at Law, Berkeley, California, Co-Bond Counsel to the City. The signed legal opinions of Co-Bond Counsel, dated and premised on facts existing and law in effect as of the date of original delivery of the Bonds, will be delivered to the initial purchaser of the Bonds at the time of original delivery of the Bonds.

The proposed forms of the legal opinions of Co-Bond Counsel are set forth in APPENDIX F hereto. The legal opinions to be delivered may vary that text if necessary to reflect facts and law on the date of delivery. The opinions will speak only as of their date, and subsequent distributions of them by recirculation of this Official Statement or otherwise will create no implication that Co-Bond Counsel have reviewed or express any opinion concerning any of the matters referred to in the respective opinions subsequent to their date. In rendering their opinions, Co-Bond Counsel will rely upon certificates and representations of facts to be contained in the transcript of proceedings for the Bonds, which Co-Bond Counsel will not have independently verified.

Co-Bond Counsel undertake no responsibility for the accuracy, completeness or fairness of this Official Statement.

Certain legal matters will be passed upon for the City by the City Attorney and by Hawkins Delafield & Wood LLP, San Francisco, California, Disclosure Counsel.

Hawkins Delafield & Wood LLP has served as disclosure counsel to the City and in such capacity has advised the City with respect to applicable securities laws and participated with responsible City officials and staff in conferences and meetings where information contained in this Official Statement was reviewed for accuracy and completeness. Disclosure Counsel is not responsible for the accuracy or completeness of the statements or information presented in this Official Statement and has not undertaken to independently verify any of such statements or information. Rather, the City is solely responsible for the accuracy and completeness of the statements and information contained in this Official Statement. Upon the delivery of the Bonds, Disclosure Counsel will deliver a letter to the City which advises the City, subject to the assumptions, exclusions, qualifications and limitations set forth therein, that no facts came to the attention of the firm which caused the firm to believe that this Official Statement as of its date and as of the date of delivery of the Bonds contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. No purchaser or holder of the Bonds, or other person or party other than the City, will be entitled to or may rely on such letter or Hawkins Delafield & Wood LLP's having acted in the role of disclosure counsel to the City.

PROFESSIONALS INVOLVED IN THE OFFERING

Backstrom McCarley Berry & Co., San Francisco, California and Montague DeRose and Associates, LLC, Walnut Creek, California, have served as Co-Financial Advisors to the City with respect to the sale of the Bonds. The Co-Financial Advisors have assisted the City in the City's review and preparation of this Official Statement and in other matters relating to the planning, structuring, and sale of the Bonds. The Co-Financial Advisors have not independently verified any of the data contained herein nor conducted a detailed investigation of the affairs of the City to determine the accuracy or completeness of this Official Statement and assume no responsibility for the accuracy or completeness of any of the information contained herein. The Co-Financial Advisors, Co-Bond Counsel and Disclosure Counsel will all receive compensation from the City for services rendered in connection with the Bonds contingent upon the sale and delivery of the Bonds. The City Treasurer is acting as paying agent and registrar with respect to the Bonds.

ABSENCE OF LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds, the ability of the City to levy the *ad valorem* tax required to pay debt service on the Bonds, the corporate existence of the City, or the entitlement to their respective offices of the officers of the City who will execute and deliver the Bonds and other documents and certificates in connection therewith. The City will furnish to the initial purchaser of the Bonds a certificate of the City as to the foregoing as of the time of the original delivery of the Bonds.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City (the "Annual Report") not later than 270 days after the end of the City's fiscal year (which currently ends on June 30), commencing with the report for fiscal year 2013-14, which is due not later than March 27, 2015, and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the City with the Municipal Securities Rulemaking Board ("MSRB"). The notices of enumerated events will be filed by the City with the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is summarized in APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the purchaser of the Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). In the last five years, the City has not failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of enumerated events.

The City may, from time to time, but is not obligated to, post its Comprehensive Annual Financial Report and other financial information on the City Controller's web site at www.sfgov.org/controller.

RATINGS

Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Ratings Services ("S&P"), and Fitch Ratings ("Fitch"), have assigned municipal bond ratings of "Aa1," "AA+," and "AA," respectively, to the Bonds. Certain information not included in this Official Statement was supplied by the City to the rating agencies to be considered in evaluating the Bonds. The ratings reflect only the views of each rating agency, and any explanation of the significance of any rating may be obtained only from the respective credit rating agencies: Moody's, at www.moody.com; S&P, at www.sandp.com; and Fitch, at www.fitchratings.com. The information presented on the website of each rating agency is not incorporated by reference as part of this Official Statement. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. No assurance can be given that any rating issued by a rating agency will be retained for any given period of time or that the same will not be revised or withdrawn entirely by such rating agency, if in its judgment circumstances so warrant. Any such revision or withdrawal of the ratings obtained may have an adverse effect on the market price or marketability of the Bonds. The City undertakes no responsibility to oppose any such downward revision, suspension or withdrawal.

SALE OF THE BONDS

The Bonds were sold at competitive bid on January 16, 2014. The Bonds were awarded to Citigroup Global Markets Inc. (the "Purchaser"), which submitted the lowest true interest cost bid, at a purchase price of \$225,856,702. Under the terms of its bid, the Purchaser will be obligated to purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to the approval of certain legal matters by Co-Bond Counsel, and certain other conditions to be satisfied by the City.

The Purchaser has certified the reoffering prices or yields for the Bonds set forth on the inside cover of this Official Statement, and the City takes no responsibility for the accuracy of those prices or yields. Based



APPENDIX A

**CITY AND COUNTY OF SAN FRANCISCO
ORGANIZATION AND FINANCES**



APPENDIX A

CITY AND COUNTY OF SAN FRANCISCO
ORGANIZATION AND FINANCES

This Appendix contains information that is current as of December 1, 2013.

This Appendix A to the Official Statement of the City and County of San Francisco (the "City" or "San Francisco") covers general information about the City's governance structure, budget processes, property taxation system and other tax and revenue sources, City expenditures, labor relations, employment benefits and retirement costs, and investments, bonds and other long-term obligations.

The various reports, documents, websites and other information referred to herein are not incorporated herein by such references. The City has referred to certain specified documents in this Appendix A which are hosted on the City's website. A wide variety of other information, including financial information, concerning the City is available from the City's publications, websites and its departments. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded and is not a part of or incorporated into this Appendix A. The information contained in this Official Statement, including this Appendix A, speaks only as of its date, and the information herein is subject to change. Prospective investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

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CITY GOVERNMENT

City Charter

San Francisco is governed as a city and county chartered pursuant to Article XI, Sections 3, 4, 5 and 6 of the Constitution of the State of California (the "State"), and is the only consolidated city and county in the State. In addition to its powers under its charter in respect of municipal affairs granted under the State Constitution, San Francisco generally can exercise the powers of both a city and a county under State law. On April 15, 1850, several months before California became a state, the original charter was granted by territorial government to the City. New City charters were adopted by the voters on May 26, 1898, effective January 8, 1900, and on March 26, 1931, effective January 8, 1932. In November 1995, the voters of the City approved the current charter, which went into effect in most respects on July 1, 1996 (the "Charter").

The City is governed by a Board of Supervisors consisting of eleven members elected from supervisorial districts (the "Board of Supervisors"), and a Mayor elected at large who serves as chief executive officer (the "Mayor"). Members of the Board of Supervisors and the Mayor each serve a four-year term. The Mayor and members of the Board of Supervisors are subject to term limits as established by the Charter. Members of the Board of Supervisors may serve no more than two successive four-year terms and may not serve another term until four years have elapsed since the end of the second successive term in office. The Mayor may serve no more than two successive four-year terms, with no limit on the number of non-successive terms of office. The City Attorney, Assessor-Recorder, District Attorney, Treasurer and Tax Collector, Sheriff, and Public Defender are also elected directly by the citizens and may serve unlimited four-year terms. The Charter provides a civil service system for most City employees. School functions are carried out by the San Francisco Unified School District (grades K-12) ("SFUSD") and the San Francisco Community College District (post-secondary) ("SFCCD"). Each is a separate legal entity with a separately elected governing board.

Under its original charter, the City committed itself to a policy of municipal ownership of utilities. The Municipal Railway, when acquired from a private operator in 1912, was the first such city-owned public transit system in the nation. In 1914, the City obtained its municipal water system, including the Hetch Hetchy watershed near Yosemite. In 1927, the City dedicated Mill's Field Municipal Airport at a site in what is now San Mateo County 14 miles south of downtown San Francisco, which would grow to become today's San Francisco International Airport (the "Airport"). In 1969, the City acquired the Port of San Francisco (the "Port") in trust from the State. Substantial expansions and improvements have been made to these enterprises since their original acquisition. The Airport, the Port, the Public Utilities Commission ("Public Utilities Commission") (which now includes the Water Enterprise, the Wastewater Enterprise and the Hetch Hetchy Water and Power Project), the Municipal Transportation Agency ("MTA") (which operates the San Francisco Municipal Railway or "Muni" and the Department of Parking and Traffic ("DPT"), including the Parking Authority and its five public parking garages), and the City-owned hospitals (San Francisco General and Laguna Honda), are collectively referred to herein as the "enterprise fund departments", as they are not integrated into the City's General Fund operating budget. However, certain of the enterprise fund departments, including San Francisco General Hospital, Laguna Honda Hospital and the MTA receive significant General Fund transfers on an annual basis.

The Charter distributes governing authority among the Mayor, the Board of Supervisors, the various other elected officers, the City Controller and other appointed officers, and the boards and commissions that oversee the various City departments. Compared to the governance of the City prior to 1995, the Charter concentrates relatively more power in the Mayor and Board of Supervisors. The Mayor appoints most commissioners subject to a two-thirds vote of the Board of Supervisors, unless otherwise provided in the Charter. The Mayor appoints each department head from among persons nominated to the position by the appropriate commission, and may remove department heads.

Mayor and Board of Supervisors

Edwin M. Lee is the 43rd and current Mayor of the City. The Mayor is the chief executive officer of the City, with responsibility for general administration and oversight of all departments in the executive branch of the City. Mayor Lee was elected to his current four-year term as Mayor on November 8, 2011. Prior to being elected, Mayor Lee was appointed by the Board of Supervisors in January 2011 to fill the remaining year of former Mayor Gavin Newsom's term when Mayor Newsom was sworn in as the State's Lieutenant Governor. Mayor Lee served as the

City Administrator from 2005 up until his appointment to Mayor. He also previously served in each of the following positions: the City's Director of Public Works, the City's Director of Purchasing, the Director of the Human Rights Commission, the Deputy Director of the Employee Relations Division, and coordinator for the Mayor's Family Policy Task Force.

Table A-1 lists the current members of the Board of Supervisors. The Supervisors are elected for staggered four-year terms and are elected by district. Vacancies are filled by appointment by the Board of Supervisors.

TABLE A-1

CITY AND COUNTY OF SAN FRANCISCO
Board of Supervisors

Name	First Elected or Appointed	Current Term Expires
Eric Mar, <i>District 1</i>	2008	2017
Mark Farrell, <i>District 2</i>	2010	2015
David Chiu, <i>Board President, District 3</i>	2008	2017
Katy Tang, <i>District 4</i>	2013	2014
London Breed, <i>District 5</i>	2012	2017
Jane Kim, <i>District 6</i>	2010	2015
Norman Yee, <i>District 7</i>	2012	2017
Scott Wiener, <i>District 8</i>	2010	2015
David Campos, <i>District 9</i>	2008	2017
Malia Cohen, <i>District 10</i>	2010	2015
John Avalos, <i>District 11</i>	2008	2017

Other Elected and Appointed City Officers

Dennis J. Herrera was re-elected to his third four-year term as City Attorney in November 2009. The City Attorney represents the City in legal proceedings in which the City has an interest. Mr. Herrera was first elected City Attorney in December 2001. Before becoming City Attorney, Mr. Herrera had been a partner in a private law firm and had served in the Clinton Administration as Chief of Staff of the U.S. Maritime Administration. He also served as president of the San Francisco Police Commission and was a member of the San Francisco Public Transportation Commission.

Carmen Chu was elected Assessor-Recorder of the City in November 2013. The Assessor-Recorder administers the property tax assessment system of the City. Before becoming Assessor-Recorder, Ms. Chu was elected in November 2008 and November 2010 to the Board of Supervisors, representing the Sunset/Parkside District 4 after being appointed by then-Mayor Newsom in September 2007.

José Cisneros was re-elected to a four-year term as Treasurer of the City in November 2013. The Treasurer is responsible for the deposit and investment of all City moneys, and also acts as Tax Collector for the City. Mr. Cisneros has served as Treasurer since September 2004, following his appointment by then-Mayor Newsom. Prior to being appointed Treasurer, Mr. Cisneros served as Deputy General Manager, Capital Planning and External Affairs for the MTA.

Benjamin Rosenfield was appointed to a ten-year term as Controller of the City by then-Mayor Newsom in March 2008, and was confirmed by the Board of Supervisors in accordance with the Charter. The City Controller is responsible for timely accounting, disbursement, and other disposition of City moneys, certifies the accuracy of budgets, estimates the cost of ballot measures, provides payroll services for the City's employees, and, as the Auditor for the City, directs performance and financial audits of City activities. Before becoming Controller, Mr. Rosenfield served as the Deputy City Administrator under former City Administrator Edwin Lee from 2005 to 2008. He was responsible for the preparation and monitoring of the City's ten-year capital plan, oversight of a number of internal service offices under the City Administrator, and implementing the City's 311 non-emergency customer service center. From 2001 to 2005, Mr. Rosenfield worked as the Budget Director for then-Mayor Willie L. Brown, Jr. and then-Mayor Newsom. As Budget Director, Mr. Rosenfield prepared the City's proposed

budget for each fiscal year and worked on behalf of the Mayor to manage City spending during the course of each year. From 1997 to 2001, Mr. Rosenfield worked as an analyst in the Mayor's Budget Office and a project manager in the Controller's Office.

Naomi M. Kelly was appointed to a five-year term as City Administrator by Mayor Lee on February 7, 2012. The City Administrator has overall responsibility for the management and implementation of policies, rules and regulations promulgated by the Mayor, the Board of Supervisors and the voters. In January 2012, Mrs. Kelly became Acting City Administrator. From January 2011, she served as Deputy City Administrator where she was responsible for the Office of Contract Administration, Purchasing, Fleet Management and Central Shops. Mrs. Kelly led the effort to successfully roll out the City's new Local Hire program last year by streamlining rules and regulations, eliminating duplication and creating administrative efficiencies. In 2004, Mrs. Kelly served as the City Purchaser and Director of the Office of Contract Administration. Mrs. Kelly has also served as Special Assistant in the Mayor's Office of Neighborhood Services, in the Mayor's Office of Policy and Legislative Affairs and served as the City's Executive Director of the Taxicab Commission.

CITY BUDGET

Overview

This section discusses the City's budget procedures, while following sections of this Appendix A describe the City's various sources of revenues and expenditure obligations.

The City manages the operations of its nearly 60 departments, commissions and authorities, including the enterprise fund departments, through its annual budget. In July 2013, the City adopted a full two-year budget. The City's fiscal year 2013-14 adopted budget appropriates annual revenues, fund balance, transfers, and reserves of approximately \$7.91 billion, of which the City's General Fund accounts for approximately \$3.95 billion. In fiscal year 2014-15 appropriated revenues, fund balance, transfers and reserves total approximately \$7.93 billion and \$4.05 billion of General Fund budget. For a further discussion of the fiscal years 2013-14 and 2014-15 adopted budgets, see "City Budget Adopted for Fiscal Years 2013-14 and 2014-15" herein.

Each year the Mayor prepares budget legislation for the City departments, which must be approved by the Board of Supervisors. Revenues consist largely of local property taxes, business taxes, sales taxes, other local taxes, and charges for services. A significant portion of the City's revenues come in the form of intergovernmental transfers from the State and Federal governments. Thus, the City's fiscal situation is affected by the health of the local real estate market, the local business and tourist economy, and by budgetary decisions made by the State and Federal governments which depend, in turn, on the health of the larger State and national economies. All of these factors are almost wholly outside the control of the Mayor, the Board of Supervisors, and other City officials. In addition, the State Constitution strictly limits the City's ability to raise taxes and property-based fees without a two-thirds popular vote. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES": herein. Also, the fact that the City's annual budget must be adopted before the State and federal budgets adds uncertainty to the budget process and necessitates flexibility so that spending decisions can be adjusted during the course of the Fiscal Year. See "CITY GENERAL FUND PROGRAMS AND EXPENDITURES" herein.

Budget Process

The City's fiscal year commences on July 1. The City's budget process for each fiscal year begins in the middle of the preceding fiscal year as departments prepare their budgets and seek any required approvals from the applicable City board or commission. Departmental budgets are consolidated by the City Controller, and then transmitted to the Mayor no later than the first working day of March. By the first working day of May, the Mayor is required to submit a proposed budget to the Board of Supervisors for certain specified departments, based on criteria set forth in the Administrative Code. On or before the first working day of June, the Mayor is required to submit the complete budget, including all departments, to the Board of Supervisors.

Under the Charter, following the submission of the Mayor's proposed budget, the City Controller must provide an opinion to the Board of Supervisors regarding the accuracy of economic assumptions underlying the revenue

estimates and the reasonableness of such estimates and revisions in the proposed budget (the City Controller's "Revenue Letter"). The City Controller may also recommend reserves that are considered prudent given the proposed resources and expenditures contained in the Mayor's proposed budget. The City Controller's current Revenue Letter can be viewed online at www.sfcontroller.org. The Revenue Letter and other information from the said website are not incorporated herein by reference. The City's Capital Planning Committee also reviews the proposed budget and provides recommendations based on the budget's conformance with the City's adopted ten-year capital plan. For a further discussion of the Capital Planning Committee and the City's ten-year capital plan, see "CAPITAL FINANCING AND BONDS – Capital Plan" herein.

The City is required by the Charter to adopt a budget which is balanced in each fund. During its budget approval process, the Board of Supervisors has the power to reduce or augment any appropriation in the proposed budget, provided the total budgeted appropriation amount in each fund is not greater than the total budgeted appropriation amount for such fund submitted by the Mayor. The Board of Supervisors must approve the budget by adoption of the Annual Appropriation Ordinance (also referred to herein as the "Original Budget") by no later than August 1 of each year.

The Annual Appropriation Ordinance becomes effective with or without the Mayor's signature after ten days; however, the Mayor has line-item veto authority over specific items in the budget. Additionally, in the event the Mayor were to disapprove the entire ordinance, the Charter directs the Mayor to promptly return the ordinance to the Board of Supervisors, accompanied by a statement indicating the reasons for disapproval and any recommendations which the Mayor may have. Any Annual Appropriation Ordinance so disapproved by the Mayor shall become effective only if, subsequent to its return, it is passed by a two-thirds vote of the Board of Supervisors.

Following the adoption and approval of the Annual Appropriation Ordinance, the City makes various revisions throughout the fiscal year (the Original Budget plus any changes made to date are collectively referred to herein as the "Revised Budget"). A "Final Revised Budget" is prepared at the end of the fiscal year reflecting the year-end revenue and expenditure appropriations for that fiscal year.

November 2009 Charter Amendment Instituting Two-Year Budgetary Cycle

On November 3, 2009, voters approved Proposition A amending the Charter to make changes to the City's budget and financial processes which are intended to stabilize spending by requiring multi-year budgeting and financial planning.

Proposition A requires three significant changes:

- Specifies a two-year (biennial) budget, replacing the annual budget. Fixed two-year budgets were approved in July 2012 by the Board of Supervisors for four departments for fiscal year 2012-13 and 2013-14: the Airport, the Port, the Public Utilities Commission, and MTA. All other departments prepared balanced, rolling two-year budgets beginning in fiscal year 2012-13.
- Requires a five-year financial plan, which forecasts revenues and expenses and summarizes expected public service levels and funding requirements for that period. The first five-year financial plan, including a forecast of expenditures and revenues and proposed actions to balance them in light of strategic goals, was adopted by the Board of Supervisors on June 7, 2011, and was updated on March 7, 2012. A new five-year financial plan, covering fiscal years 2013-14 through 2017-18 was adopted by the Board of Supervisors on April 10, 2013. See "Five Year Financial Plan" below.
- Standardizes the processes and deadlines for the City to submit labor agreements for all public employee unions by May 15. Charges the Controller's Office with proposing to the Mayor and Board of Supervisors financial policies addressing reserves, use of volatile revenues, debt, and financial measures in the case of disaster recovery and requires the City to adopt budgets consistent with these policies once approved. The Controller's Office may recommend additional financial policies or amendments to existing policies no later than October 1 of any subsequent year.

On April 13, 2010, the Board of Supervisors unanimously adopted policies to 1) codify the City's current practice of maintaining an annual General Reserve for current year fiscal pressures not anticipated in the budget and roughly double the size of the General Reserve by fiscal year 2015-16, and 2) create a new Budget Stabilization Reserve funded by excess receipts from volatile revenue streams to augment the existing Rainy Day Reserve to help the City mitigate the impact of multi-year downturns. On November 8 and 22, 2011, the Board of Supervisors unanimously adopted additional financial policies limiting the future approval of Certificates of Participation and other long-term obligations to 3.25% of discretionary revenue, and specifying that selected nonrecurring revenues may only be spent on nonrecurring expenditures. These policies are described in further detail below. The Controller's Office may propose additional financial policies by October 1 of any year.

Role of Controller; Budgetary Analysis and Projections

As Chief Fiscal Officer and City Services Auditor, the City Controller monitors spending for all officers, departments and employees charged with receipt, collection or disbursement of City funds. Under the Charter, no obligation to expend City funds can be incurred without a prior certification by the City Controller that sufficient revenues are or will be available to meet such obligation as it becomes due in the then-current fiscal year, which ends June 30. The City Controller monitors revenues throughout the fiscal year, and if actual revenues are less than estimated, the City Controller may freeze department appropriations or place departments on spending "allotments" which will constrain department expenditures until estimated revenues are realized. If revenues are in excess of what was estimated, or budget surpluses are created, the City Controller can certify these surplus funds as a source for supplemental appropriations that may be adopted throughout the year upon approval of the Mayor and the Board of Supervisors. The City's annual expenditures are often different from the estimated expenditures in the Annual Appropriation Ordinance due to supplemental appropriations, continuing appropriations of prior years, and unexpended current-year funds.

Charter Section 3.105 directs the City Controller to issue periodic or special financial reports during the fiscal year. Each year, the City Controller issues six-month and nine-month budget status reports to apprise the City's policymakers of the current budgetary status, including projected year-end revenues, expenditures and fund balances. The City Controller issued the most recent of these reports, the fiscal year 2012-13 Nine Month Budget Status Report (the "Nine Month Report"), on May 9, 2013. In addition, under Proposition A of November 2009, the Mayor must submit a Five-Year Financial Plan every two years to the Board of Supervisors which forecasts revenues and expenditures for the next five fiscal years and proposes actions to balance them. On April 10, 2013, the Board of Supervisors approved the City's second Five-Year Financial Plan. For details see "Five Year Financial Plan" below. Finally, as discussed above, the City Charter directs the Controller to annually report on the accuracy of economic assumptions underlying the revenue estimates in the Mayor's proposed budget. On June 11, 2013 the Controller released the Discussion of the Mayor's FY 2013-14 and FY 2014-15 Proposed Budget (the "Revenue Letter"). All of these reports are available from the City Controller's website: www.sfcontroller.org. The information from said website is not incorporated herein by reference.

General Fund Results: Audited Financial Statements

The General Fund portions of the fiscal year 2013-14 and 2014-15 Original Budgets total \$3.95 billion, and \$4.05 billion respectively. This does not include expenditures of other governmental funds and enterprise fund departments such as the Airport, the MTA, the Public Utilities Commission, the Port, and the City-owned hospitals (San Francisco General and Laguna Honda). Table A-2 shows Final Revised Budget revenues and appropriations for the City's General Fund for fiscal years 2009-10 through 2012-13 and the Original Budgets for fiscal years 2013-14 through 2014-15. See "PROPERTY TAXATION –Tax Levy and Collection," "OTHER CITY TAX REVENUES" and "CITY GENERAL FUND PROGRAMS AND EXPENDITURES" herein.

The City's most recently completed Comprehensive Annual Financial Report (the "CAFR" which includes the City's audited financial statements) for fiscal year 2012-13 was issued on November 27, 2013. The fiscal year 2012-13 CAFR reported that as of June 30, 2013, the General Fund available for appropriation in subsequent years was \$240.4 million (see Table A-4), of which \$122.7 million was assumed in the fiscal year 2013-14 Original Budget and \$111.6 million was assumed in the fiscal year 2014-15 Original Budget, and \$6.1 million remains available for future appropriations. This represents a \$20.1 million increase in available fund balance over the \$220.3 million available as of June 30, 2012 and resulted primarily from savings and greater-than-budgeted additional tax revenue,

particularly property tax and state realignment revenues, in fiscal year 2012-13. In addition to this available year-end General Fund balance, the City's Rainy Day Reserve Economic Stabilization Account totaled \$23.3 million.

TABLE A-2

CITY AND COUNTY OF SAN FRANCISCO
Budgeted General Fund Revenues and Appropriations for
Fiscal Years 2009-10 through 2014-15
(000s)

	FY 2009-10 Final Revised Budget	FY 2010-11 Final Revised Budget	FY 2011-12 Final Revised Budget	FY 2012-13 Final Revised Budget	FY 2013-14 Original Budget ^{2, 3}	FY 2014-15 Original Budget ²
Prior-Year Budgetary Fund Balance & Reserves	\$390,512	\$312,040	\$427,886	\$557,097	\$156,426	\$129,329
<u>Budgeted Revenues</u>						
Property Taxes	\$1,021,015	\$984,843	\$1,028,677	\$1,078,083	\$1,153,417	\$1,220,417
Business Taxes	371,848	342,350	389,878	452,806	532,988	564,180
Other Local Taxes	456,140	528,470	602,455	733,295	846,924	869,812
Licenses, Permits and Franchises	25,138	23,242	24,337	25,332	23,061	25,533
Fines, Forfeitures and Penalties	11,662	3,794	7,710	7,194	9,097	9,435
Interest and Investment Earnings	10,984	9,547	6,050	6,776	10,946	11,010
Rents and Concessions	19,884	22,346	22,894	21,424	25,534	20,597
Grants and Subventions	686,058	681,090	679,486	721,967	780,936	782,440
Charges for Services	146,680	145,443	153,678	168,963	177,048	177,805
Other	21,713	30,929	19,232	24,844	14,301	21,175
Total Budgeted Revenues	\$2,771,122	\$2,772,054	\$2,934,397	\$3,240,685	\$3,574,252	\$3,702,404
Bond Proceeds & Repayment of Loans	1,725	785	589	627	1,105	760
<u>Expenditure Appropriations</u>						
Public Protection	\$954,816	\$951,516	\$991,840	\$1,058,324	\$1,130,932	\$1,155,085
Public Works, Transportation & Commerce	44,276	25,763	53,878	68,351	80,797	111,993
Human Welfare & Neighborhood Development	657,274	650,622	677,953	670,958	700,254	717,018
Community Health	481,805	513,625	573,970	635,960	701,978	702,791
Culture and Recreation	93,755	100,043	99,762	105,580	119,579	115,632
General Administration & Finance	174,907	178,709	190,014	190,151	244,591	248,135
General City Responsibilities ¹	96,336	88,755	99,274	86,527	96,975	102,802
Total Expenditure Appropriations	\$2,503,169	\$2,509,032	\$2,686,691	\$2,815,852	\$3,075,105	\$3,153,456
Budgetary reserves and designations, net	\$16,653	\$6,213	\$11,112	\$4,191	\$69,883	\$50,121
Transfers In	\$94,678	\$119,027	\$160,187	\$195,388	\$217,982	\$214,792
Transfers Out	(564,945)	(504,740)	(567,706)	(646,018)	(804,777)	(843,708)
Net Transfers In/Out	(\$470,267)	(\$385,713)	(\$407,519)	(\$450,630)	(\$586,795)	(\$628,916)
Budgeted Excess (Deficiency) of Sources						
Over (Under) Uses	\$173,270	\$183,921	\$257,550	\$527,736	\$0	\$0
Variance of Actual vs. Budget	138,770	243,965	299,547	146,901		
Total Actual Budgetary Fund Balance³	\$312,040	\$427,886	\$557,097	\$674,637	\$0	\$0

¹ Over the past five years, the City has consolidated various departments to achieve operational efficiencies. This has resulted in changes in how departments were summarized in the service area groupings above for the time periods shown.

² FY 2013-14 and FY 2014-15 Original Budget Prior-Year Budgetary Fund Balance & Reserves will be reconciled with the previous year's Final Revised Budget.

³ Total Actual Budgetary Fund Balance for FY 2013-14 will be available upon release of the FY 2013-14 Final Revised Budget in the CAFR.

Source: Office of the Controller, City and County of San Francisco.

The City prepares its budget on a modified accrual basis. Accruals for incurred liabilities, such as claims and judgments, workers' compensation, accrued vacation and sick leave pay are funded only as payments are required to be made. The audited General Fund balance as of June 30, 2013 was \$540.9 million (as shown in Table A-3 and Table A-4) using Generally Accepted Accounting Principles ("GAAP"), derived from audited revenues of \$3.3 billion. Audited General Fund balances are shown in Table A-3 on both a budget basis and a GAAP basis with comparative financial information for the fiscal years ended June 30, 2009 through June 30, 2013.

TABLE A-3

CITY AND COUNTY OF SAN FRANCISCO
Summary of Audited General Fund Balances
Fiscal Year Ended June 30¹
(000s)

	2009	2010	2011	2012	2013
Restricted for rainy day (Economic Stabilization account)	\$98,297	\$39,582	\$33,439	\$31,099	\$23,329 ²
Restricted for rainy day (One-time Spending account)	-	-	-	3,010	3,010 ²
Committed for budget stabilization (citywide)	-	-	27,183	74,330	121,580
Committed for Recreation & Parks expenditure savings reserve	6,575	4,677	6,248	4,946	15,907 ²
<u>Assigned, not available for appropriation</u>					
Assigned for encumbrances	65,902	69,562	57,846	62,699	74,815 ²
Assigned for appropriation carryforward	91,075	60,935	73,984	85,283	112,327 ²
Assigned for baseline appropriation funding mandates	-	-	-	-	-
Assigned for budget savings incentive program (citywide)	-	-	8,684	22,410	24,819 ²
Assigned for salaries and benefits (MOU)	316	4,198	7,151	7,100	6,338 ²
Assigned for litigation	-	-	-	-	-
Total Fund Balance Not Available for Appropriation	\$262,165	\$178,954	\$214,535	\$290,877	\$382,125³
Assigned and unassigned, available for appropriation					
Assigned for litigation & contingencies	\$32,900	\$27,758	\$44,900	\$23,637	\$30,254 ⁴
Assigned for General reserve	-	-	-	\$22,306	\$21,818
Assigned for subsequent year's budget	95,447	105,328	159,390	104,284	122,689 ⁵
Unassigned (available for future appropriation)	-	-	9,061	115,993	117,751
Total Fund Balance Available for Appropriation	\$128,347	\$133,086	\$213,351	\$266,220	\$292,512⁶
Total Fund Balance, Budget Basis	\$390,512	\$312,040	\$427,886	\$557,097	\$674,637
Budget Basis to GAAP Basis Reconciliation					
Total Fund Balance - Budget Basis	\$390,512	\$312,040	\$427,886	\$557,097	\$674,637
Unrealized gain or loss on investments	-(1,148)	1,851	1,610	6,838	(1,140)
Nonspendable fund balance	11,307	14,874	20,501	19,598	23,854 ⁷
Cumulative Excess Property Tax Revenues Recognized on Budget Basis	(56,426)	(71,967)	(43,072)	(46,140)	(38,210)
Cumulative Excess Health, Human Service, Franchise Tax and other Revenues on Budget Basis	(37,940)	(55,938)	(63,898)	(62,241)	(93,910)
Deferred Amounts on Loan Receivables	(4,630)	(9,082)	(13,561)	(16,551)	(20,067)
Pre-paid lease revenue	-	-	(1,460)	(2,876)	(4,293)
Total Fund Balance, GAAP Basis	\$301,675	\$191,778	\$328,006	\$455,725	\$540,871

¹ Summary of financial information derived from City CAFRs. GASB Statement 54, issued in March 2009, and implemented in the City's FY 2010-11 CAFR, establishes a new fund balance classification based primarily on the extent to which a government is bound to observe constraints imposed on the use of funds. Subsequent footnotes in this table provide the former descriptive titles for 2011 fund balance amounts.

² Prior to 2011, each line item was titled "reserved" for the purpose indicated

³ Prior to 2011, titled "Total Reserved Fund Balance"

⁴ Prior to 2011, titled "Designated for litigation and contingencies"

⁵ Prior to 2011, titled "Unreserved, undesignated fund balance available for appropriation"

⁶ Prior to 2011, titled "Total Unreserved Fund Balance"

⁷ Prior to 2011, titled "Reserved for Assets Not Available for Appropriation"

Source: Office of the Controller, City and County of San Francisco.

Table A-4, entitled "Audited Statement of Revenues, Expenditures and Changes in General Fund Balances," is extracted from information in the City's CAFR for the five most recent fiscal years. Audited financial statements for the fiscal year ended June 30, 2013 are included herein as Appendix B – "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE YEAR ENDED JUNE 30, 2013." Prior years' audited financial statements can be obtained from the City Controller's website. Information from the City Controller's website is not incorporated herein by reference. Excluded from this Statement of General Fund Revenues and Expenditures in Table A-4 are fiduciary funds, internal service funds, special revenue funds (which relate to proceeds of specific revenue sources which are legally restricted to expenditures for specific purposes) and all of the enterprise fund departments of the City, each of which prepares separate audited financial statements.

TABLE A-4

CITY AND COUNTY OF SAN FRANCISCO
Audited Statement of Revenues, Expenditures and Changes in General Fund Balances
Fiscal Year Ended June 30¹
(000s)

	2009	2010	2011	2012	2013
Revenues:					
Property Taxes	\$999,528	\$1,044,740	\$1,090,776	\$1,056,143	\$1,122,008
Business Taxes ²	387,313	353,471	391,057	435,316	479,627
Other Local Taxes	479,194	520,733	608,197	751,301	756,346
Licenses, Permits and Franchises	24,750	24,249	25,252	25,022	26,273
Fines, Forfeitures and Penalties	5,618	17,279	6,868	8,444	6,226
Interest and Investment Income	9,193	7,900	5,910	10,262	2,125
Rents and Concessions	19,096	18,733	21,943	24,932	35,273
Intergovernmental	645,365	651,074	657,238	678,808	720,625
Charges for Services	135,926	138,615	146,631	145,797	164,391
Other	11,199	21,856	10,377	17,090	14,142
Total Revenues	\$2,717,182	\$2,798,650	\$2,964,249	\$3,153,115	\$3,327,036
Expenditures:					
Public Protection	\$889,594	\$948,772	\$950,548	\$991,275	\$1,057,451
Public Works, Transportation & Commerce	61,812	40,225	25,508	52,815	68,014
Human Welfare and Neighborhood Development	630,112	632,713	610,063	626,194	660,657
Community Health	487,638	473,280	493,939	545,962	634,701
Culture and Recreation	97,415	94,895	99,156	100,246	105,870
General Administration & Finance	170,109	169,980	175,381	182,898	186,342
General City Responsibilities	73,904	87,267	85,422	96,132	81,657
Total Expenditures	\$2,410,584	\$2,447,132	\$2,440,017	\$2,595,522	\$2,794,692
Excess of Revenues over Expenditures	\$306,598	\$351,518	\$524,232	\$557,593	\$532,344
Other Financing Sources (Uses):					
Transfers In	\$136,195	\$94,115	\$108,072	\$120,449	\$195,272
Transfers Out	(550,910)	(559,263)	(502,378)	(553,190)	(646,912)
Other Financing Sources	4,157	3,733	6,302	3,682	4,442
Other Financing Uses	-	-	-	-	-
Total Other Financing Sources (Uses)	(\$410,558)	(\$461,415)	(\$388,004)	(\$429,059)	(\$447,198)
Extraordinary gain/(loss) from dissolution of the Redevelopment Agency				(815)	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(\$103,960)	(\$109,897)	\$136,228	\$127,719	\$85,146
Total Fund Balance at Beginning of Year	405,635	\$301,675	\$191,778	\$328,006	\$455,725
Total Fund Balance at End of Year -- GAAP Basis⁴	\$301,675	\$191,778	\$328,006	\$455,725	\$540,871
Assigned for Subsequent Year's Appropriations and Unassigned Fund Balance, Year End					
-- GAAP Basis	\$28,203	(\$2,050)	\$48,070	\$133,794	\$135,795 ³
-- Budget Basis	\$95,447	\$105,328	\$168,451	\$220,277	\$240,410 ⁴

¹ Summary of financial information derived from City CAFRs. Fund balances include amounts reserved for rainy day (Economic Stabilization and One-time Spending accounts), encumbrances, appropriation carryforwards and other purposes (as required by the Charter or appropriate accounting practices) as well as unreserved designated and undesignated available fund balances (which amounts constitute unrestricted General Fund balances).

² Does not include business taxes allocated to special revenue fund for the Community Challenge Grant program.

³ Prior to adoption of GASB Statement 54 in 2011, titled "Unreserved & Undesignated Balance, Year End"

⁴ Total FY 2012-13 amount is comprised of \$122.7 million in assigned balance subsequently appropriated for use in FY 2013-14 plus \$117.8 million unassigned balance available for future appropriations.

Sources: Comprehensive Annual Financial Report; Office of the Controller, City and County of San Francisco.

Five-Year Financial Plan

The Five-Year Financial Plan is required under Proposition A, a Charter amendment approved by voters in November 2009. The Charter requires the plan to forecast expenditures and revenues for the next five-fiscal years, propose actions to balance revenues and expenditures during each year of the plan, and discuss strategic goals and corresponding resources for City departments. The first Five-Year Financial Plan, covering fiscal years 2011-12 through 2015-16, was prepared by the Mayor's Office and Controller's Office in collaboration with City departments and adopted by the Board of Supervisors on June 7, 2011 and updated on March 7, 2012.

The Five-Year Financial Plan for fiscal year 2013-14 through 2017-18 was approved by the Board of Supervisors on April 2, 2013. For General Fund Supported Operations for fiscal year 2013-14 through fiscal year 2017-18, the Plan projected budgetary shortfalls of \$124 million, \$256 million, \$368 million, \$423 million and \$487 million over the next five fiscal years. The \$487 million projected shortfall is a significant improvement from the first Five-Year Financial Plan which in 2011 projected a five-year shortfall of \$829 million. This Plan projected continued recovery in local tax revenues. However, projected increases in employee salary and benefits, citywide operating expenses, and departmental costs are rising faster than projected revenue growth. To the extent budgets are balanced with ongoing savings or revenues, future shortfalls will decrease.

The fiscal year 2013-14 and fiscal year 2014-15 budget approved by the Board of Supervisors on July 23, 2013, closed budget gaps identified in the Five Year Financial Plan. Strategies used to balance the budget are discussed in the budget section below. To the extent that the Mayor's budget is balanced with ongoing savings or revenues, this will reduce the projected deficits for subsequent fiscal years.

The City currently projects revenue growth of \$578 million over the five-year period of this Plan, and expenditure growth of \$1.065 billion. Employee pension costs, wages and other benefit growth are the single largest driver of cost growth and the imbalance between revenues and expenditures, growing by \$459 million, 43% of the total expenditure growth, during the five years of the plan. Other costs projected to increase include: Citywide Operating Costs (\$298 million, 28% of expenditure growth), Department of Public Health specific cost increases (\$133 million, 13%), Charter Mandated Baseline and Reserve Changes (\$118 million, 11%), and Other Department Specific Cost Increases (\$57 million, 5%).

The Plan proposes the following strategies to restore fiscal stability: controlling capital spending and debt restructuring; controlling wage and benefit costs; additional tax and fee revenues; adjustments to baselines and revenue allocations; limiting growth in contract and materials costs; reduced reliance on non-recurring revenues and savings; and ongoing departmental revenues and savings initiatives.

City Budget Adopted for Fiscal Years 2013-14 and 2014-15

On July 24, 2013, Mayor Lee signed the Consolidated Budget and Annual Appropriation Ordinance (the "Original Budget") for fiscal years ending June 30, 2014 and June 30, 2015. This is the second two-year budget for the entire City. The Controller's Office issued its required Controller's Discussion of the Mayor's fiscal year 2013-14 and fiscal year 2014-15 Proposed Budget on June 11, 2013. The Mayor's budget closed the \$124 million and \$256 million general fund shortfalls for fiscal year 2013-14 and fiscal year 2014-15 identified in the Five Year Financial Plan through a combination of (a) net citywide revenue increases of \$91 million and \$83 million, respectively; (b) a net Citywide expenditure increase of \$6 million in fiscal year 2013-14 for capital projects, followed by Citywide expenditure savings of \$60 million in fiscal year 2014-15, both made possible in part by lower than expected health costs and improved pension system returns; (c) one-time revenues of \$28 million and \$13 million, respectively; (d) departmental savings totaling \$11 million and \$47 million respectively, the largest component of which was securing alternative sources for furniture, fixtures and equipment for the new San Francisco General Hospital building (\$17 million and \$34 million), and (e) cost savings of \$53 million in fiscal year 2014-15 made up of \$33 million in reduced funding for growth in contracts and \$20 million of deferred education enrichment fund allocations to the San Francisco Unified School District and First Five Commission.

On June 27, 2013 the Board of Supervisors Budget and Finance Committee unanimously approved the Mayor's proposed budget with minor revisions totaling \$25 million in fiscal year 2013-14 and \$15.4 million in fiscal year 2014-15. The revisions in fiscal year 2013-14 were funded by \$10.1 million in Committee reductions to the Mayor's budget and \$15 million of additional sources identified by the Mayor, including \$7.5 million in additional

expenditure savings identified from fiscal year 2012-13 and \$3.6 million in additional expenditure savings in fiscal year 2013-14, \$1.4 million in additional fiscal year 2012-13 property tax revenue above the amount required to be deposited in the Budget Stabilization Reserve and to fund baseline transfers, \$1.4 million in leftover funds in the budget's technical adjustment reserve and \$1 million from Consumer Protection funds.

The Original Budget for fiscal years 2013-14 and 2014-15 totals \$7.91 billion and \$7.93 billion respectively, representing increases over prior year of \$554 million and \$23 million. The General Fund portion of each year's budget is \$3.95 billion in fiscal year 2013-14 and \$4.05 billion in fiscal year 2014-15 representing consecutive increases of \$463 million and \$98 million. There are 27,669 funded full time positions in the fiscal year 2013-14 Original Budget and 27,850 in the fiscal year 2014-15 Original Budget representing increases of 813 and 181, respectively.

The budget for fiscal years 2013-14 and 2014-15 adheres to the City's policy limiting the use of certain nonrecurring revenues to nonrecurring expenses proposed by the Controller's Office and approved unanimously by the Board of Supervisors on November 22, 2011. The policy was approved by the Mayor on December 1, 2011 and can only be suspended for a given fiscal year by a two-thirds vote of the Board. Specifically, this policy limited the Mayor and Board's ability to use for operating expenses the following nonrecurring revenues: extraordinary year-end General Fund balance (defined as General Fund prior year unassigned fund balance before deposits to the Rainy Day Reserve or Budget Stabilization Reserve in excess of the average of the previous five years), the General Fund share of revenues from prepayments provided under long-term leases, concessions, or contracts, otherwise unrestricted revenues from legal judgments and settlements, and other unrestricted revenues from the sale of land or other fixed assets. Under the policy, these nonrecurring revenues may only be used for nonrecurring expenditures that do not create liability for or expectation of substantial ongoing costs, including but not limited to: discretionary funding of reserves, acquisition of capital equipment, capital projects included in the City's capital plans, development of affordable housing, and discretionary payment of pension, debt or other long term obligations.

Impact of the State of California Budget on Local Finances

The State continues its slow economic recovery. Revenues from the State represent approximately 21.5% of the General Fund revenues appropriated in the fiscal year 2013-14 Original Budget, and thus changes in State revenues could have a significant impact on the City's finances. In a typical year, the Governor releases two primary proposed budget documents: 1) the Governor's Proposed Budget required to be submitted in January; and 2) the "May Revise" to the Governor's Proposed Budget. The Governor's Proposed Budget is then considered and typically revised by the State Legislature. Following that process, the State Legislature adopts, and the Governor signs, the State budget. City policy makers review and estimate the impact of both the Governor's Proposed and May Revise Budgets prior to the City adopting its own budget.

On June 27, 2013, Governor Brown signed the 2013-14 California State budget into law. In contrast to recent budgets, which closed multibillion dollar shortfalls, spending in fiscal year 2013-14 is set to increase by 3 percent over fiscal year 2012-13, including a \$1.1 billion reserve, due to voter-approved tax increases, economic recovery and prior reductions. The City's Original Budget for fiscal years 2013-14 and 2014-15 does not include the allowance for unallocated State funding reductions deemed necessary in budgets for fiscal years 2009-10 through 2012-13. The largest source of uncertainty in the City's budget is related to the implementation of national health care reform (the Affordable Care Act, or ACA). The State's fiscal year 2013-14 budget includes a \$300 million reduction in funding for indigent health care to counties to reflect the expected enrollment of over one million additional adults in Medi-Cal beginning in January, 2014, of which San Francisco's share is \$17 million. The timing and extent to which reduced subventions will be made up by increased insurer reimbursements is not certain at this time, and budget adjustments may be required should the Mayor and the Board of Supervisors wish to backfill lost revenue and increased costs.

Impact of Federal Budget Tax Increases and Expenditure Reductions on Local Finances

On December 26, 2013, the President signed a two-year federal budget. The budget partially repeals sequester-related budget cuts for Fiscal Years 2013-14 and 2014-15. The City is currently reviewing the budget and the projected financial impact to the City is unknown at this time.

Budgetary Reserves and Economic Stabilization

Under the Charter, the Treasurer, upon recommendation of the City Controller, is authorized to transfer legally available moneys to the City's operating cash reserve from any unencumbered funds then held in the City's pooled investment fund. The operating cash reserve is available to cover cash flow deficits in various City funds, including the City's General Fund. From time to time, the Treasurer has transferred unencumbered moneys in the pooled investment fund to the operating cash reserve to cover temporary cash flow deficits in the General Fund and other City funds. Any such transfers must be repaid within the same fiscal year in which the transfer was made, together with interest at the rate earned on the pooled funds at the time the funds were used. The City has not issued tax and revenue anticipation notes to finance short-term cash flow needs since fiscal year 1996-97. See "INVESTMENT OF CITY FUNDS – Investment Policy" herein.

The financial policies passed on April 13, 2010 codified the current practice of maintaining an annual General Reserve to be used for current-year fiscal pressures not anticipated during the budget process. The policy set the reserve equal to one percent of budgeted regular General Fund revenues in fiscal year 2012-13 and increasing by 0.25% each year thereafter until reaching 2% of General Fund revenues in fiscal year 2016-17. The required starting balance of the General Reserve was \$32.2 million in fiscal year 2012-13 and is \$44.7 million and \$55.5 million in fiscal years 2013-14 and 2014-15 respectively.

In addition to the operating cash and general reserves the City maintains two types of reserves to offset unanticipated expenses and which are available for appropriation to City departments by action of the Board of Supervisors. These include the Salaries and Benefit Reserve (\$13.1 million in fiscal year 2013-14 and \$13.5 million in fiscal year 2014-15), and the Litigation Reserve (\$11.0 million in each year). Balances in both reflect new appropriations to the reserves and do not include carry-forward of prior year balances. The Charter also requires set asides of a portion of departmental expenditure savings in the form of a citywide Budget Savings Incentive Reserve and a Recreation and Parks Budget Savings Incentive Reserve.

The City also maintains Rainy Day and Budget Stabilization reserves whose balances carry-forward annually and whose use is allowed under select circumstances described below.

Rainy Day Reserve

In November 2003, City voters approved the creation of the City's Rainy Day Reserve into which the previous Charter-mandated cash reserve was incorporated. Charter Section 9.113.5 requires that if the City Controller projects total General Fund revenues for the upcoming budget year will exceed total General Fund revenues for the current year by more than five percent, then the City's budget shall allocate the anticipated General Fund revenues in excess of that five percent growth into the following two accounts within the Rainy Day Reserve and for other lawful governmental purposes.

50 percent of the excess revenues to the Rainy Day Economic Stabilization account;
25 percent of the excess revenues to the Rainy Day One-Time or Capital Expenditures account; and
25 percent of the excess revenues to any lawful governmental purpose.

Fiscal year 2011-12 revenue exceeded the deposit threshold, resulting in a \$6.0 million deposit to the Rainy Day Reserve Economic Stabilization account and a \$3.0 million deposit to the One-Time Capital Expenditures account. The deposit threshold was not exceeded in fiscal year 2012-13 and the fiscal year 2013-14 and 2014-15 budgets do not anticipate deposits to the reserve.

Deposits to the Rainy Day Reserve's Economic Stabilization account are subject to a cap of 10% of actual total General Fund revenues as stated in the City's most recent independent annual audit. Amounts in excess of that cap in any year will be allocated to capital and other one-time expenditures. Moneys in the Rainy Day Reserve's Economic Stabilization account are available to provide a budgetary cushion in years when General Fund revenues are projected to decrease from prior-year levels (or, in the case of a multi-year downturn, the highest of any previous year's total General Fund revenues). Moneys in the Rainy Day Reserve's One-Time or Capital Expenditures account are available for capital and other one-time spending initiatives. Except for the transfer to SFUSD described below, no draw from the Rainy Day Reserve is budgeted in fiscal years 2013-14 and 2014-15.

If the City Controller projects that per-pupil revenues for the SFUSD will be reduced in the upcoming budget year, the Board of Supervisors and Mayor may appropriate funds from the Rainy Day Economic Stabilization account to the SFUSD. This appropriation may not exceed the dollar value of the total decline in school district revenues, or 25% of the account balance, whichever is less. The fiscal year 2012-13 ending balance of this account was \$23.3 million. The fiscal year 2013-14 and 2014-15 budgets include allocations of \$5.8 million and \$4.4 million, respectively, to the SFUSD. Assuming no other withdrawals or deposits, this would leave a balance remaining in the Rainy Day Reserve at the end of fiscal year 2014-15 of \$13.1 million.

On April 13, 2010, the Board of Supervisors unanimously approved the City Controller's proposed financial policies on reserves and the use of certain volatile revenues. The policies were approved by the Mayor on April 30, 2010, and can only be suspended for a given fiscal year by a two-thirds vote of the Board. With these policies the City created two additional types of reserves: General Reserve and the Budget Stabilization Reserve described below.

Budget Stabilization Reserve

The Budget Stabilization Reserve augments the existing Rainy Day Reserve and is funded through the dedication of 75% of certain volatile revenues to the new reserve, including Real Property Transfer Tax receipts in excess of the five-year annual average (controlling for the effect of any rate increases approved by voters), funds from the sale of assets, and year-end unassigned General Fund balances beyond the amount assumed as a source in the subsequent year's budget.

The fiscal year 2012-13 ending balance in the reserve was \$121.6 million, an increase of \$47.3 million from the prior year end and \$19.1 million greater than the Nine-Month Report projected ending balance of \$102.5 million, due to fund balance above that appropriated in the subsequent years' budgets. In addition, the Original Budget assumes transfer tax revenue will be above the prior five year adjusted average in both fiscal years 2013-14 and 2014-15, resulting in reserve deposits of \$16.0 million and \$14.4 million, respectively.

The maximum combined value of the Rainy Day Reserve and the Budget Stabilization Reserve is 10% of General Fund revenues, which would be approximately \$357 million for fiscal year 2013-14 based on fiscal year 2013-14 Original Budget. No further deposits will be made once this cap is reached, and no deposits are required in years when the City is eligible to withdraw. The Budget Stabilization Reserve has the same withdrawal requirements as the Rainy Day Reserve, however, there is no provision for allocations to the SFUSD. Withdrawals are structured to occur over a period of three years: in the first year of a downturn, a maximum of 30% of the combined value of the Rainy Day Reserve and Budget Stabilization Reserve could be drawn. In the second year, the maximum withdrawal is 50%, and in the third year, the entire remaining balance may be drawn.

San Francisco Redevelopment Agency Dissolution

On February 1, 2012, the San Francisco Redevelopment Agency (the "SFRDA") ceased to exist by operation of law as a result of Assembly Bill No. X1 26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) ("AB 26"), and a California Supreme Court decision described below. AB 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statute of 2011-12) ("AB 1484" and together with AB 26, the "Dissolution Act").

The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency under the Community Redevelopment Law that have not been repealed, restricted or revised pursuant to AB 26 will be vested in the successor agency. The successor agency for each redevelopment agency is generally the county or city that authorized the creation of the redevelopment agency. On January 26, 2012 the City adopted a Board of Supervisors resolution providing for the City to become the successor agency to the SFRDA (the "Successor SFRDA"). The resolution also approved the retention by the City of all the affordable housing assets of the SFRDA (including encumbered funds in the Low and Moderate Income Housing Fund) and authorized the Mayor's Office of Housing to manage the housing assets and exercise the housing functions that the SFRDA formerly performed. The resolution places most of the non-housing assets of the SFRDA under the jurisdiction of the Director of the Department of Administrative Services.

Pursuant to AB 1484, the Successor SFRDA is a separate public agency from the City, and the assets and liabilities of the former SFRDA will not be transferred to the City. The Successor SFRDA will succeed to the organizational status of the former SFRDA, but without any legal authority to participate in redevelopment activities, except in

connection with approved enforceable obligations as provided in the Dissolution Act. In general, the debt of the former SFRDA will become the debt of the Successor SFRDA as the SFRDA's successor agency. Such debt will be payable only from the property tax revenues (former tax increment) or other revenue sources that originally secured such debt. The Dissolution Act does not provide for any new sources of revenue, including general fund revenues of the City, for any SFRDA bonds.

There are significant uncertainties regarding the meaning of certain provisions of the Dissolution Act and the impact of the Dissolution Act on the City, including, among other matters, the obligation imposed on the City in performing its duties as Successor SFRDA, performing the enforceable obligations as Successor SFRDA, paying the debt of the former SFRDA as Successor SFRDA and completing certain projects of the former SFRDA. Future legislation and court decisions may clarify some of these uncertainties. There is also uncertainty about how the City may pursue certain community development goals that the former SFRDA undertook and that are not covered by enforceable obligations, and the City's use of alternative funding sources for projects and programs to pursue such goals.

The total General Fund impact of the dissolution will depend on State decisions regarding the use of tax increment in redevelopment project areas. The State may or may not allow the redevelopment successor agency to retain cash balances to meet contractual obligations for affordable housing and infrastructure improvements. Property tax revenue estimates in the proposed Five Year Financial Plan assume tax increment is used for debt service, to meet obligations made to developers, and approximately \$3.4 million annually for non-debt service uses, resulting in residual tax increment available to be distributed to the taxing entities of approximately \$25.6 million in fiscal year 2013-14, rising to approximately \$42.3 million in fiscal year 2017-18, of which just under 57% would be allocated to the General Fund. This amount could increase depending on uses allowed by the State.

Although uncertainty remains, the State Department of Finance (DOF) has completed reviews of two funds held by the Successor Agency to the San Francisco Redevelopment Agency (the Office of Community Infrastructure and Investment, or OCII). DOF's December 14, 2012 review of the Low and Moderate Income Housing Fund (LMIHF) required \$106.9 million to be surrendered and distributed to taxing entities, and its April 1, 2013 review of the Other Assets Fund (OAF) required \$204.2 million to be surrendered. These amounts were substantially reduced upon appeal by the OCII, and on May 31, 2013, Successor SFRDA remitted \$10.6 million of LMIHF and \$1.0 million of OAF balances, resulting in a total increase of property tax revenue to the City of \$7.5 million, of which \$6.5 million accrued to the General Fund.

On May 29, 2013, the DOF granted a Finding of Completion for the Successor SFRDA. Pursuant to Health and Safety Code (HSC) section 34179.7, the DOF verified that the Successor SFRDA does not owe any amounts to the taxing entities as determined under HSC section 34179.6, subdivisions (d) or (e) and HSC section 34183.5. In addition, the receipt of the Finding of Completion allows the Successor SFRDA to submit a Long Range Property Management Plan ("LRPMP") to the Oversight Board and the DOF for approval. The LRPMP addresses the disposition and use of real properties held by the Successor Agency and must be submitted within six months of receipt of the Finding of Completion. Part 1 of the LRPMP was approved by the DOF on October 4, 2013. The Oversight Board approved Part 2 of the LRPMP on November 25, 2013 and has submitted it to DOF.

AB 26 and Supreme Court Decision

On December 29, 2011 the California Supreme Court issued its decision in *California Redevelopment Association v. Matosantos* (No. S194861) ("Matosantos") regarding the constitutionality of two budget bills involving redevelopment, AB 26 and ABX1 27 (Chapter 6, Statutes of 2011-12, First Extraordinary Session) ("AB 27"). AB 26 dissolved all redevelopment agencies, and designated "successor agencies" with certain powers and duties. AB 27 would have allowed a redevelopment agency to continue to exist, notwithstanding AB 26, if the city or county that created the redevelopment agency made certain payments for the benefit of the local schools and other taxing entities. In *Matosantos* the Court upheld AB 26 requiring the dissolution of redevelopment agencies and the transfer of assets and obligations to successor agencies, but invalidated AB 27. The *Matosantos* decision also modified various deadlines for the implementation of AB 26.

As a consequence of the *Matosantos* decision, all California redevelopment agencies, including the former SFRDA, dissolved by operation of law on February 1, 2012. All property tax revenues that would have been allocated to redevelopment agencies, including the former SFRDA, will be allocated to the applicable Redevelopment Property Tax Trust Fund created by the County Auditor-Controller for the "successor agency." Such funds are to be used for

payments on indebtedness and other "enforceable obligations" (as defined in the Dissolution Act), and to pay certain administrative costs and any amounts in excess of that amount are to be considered property taxes that will be distributed to taxing agencies.

The Dissolution Act requires successor agencies, such as the Successor SFRDA, to continue to make payments and perform other obligations required under enforceable obligations for former redevelopment agencies. AB 26 defines "enforceable obligations" to include bonds, loans, legally required payments, judgments or settlements, legally binding and enforceable agreements and certain other obligations. The Dissolution Act generally excludes from the definition of enforceable obligations any loans or agreements solely between a redevelopment agency and the city or county that created the agency. It also excludes any agreements that are void as violating the debt limit or public policy. Payment and performance of enforceable obligations is subject to review by oversight boards and by the State Controller and State Department of Finance.

The Dissolution Act expressly limits the liabilities of a successor agency in performing duties under the Dissolution Act to the amount of property tax revenues received by such successor agency under the Dissolution Act (generally equal to the amount of former tax increment received by the former redevelopment agency) and the assets of the former redevelopment agency. The Dissolution Act does not provide for any new sources of revenue, including general fund revenues of the City, for any SFRDA bonds (but as discussed below, the City's costs of performing its obligations under AB 26 and of pursuing the economic development goals of the former SFRDA are uncertain and could be significant).

The Oversight Board and the Department of Finance has approved the ROPS for July 1, 2013 to December 31, 2013.

Impact of Dissolution Act and Information concerning SFRDA

Although provisions have been made under the Dissolution Act to provide funds (i.e. property tax revenues) to continue certain enforceable obligations of the Successor SFRDA, the costs of performing its duties under the Dissolution Act, including performing all enforceable obligations of the former SFRDA, and pursuing community development goals that the former SFRDA undertook and that are not covered by enforceable obligations are uncertain, and could impose significant costs on the City's general fund not offset by property tax revenues,

The provisions of the Dissolution Act are unclear as to numerous aspects of the operations and finances of the Successor SFRDA, including but not limited to the administration of enforceable obligations (including bonds), the flow and uses of tax increment moneys and the disposition of SFRDA assets. Therefore, there are significant uncertainties regarding the finances and operations of the Successor SFRDA entity and administration of its bonds once the City became the successor agency to the SFRDA. Interpretations and clarification of AB 26 are likely to come from future State legislation or administrative guidance and court decisions. At present, the City cannot predict many aspects or the overall outcome of AB 26 on the City's finances and the SFRDA bonds; however it is likely that at least certain aspects of the implementation of AB 26 may materially impact the finances of the City and may materially impact the SFRDA bonds. Further, future redevelopment and housing activities in the City that would have been undertaken by the SFRDA had it continued in existence will no longer occur if they are not required under preexisting enforceable obligations.

In its audited financial statement for the year ended June 30, 2013, the City included financial information pertaining to the Successor SFRDA in the City's audited financial statements. The Successor SFRDA also prepares its own financial statements.

PROPERTY TAXATION

Property Taxation System – General

The City receives approximately one-third of its total General Fund operating revenues from local property taxes. Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the City. The City levies property taxes for general operating purposes as well as for the payment of voter-approved bonds. As a county under State law, the City also levies property taxes on behalf of all local agencies with overlapping jurisdiction within the boundaries of the City.

Local property taxation is the responsibility of various City officers. The Assessor computes the value of locally assessed taxable property. After the assessed roll is closed on June 30th, the City Controller issues a Certificate of Assessed Valuation in August which certifies the taxable assessed value for that fiscal year. The Controller also compiles a schedule of tax rates including the 1.0% tax authorized by Article XIII A of the State Constitution (and mandated by statute), tax surcharges needed to repay voter-approved general obligation bonds, and tax surcharges imposed by overlapping jurisdictions that have been authorized to levy taxes on property located in the City. The Board of Supervisors approves the schedule of tax rates each year by ordinance adopted no later than the last working day of September. The Treasurer and Tax Collector prepare and mail tax bills to taxpayers and collect the taxes on behalf of the City and other overlapping taxing agencies that levy taxes on taxable property located in the City. The Treasurer holds and invests City tax funds, including taxes collected for payment of general obligation bonds, and is charged with payment of principal and interest on such bonds when due. The State Board of Equalization assesses certain special classes of property, as described below. See "Taxation of State-Assessed Utility Property" below.

Assessed Valuations, Tax Rates and Tax Delinquencies

Table A-5 provides a recent history of assessed valuations of taxable property within the City. The property tax rate is composed of two components: 1) the 1.0% countywide portion, and 2) all voter-approved overrides which fund debt service for general obligation bond indebtedness. The total tax rate shown in Table A-5 includes taxes assessed on behalf of the City as well as SFUSD, SFCCD, the Bay Area Air Quality Management District ("BAAQMD"), and the San Francisco Bay Area Rapid Transit District ("BART"), all of which are legal entities separate from the City. See also, Table A-25: "Direct and Overlapping Debt and Long-Term Obligations" below. In addition to *ad valorem* taxes, voter-approved special assessment taxes or direct charges may also appear on a property tax bill.

Additionally, although no additional rate is levied, a portion of property taxes collected within the City is allocated to the Successor SFRDA (also known as the Office of Community Investment and Infrastructure or OCII). Property tax revenues attributable to the growth in assessed value of taxable property (known as "tax increment") within the adopted redevelopment project areas may be utilized by OCII to pay for outstanding and enforceable obligations, causing a loss of tax revenues from those parcels located within project areas to the City and other local taxing agencies, including SFUSD and SFCCD. Taxes collected for payment of debt service on general obligation bonds are not affected or diverted. The Successor SFRDA received \$114 million of property tax increment in fiscal year 2012-13, diverting about \$65 million that would have otherwise been apportioned to the City's discretionary general fund.

The percent collected of property tax (current year levies excluding supplementals) has increased slightly from 98.18% for fiscal year 2011-12 to 98.65% for fiscal year 2012-13. This table has been modified from the corresponding table in previous disclosures in order to make the levy and collection figures consistent with statistical reports provided to the State of California. Foreclosures, defined as the number of trustee deeds recorded by the Assessor-Recorder's Office, numbered 363 for fiscal year 2012-13 compared to 802 for fiscal year 2011-12, 927 in fiscal year 2010-11, 901 in fiscal year 2009-10, and 633 in fiscal year 2008-09. This represents 0.18%, 0.32%, 0.45%, 0.46%, and 0.40%, respectively, of total parcels in such fiscal years.

TABLE A-5

CITY AND COUNTY OF SAN FRANCISCO
Assessed Valuation of Taxable Property
Fiscal Years 2008-09 through 2013-14
(\$000s)

Fiscal Year	Net Assessed Valuation (NAV) ¹	% Change from Prior Year	Total Tax Rate per \$100 ²	Total Tax Levy ³	Total Tax Collected ³	% Collected June 30
2009-10	150,233,436	6.3%	1.159	1,808,505	1,764,100	97.54%
2010-11	157,865,981	5.1%	1.164	1,888,048	1,849,460	97.96%
2011-12	158,649,888	0.5%	1.172	1,918,680	1,883,666	98.18%
2012-13	165,043,120	4.0%	1.169	1,997,645	1,970,662	98.65%
2013-14	172,489,208	4.5%	1.188	2,049,172	n/a	n/a

¹ Based on Certificate of Assessed Valuation dated as of August 15, 2013. Net Assessed Valuation (NAV) is Total Assessed Value for Secured and Unsecured Rolls, less Non-reimbursable Exemptions and Homowner Exemptions.

² Annual tax rate for unsecured property is the same rate as the previous year's secured tax rate.

³ The Total Tax Levy and Total Tax Collected through FY 2012-13 is based on year-end current year secured and unsecured levies as adjusted through roll corrections, excluding supplemental assessments, as reported on Treasurer/Tax Collector Report 100 and reported to the State of California (available on the website of the California State Controller's Office). Total Tax Levy for FY 2013-14 is based on NAV times the 1.1880% tax rate.

Note: This table has been modified from the corresponding table in previous bond disclosures to make levy and collection figures consistent with statistical reports provided to the State of California.

Source: Office of the Controller, City and County of San Francisco.

For fiscal year 2013-14, the total net assessed valuation of taxable property within the City is \$172.5 billion. Of this total, \$162.6 billion (94.3%) represents secured valuations and \$9.87 billion (5.7%) represents unsecured valuations. (See "Tax Levy and Collection" below, for a further discussion of secured and unsecured property valuations.)

Proposition 13 limits to 2% per year any increase in the assessed value of property, unless it is sold or the structure is improved. The total net assessed valuation of taxable property therefore does not generally reflect the current market value of taxable property within the City and is in the aggregate substantially less than current market value. For this same reason, the total net assessed valuation of taxable property lags behind changes in market value and may continue to increase even without an increase in aggregate market values of property.

Under Article XIII A of the State Constitution added by Proposition 13 in 1978, property sold after March 1, 1975 must be reassessed to full cash value at the time of sale. Every year, some taxpayers appeal the Assessor's determination of their properties' assessed value, and some of the appeals may be retroactive and for multiple years. The State prescribes the assessment valuation methodologies and the adjudication process that counties must employ in connection with counties' property assessments. With respect to the fiscal year 2012-13 levy, property owners representing approximately 18.2% of the total assessed valuation in the City filed appeals for a reduction of their assessed value.

The City typically experiences increases in assessment appeals activity during economic downturns and decreases in appeals as the economy rebounds. Historically, during severe economic downturns, partial reductions of up to approximately 30% of the assessed valuations appealed have been granted. Assessment appeals granted typically result in revenue refunds, and the level of refund activity depends on the unique economic circumstances of each fiscal year. Other taxing agencies such as SFUSD, SFCCD, BAAQMD, and BART share proportionately in any refunds paid as a result of successful appeals. To mitigate the financial risk of potential assessment appeal refunds, the City funds appeal reserves for its share of estimated property tax revenues for each fiscal year. In addition, appeals activity is reviewed each year and incorporated into the current and subsequent years' budget projections of

property tax revenues. Refunds of prior years' property taxes from the discretionary general fund appeal reserve fund for fiscal years 2007-08 through 2012-13 are listed in Table A-6 below.

TABLE A-6

CITY AND COUNTY OF SAN FRANCISCO
Refunds of Prior Years' Property Taxes
General Fund Assessment Appeals Reserve
(000s)

Year Ended	Amount Refunded
June 30, 2009	\$7,288
June 30, 2010	14,015
June 30, 2011	41,730
June 30, 2012	53,288
June 30, 2013	36,744

Source: Office of the Controller, City and County of San Francisco

As of July 1, 2013, the Assessor granted 18,409 temporary reductions in property assessed values worth a total of \$2.02 billion (equating to a reduction of about \$11.4 million in discretionary general fund taxes), compared to 21,228 temporary reductions with a value of \$2.82 billion (equating to a reduction of about \$16.0 million in discretionary general fund taxes) granted in Spring 2012. The fiscal year 2013-14 \$2.02 billion temporary reduction total represented 1.17% of the fiscal year 2013-14 Net Assessed Valuation of \$172.49 billion shown in Table A-5. The average temporary reduction in assessed value granted, excluding timeshare properties, decreased from \$175,980 in 2012 to \$151,559 in 2013. All of the temporary reductions granted are subject to review in the following year. Property owners who are not satisfied with the valuation shown on a Notice of Assessed Value may have a right to file an appeal with the Assessment Appeals Board (AAB) within a certain period of time. For regular, annual secured property tax assessments, the time period for property owners to file an appeal typically falls between July 2nd and September 15th.

As of June 30, 2013, the total number of open appeals before the Assessment Appeals Board (AAB) was 7,421, compared to 7,729 open AAB appeals as of June 30, 2012, including 5,500 filed since July 1, 2012 with the balance pending from prior fiscal years. The difference between the current assessed value and the taxpayers' opinion of values for the open AAB appeals is \$42.3 billion. Assuming the City did not contest any taxpayer appeals and the Board upheld all of the taxpayers' requests, this represents a negative potential property tax impact of \$488.6 million with an impact on the discretionary general fund of about \$239.4 million. The volume of appeals is not necessarily an indication of how many appeals will be granted, nor of the magnitude of the reduction in assessed valuation that the Assessor may ultimately grant. City revenue estimates take into account projected losses from pending and future assessment appeals.

Tax Levy and Collection

As the local tax-levying agency under State law, the City levies property taxes on all taxable property within the City's boundaries for the benefit of all overlapping local agencies, including SFUSD, SFCCD, the Bay Area Air Quality Management District, and BART. The total tax levy for all taxing entities in fiscal year 2013-14 is estimated to produce \$2.05 billion, not including supplemental, escape, and special assessments that may be assessed during the year. Of this amount, the City has budgeted to receive \$1.153 billion into the General Fund and \$127.9 million into special revenue funds designated for children's programs, libraries and open space. SFUSD and SFCCD are estimated to receive \$125.0 million and \$23.5 million, respectively, and the local ERAF is estimated to receive \$411.3 million (before adjusting for the State's Triple Flip sales tax and vehicle license fees ("VLF") backfill shifts). The Successor SFRDA will receive about \$121.9 million. The remaining portion is allocated to various other governmental bodies, various special funds, general obligation bond debt service funds, and other taxing entities. Taxes levied to pay debt service for general obligation bonds issued by the City, SFUSD, SFCCD, and BART may only be applied for that purpose.

The City's General Fund is allocated about 57% of total property tax revenue before adjusting for the State's Triple Flip (whereby Proposition 57 dedicated 0.25% of local sales taxes, which were subsequently backfilled by a decrease to the amount of property taxes shifted to ERAF from local governments, thereby leaving the State to fund a like amount from the State's General Fund to meet Proposition 98 funding requirements for schools) and VLF backfill shifts.

Generally, property taxes levied by the City on real property become a lien on that property by operation of law. A tax levied on personal property does not automatically become a lien against real property without an affirmative act of the City taxing authority. Real property tax liens have priority over all other liens against the same property regardless of the time of their creation by virtue of express provision of law.

Property subject to *ad valorem* taxes is entered as secured or unsecured on the assessment roll maintained by the Assessor-Recorder. The secured roll is that part of the assessment roll containing State-assessed property and property (real or personal) on which liens are sufficient, in the opinion of the Assessor-Recorder, to secure payment of the taxes owed. Other property is placed on the "unsecured roll."

The method of collecting delinquent taxes is substantially different for the two classifications of property. The City has four ways of collecting unsecured personal property taxes: 1) pursuing civil action against the taxpayer; 2) filing a certificate in the Office of the Clerk of the Court specifying certain facts, including the date of mailing a copy thereof to the affected taxpayer, in order to obtain a judgment against the taxpayer; 3) filing a certificate of delinquency for recording in the Assessor-Recorder's Office in order to obtain a lien on certain property of the taxpayer; and 4) seizing and selling personal property, improvements or possessory interests belonging or assessed to the taxpayer. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes. Proceeds of the sale are used to pay the costs of sale and the amount of delinquent taxes.

A 10% penalty is added to delinquent taxes that have been levied on property on the secured roll. In addition, property on the secured roll with respect to which taxes are delinquent is declared "tax defaulted" and subject to eventual sale by the Treasurer and Tax Collector of the City. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of 1.5% per month, which begins to accrue on such taxes beginning July 1 following the date on which the property becomes tax-defaulted.

In October 1993, the Board of Supervisors passed a resolution that adopted the Alternative Method of Tax Apportionment (the "Teeter Plan"). This resolution changed the method by which the City apportions property taxes among itself and other taxing agencies. This apportionment method authorizes the City Controller to allocate to the City's taxing agencies 100% of the secured property taxes billed but not yet collected. In return, as the delinquent property taxes and associated penalties and interest are collected, the City's General Fund retains such amounts. Prior to adoption of the Teeter Plan, the City could only allocate secured property taxes actually collected (property taxes billed minus delinquent taxes). Delinquent taxes, penalties and interest were allocated to the City and other taxing agencies only when they were collected. The City has funded payment of accrued and current delinquencies through authorized internal borrowing. The City also maintains a Tax Loss Reserve for the Teeter Plan as shown on Table A-7.

TABLE A-7

CITY AND COUNTY OF SAN FRANCISCO
Teeter Plan
Tax Loss Reserve Fund Balance
(000s)

Year Ended	Amount Funded
June 30, 2009	\$16,220
June 30, 2010	17,507
June 30, 2011	17,302
June 30, 2012	17,980
June 30, 2013	18,341

Source: Office of the Controller, City and County of San Francisco.

Assessed valuations of the aggregate ten largest assessment parcels in the City for the fiscal year ending June 30, 2013 are shown in Table A-8. The City cannot determine from its assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table.

TABLE A-8

CITY AND COUNTY OF SAN FRANCISCO
Top 10 Parcels Total Assessed Value
Fiscal Year 2012-13
(000s)

Assessee	Location	Parcel Number	Type	Total Assessed Value ¹	% of Basis of Levy ²
HWA 555 Owners LLC	555 California St	0259 026	Commercial Office	\$941,010	0.57%
Paramount Group Real Estate Fund	1 Market St	3713 007	Commercial Office	770,892	0.47%
Emporium Mall LLC	845 Market St	3705 056	Commercial Retail	430,661	0.26%
SPF China Basin Holdings LLC	185 Berry St.	3803005	Commercial Office	423,273	0.26%
SHC Embarcadero LLC	4 The Embarcadero	0233 044	Commercial Office	398,608	0.24%
S.F. Hilton Inc.	1 Hilton Square	325031	Commercial Hotel	389,595	0.24%
Post-Montgomery Associates	165 Sutter St	0292 015	Commercial Retail	387,267	0.23%
SHR St. Francis LLC	301-345 Powell St	0307 001	Commercial Hotel	368,994	0.22%
PPF Off One Maritime Plaza LP	300 Clay St	0204 021	Commercial Office	367,384	0.22%
Wells REIT II - 333 Market St. LLC	333 Market St	3710020	Commercial Office	349,062	0.21%
				\$4,216,746	2.91%

¹ Represents the Total Assessed Valuation (TAV) as of the Basis of Levy, which excludes assessments processed during the fiscal year. TAV includes land & improvements, personal property, and fixtures.

² The Basis of Levy is total assessed value less exemptions for which the state does not reimburse counties (e.g. those that apply to nonprofit organizations).

Source: Office of the Assessor-Recorder, City and County of San Francisco.

Taxation of State-Assessed Utility Property

A portion of the City's total net assessed valuation consists of utility property subject to assessment by the State Board of Equalization. State-assessed property, or "unitary property," is property of a utility system with components located in many taxing jurisdictions assessed as part of a "going concern" rather than as individual parcels of real or personal property. Unitary and certain other State-assessed property values are allocated to the counties by the State Board of Equalization, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the City itself) according to statutory formulae generally based on the distribution of taxes in the prior year. The fiscal year 2013-14 valuation of property assessed by the State Board of Equalization is \$2.62 billion, as recorded on the fiscal year 2013-14 Certificate of Assessed Valuation.

OTHER CITY TAX REVENUES

In addition to the property tax, the City has several other major tax revenue sources, as described below. For a discussion of State constitutional and statutory limitations on taxes that may be imposed by the City, including a discussion of Proposition 62 and Proposition 218, see "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES" herein.

The following section contains a brief description of other major City-imposed taxes as well as taxes that are collected by the State and shared with the City.

Business Taxes

Businesses in the City may be subject to two types of taxes. The first is a payroll expense tax, assessed at a rate of 1.5% on gross payroll expense attributable to all work performed or services rendered within the City. The tax is authorized by Article 12-A of the San Francisco Business and Tax Regulation Code. Recent changes were made to the tax exempted small businesses with annual payroll of less than \$250,000 and subjected partnership profit distributions to the tax. The net effect of these provisions was estimated to be approximately \$10.5 million in new revenues beginning in fiscal year 2009-10. The City also levies a registration tax on businesses, which varies from \$25 to \$500 per year per subject business based on the prior year computed payroll tax liability.

Business tax revenues in fiscal year 2012-13 were \$480.1 million representing an increase of \$26.3 million (5.8%) over fiscal year 2012-13 Original Budget and \$42.4 million (9.7%) over fiscal year 2011-12 actual revenue. Business tax revenue is budgeted at \$534.0 million in fiscal year 2013-14 representing an increase of \$53.9 million (11.2%) over fiscal year 2012-13 receipts and \$565.2 million in fiscal year 2014-15 representing an increase of \$31.2 million (5.8%) over fiscal year 2013-14 budget.

TABLE A-9

CITY AND COUNTY OF SAN FRANCISCO
Business Tax Revenues
Fiscal Years 2008-09 through 2014-15
All Funds
(000s)

Fiscal Year	Revenue	Change	
2008-09	\$388,654	(\$7,371)	-1.9%
2009-10	354,020	(34,634)	-8.9%
2010-11	391,779	37,759	10.7%
2011-12	437,677	45,898	11.7%
2012-13	480,131	42,454	9.7%
2013-14 budgeted	533,988	53,857	11.2%
2014-15 budgeted	565,180	31,192	5.8%

Includes Payroll Tax, portion of Payroll Tax allocated to special revenue funds for the Community Challenge Grant program, Business Registration Tax, and, beginning in FY 2014-15, Gross Receipts Tax revenues. Figures for FY 2008-09 through FY 2012-13 are audited actuals. Figures for FY 2013-14 and FY 2014-15 are Original Budget amounts.

Source: Office of the Controller, City and County of San Francisco.

In April 2011, the Board of Supervisors adopted Ordinance 68-11 that established a payroll expense tax exclusion for certain business located in the Central Market and Tenderloin Area. The Ordinance expires according to its terms in 2019. The Controller projects the loss to the City in payroll expense tax revenue due to Ordinance 68-11 to be approximately \$4.2 million annually. Additionally, fiscal year 2011-12 and fiscal year 2012-13 payroll tax amounts include \$4.4 and \$3.5 million respectively in General Fund loss each year from a requirement pursuant to Business and Tax Regulations Code Section 906E, that \$500 credits be provided to Payroll Tax payers if prior year Payroll Tax revenues grew more than 7.5% from the year before. Fiscal year 2011-12 payroll tax revenues ended the year 11.4% higher than fiscal year 2010-11 and fiscal year 2012-13 payroll tax revenues ended the year 9.7% higher than fiscal year 2011-12.

The Gross Receipts Tax and Business Registration Fees Ordinance (Proposition E) was approved by San Francisco voters on November 6, 2012. The ordinance replaces the existing tax which is 1.5% of a business' payroll with a tax on a business' gross receipts at rates that vary by the size and type of business. The new tax structure will be phased-in over a five year period and at the end of the period the gross receipts tax rates will remain fixed. The new tax structure will generate annual tax revenues equal to what would have been generated under the existing tax structure plus the amount of the additional administrative cost of the new system. In addition, the existing business registration fee structure will be replaced by a new higher graduated registration fee structure projected to generate a net revenue increase to the City of approximately \$28.0 million beginning in fiscal year 2013-14. The gross receipts tax will apply to businesses with \$1 million or more in gross receipts, adjusted by the Consumer Price Index going forward. The ordinance increases the number and types of businesses in the City that pay business tax and registration fees from approximately 7,500 currently to 15,000. Current payroll tax exclusions will be converted into a gross receipts tax exclusion of the same size, terms and expiration dates.

Transient Occupancy Tax (Hotel Tax)

Pursuant to the San Francisco Business and Tax Regulation Code, a 14.0% transient occupancy tax is imposed on occupants of hotel rooms and is remitted by hotel operators monthly. A quarterly tax-filing requirement is also imposed. Hotel tax revenue growth is a function of changes in occupancy, average daily room rates (ADR) and room supply. Revenue per available room (RevPAR), the combined effect of occupancy and ADR, reached a historic high averaging \$180 in fiscal year 2012-13. Increases in RevPAR are budgeted to continue albeit at a slower pace through fiscal year 2014-15. Total hotel tax revenue for fiscal year 2012-13 was \$241.9 million, and budgeted to be \$277.0 million in fiscal year 2013-14 and \$294.2 million in fiscal year 2014-15.

San Francisco and a number of other jurisdictions in California and the U.S. are currently involved in litigation with online travel companies regarding the companies' duty to remit hotel taxes on the difference between the wholesale and retail prices paid for hotel rooms. On February 6, 2013, the Los Angeles Superior Court issued a summary judgment concluding that there was no obligation on the part of online travel companies to remit hotel tax to the City. San Francisco received a similar judgment as to its hotel tax on February 6, 2013 overturning administrative hearings it conducted to require payment from online travel companies. San Francisco has received approximately \$63 million in disputed hotel taxes paid by the companies. Under State law, the City is required to accrue interest on such amounts. The portion of these remittances that will be retained or returned (including legal fees and interest) will depend on the ultimate outcome of these lawsuits. While the City plans to appeal the judgment, the City can give no assurance regarding the outcome of this litigation.

In fiscal years prior to 2013-14, the allocation of hotel tax revenues was set by the Administrative provisions of the Annual Appropriation Ordinance, and all of the gain or loss in revenue from budgeted levels fell to the General Fund, contributing to the large variances from prior periods. Table A-10 sets forth a history of transient occupancy tax receipts for fiscal years 2008-09 through 2014-15. Beginning in fiscal year 2013-14, hotel tax budgeted in the General Fund in fiscal year 2013-14 will increase by \$56.4 million because revenue previously budgeted in special revenue funds is now deposited to the General Fund.

TABLE A -10

CITY AND COUNTY OF SAN FRANCISCO
Transient Occupancy Tax Revenues
Fiscal Years 2008-09 through 2014-15
All Funds
(000s)

Fiscal Year	Tax Rate	Revenue	Change	
2008-09	14.00%	\$219,777	(\$5,037)	-2.2%
2009-10	14.00%	192,082	(27,695)	-12.6%
2010-11	14.00%	215,512	23,430	12.2%
2011-12	14.00%	242,843	27,331	12.7%
2012-13	14.00%	241,871	(972)	-0.4%
2013-14 <i>budgeted</i>	14.00%	277,019	35,148	14.5%
2014-15 <i>budgeted</i>	14.00%	294,175	17,157	6.2%

Includes portion allocated to special revenue funds. Figures for FY 2008-09 through FY 2012-13 are audited actuals and include the portion of hotel tax revenue used to pay debt service on hotel tax revenue bonds. Figures for FY 2013-14 and FY 2014-15 are Original Budget amounts.

Source: Office of the Controller, City and County of San Francisco.

Real Property Transfer Tax

A tax is imposed on all real estate transfers recorded in the City. Transfer tax revenue is more susceptible to economic and real estate cycles than most other City revenue sources. Current rates are \$5.00 per \$1,000 of the sale price of the property being transferred for properties valued at \$250,000 or less; \$6.80 per \$1,000 for properties valued more than \$250,000 and less than \$999,999; \$7.50 per \$1,000 for properties valued at \$1.0 million to \$5.0 million; \$20.00 per \$1,000 for properties valued more than \$5.0 million and less than \$10.0 million; and \$25 per \$1,000 for properties valued at more than \$10.0 million.

Real property transfer tax revenue in fiscal year 2012-13 was \$232.7 million, approximately \$0.9 million (0.4%) less than the revenue received in fiscal year 2011-12 due to flattening slight decline in real property sales from their fiscal year 2011-12 peak. Fiscal year 2013-14 and 2014-15 budgets for real property transfer tax revenues are \$225.2 million in each year, reflecting budgeting of continued slowing market activity.

Table A-11 sets forth a history of real property transfer tax receipts for fiscal years 2008-09 through 2012-13, and budgeted receipts for fiscal years 2013-14 and 2014-15.

TABLE A-11

CITY AND COUNTY OF SAN FRANCISCO
Real Property Transfer Tax Receipts
Fiscal Years 2008-09 through 2014-15
(000s)

Fiscal Year	Revenue	Change	
2008-09	\$48,957	(\$37,262)	-43.2%
2009-10	83,694	34,737	71.0%
2010-11	135,184	51,489	61.5%
2011-12	233,591	98,407	72.8%
2012-13	232,730	(861)	-0.4%
2013-14 budgeted	225,150	(7,580)	-3.3%
2014-15 budgeted	225,150	-	0.0%

Figures for FY 2008-09 through FY 2012-13 are audited actuals. Figures for FY 2013-14 and FY 2014-15 are Original Budget amounts.

Source: Office of the Controller, City and County of San Francisco.

Sales and Use Tax

The State collects the City's local sales tax on retail transactions along with State and special district sales taxes, and then remits the local sales tax collections to the City. The rate of tax is one percent; however, the State takes one-quarter of this, and replaces the lost revenue with a shift of local property taxes to the City from local school district funding. The local sales tax revenue is deposited in the City's General Fund.

Local sales tax collections in fiscal year 2012-13 were \$122.3 million, an increase of \$0.5 million from Original Budget and a \$5.2 million (4.4%) increase from fiscal year 2011-12 revenue. Revenue growth is budgeted to continue during FY 2013-14 with \$125.7 million budgeted, an increase of \$3.4 million (2.8%) from fiscal year 2012-13 revenue. Continued growth is expected during fiscal year 2014-15 as revenues are budgeted to reach \$130.1 million, \$4.4 million (3.5%) more than fiscal year 2013-14.

Historically, sales tax revenues have been highly correlated to growth in tourism, business activity and population. This revenue is significantly affected by changes in the economy. Table A-12 reflects the City's actual sales and use tax receipts for fiscal years 2008-09 through 2012-13, and budgeted receipts for fiscal years 2013-14 and 2014-15, as well as the imputed impact of the property tax shift made in compensation for the one-quarter of the sales tax revenue taken by the State.

TABLE A-12

CITY AND COUNTY OF SAN FRANCISCO
Sales and Use Tax Revenues
Fiscal Years 2008-09 through 2014-15
(000s)

Fiscal Year	Tax Rate	City Share	Revenue	Change	
2008-09	9.50%	0.75%	\$101,662	(\$9,749)	-8.8%
2008-09 adj. ¹	9.50%	1.00%	137,415	(11,314)	-7.6%
2009-10	9.50%	0.75%	96,605	(5,057)	-5.0%
2009-10 adj. ¹	9.50%	1.00%	128,286	(9,129)	-6.6%
2010-11 ²	9.50%	0.75%	106,302	9,698	10.0%
2010-11 adj. ¹	9.50%	1.00%	140,924	12,639	9.9%
2011-12	8.50%	0.75%	117,071	10,769	10.1%
2011-12 adj. ¹	8.50%	1.00%	155,466	14,542	10.3%
2012-13	8.50%	0.75%	122,271	5,200	4.4%
2012-13 adj. ¹	8.50%	1.00%	162,825	7,359	4.7%
2013-14 <i>budgeted</i> ²	8.75%	0.75%	125,697	3,426	2.8%
2013-14 adj. ¹ <i>budgeted</i>	8.75%	1.00%	167,751	4,926	3.0%
2014-15 <i>budgeted</i> ²	8.75%	0.75%	130,096	4,399	3.5%
2014-15 adj. ¹ <i>budgeted</i>	8.75%	1.00%	173,622	5,871	3.5%

Figures for FY 2008-09 through FY 2012-13 are audited actuals. Figures for FY 2013-14 and FY 2014-15 are Original Budget amounts.

¹ Adjusted figures represent the value of the entire 1.00% local sales tax, which was reduced by 0.25% beginning in FY 2004-05 in order to repay the State's Economic Recovery Bonds as authorized under Proposition 57 in March 2004. This 0.25% reduction is back filled by the State.

² In November 2012 voters approved Proposition 30, which temporarily increases the state sales tax rate by 0.25% effective January 1, 2013 through December 31, 2016. The City's share did not change.

Source: Office of the Controller, City and County of San Francisco.

Utility Users Tax

The City imposes a 7.5% tax on non-residential users of gas, electricity, water, steam and telephone services. The Telephone Users Tax ("TUT") applies to charges for all telephone communications services in the City to the extent permitted by Federal and State law, including intrastate, interstate, and international telephone services, cellular telephone services, and voice over internet protocol (VOIP). Telephone communications services do not include Internet access, which is exempt from taxation under the Internet Tax Freedom Act.

Fiscal year 2012-13 Utility User Tax revenues were \$91.9 million, representing no change from Original Budget and a \$0.2 million (0.2%) increase from fiscal year 2011-12. Utility User Tax revenue is budgeted to grow at a rate of 2% in fiscal years 2013-14 and 2014-15 to \$93.5 million and \$95.4 million respectively.

Emergency Response Fee; Access Line Tax

The City imposes an Access Line Tax ("ALT") on every person who subscribes to telephone communications services in the City. The ALT replaced the Emergency Response Fee ("ERF") in 2009. It applies to each telephone line in the City and is collected from telephone communications service subscribers by the telephone service supplier. Access Line Tax revenues for fiscal year 2012-13 were \$42.6 million, \$0.4 million (0.9%) less than Original Budget and \$1.6 (3.9%) million more than fiscal year 2011-12 revenue. ALT revenues are budgeted to grow at a rate of approximately 1.0% in fiscal years 2013-14 and 2014-15 to \$42.6 million and \$43.0 million respectively.

Parking Tax

A 25% tax is imposed on the charge for off-street parking spaces. The tax is authorized by the San Francisco Business and Tax Regulation Code. The tax is paid by the occupants of the spaces, and then remitted monthly to the City by the operators of the parking facilities.

Fiscal year 2012-13 Parking Tax revenue is \$81.6 million \$5.1 million (6.67%) more than final budget and \$5.0 million (6.5%) above fiscal year 2011-12. The recovery in business activity and employment as reflected in increases to payroll and sales tax revenues is driving increases in parking tax revenues.

Original Budget for fiscal year 2013-14 parking tax revenue is \$83.3 million, a \$6.7 million increase (8.8%) from fiscal year 2012-13 Original Budget and \$1.7 million (2.1%) more than the fiscal year 2012-13 results. In fiscal year 2014-15, parking tax revenue is budgeted at \$85.7 million, \$2.5 million (3.0%) over the fiscal year 2013-14 budgeted amount. Parking tax revenues are deposited into the General Fund, from which an amount equivalent to 80% is transferred to the San Francisco Municipal Transportation Agency for public transit as mandated by Charter Section 16.110.

INTERGOVERNMENTAL REVENUES

State – Realignment

San Francisco receives three groups of allocations of State sales tax and VLF revenue: 1991 Health and Welfare Realignment, 2011 Health and Human Services Realignment, and Public Safety Realignment. The Governor's May Revise budget estimates statewide realignment funding savings of \$300 million in fiscal year 2013-14 and \$900 million in fiscal year 2014-15 as a result of Affordable Care Act (ACA) implementation. These savings are expected to be achieved by realigning additional responsibilities to counties without increasing funding for them. Fiscal year 2013-14 and 2014-15 realignment revenues are budgeted as follows:

1991 Health & Welfare Realignment. In fiscal years 2013-14 and 2014-15, General Fund revenue is anticipated to increase by \$10.4 million (6.9%) and \$5.2 million (3.2%), due to statewide sales tax growth projections contained in the Governor's budget. Growth in state sales tax revenue in one year is distributed to counties in the subsequent year, thus the original budget's fiscal year 2013-14 and 2014-15 allocations reflect projected state sales tax revenue increases in fiscal years 2012-13 and 2013-14, respectively. Changes in the allocation methodology reduced the amount of VLF distributed and increased the amount of sales tax distributed in this type of realignment.

2011 Health and Human Services Realignment. Beginning in fiscal year 2011-12 counties received revenue allocations to pay for behavioral health and protective services programs formerly provided by the State. In fiscal year 2013-14 this revenue is budgeted at \$89.1 million, an \$8.6 million (10.6%) increase from the fiscal year 2012-13 revised budget. This increase includes sales tax growth assumed in the Governor's budget. Fiscal year 2014-15 revenue of \$92.4 million is an increase of \$3.4 million (3.8%) from fiscal year 2013-14.

Public Safety Realignment. Public Safety Realignment (AB 109), enacted in early 2011, transfers responsibility for supervising certain kinds of felony offenders and state prison parolees from state prisons and parole agents to county jails and probation officers. Based on revised allocation formulas, this revenue is budgeted at \$32.8 million in fiscal year 2013-14, a \$15.5 million (89.7%) increase over the fiscal year 2012-13 budget. The increase reflects state sales tax growth and the change in accounting of Trial Court Security revenue from a cost reimbursement to subvention format. The budget for fiscal year 2014-15 is \$30.8 million, a \$2.0 million (6.2%) decrease due to reductions to state funding for Local Community Corrections projected in fiscal year 2014-15 as described in the Governor's budget.

Public Safety Sales Tax

State Proposition 172, passed by California voters in November 1993, provided for the continuation of a one-half percent sales tax for public safety expenditures. This revenue is a function of the City's proportionate share of statewide sales activity. Revenue from this source for fiscal year 2012-13 was \$83.2 million, an increase of \$6.7 million (8.7%) from fiscal year 2011-12 revenues and \$4.3 million (5.4%) more than fiscal year 2012-13 Original Budget. In fiscal year 2013-14, revenue is budgeted at \$86.8 million, representing an increase of \$7.9 million (10.0%) from the fiscal year 2012-13 budget and \$3.6 million (4.3%) from fiscal year 2012-13 year-end revenue. In fiscal year 2014-15, revenue is budgeted at \$89.9 million, an increase of \$1.7 million (1.9%) from the fiscal year 2013-14 budget. These revenues are allocated to counties by the State separately from the local one-percent sales tax discussed above, and are used to fund police and fire services. Disbursements are made to counties based on the County Ratio, which is the county's percent share of total statewide sales taxes in the most recent calendar year. Fiscal year 2013-14 revenue growth assumes a continuation of the 4.5% increase in base sales tax revenue as projected for fiscal year 2012-13, and an increase of approximately 0.5% in San Francisco's County Ratio. Fiscal year 2014-15 revenue reflects state sales tax growth only and no increase in the Ratio.

Other Intergovernmental Grants and Subventions

In addition to those categories listed above, \$407.1 million is budgeted in fiscal year 2013-14 from grants and subventions from State and federal governments to fund public health, social services, and other programs in the General Fund. This represents a \$1.5 million (0.4%) increase from the fiscal year 2012-13 final revenue. The fiscal year 2014-15 budget is \$398.9 million, a decrease of \$8.2 million (2.0%) from fiscal year 2013-14.

Charges for Services

Revenue from charges for services in the General Fund in fiscal year 2012-13 were \$164.3 million, a decrease of \$2.5 million (1.5%) from the Original Budget and an increase of \$18.4 million (12.6%) from prior year. Charges for services revenue is budgeted at \$166.8 million in fiscal year 2013-14 and \$167.5 million in fiscal year 2014-15, representing growth of \$14.2 million (9.3%) and \$0.8 million (0.5%) respectively from prior year.

Fiscal year 2013-14 growth reflects Fire Department ambulance billing recoveries increases over fiscal year 2012-13 due to AB 678 - Medi-Cal: Ground Emergency Medical Transport, passed by the State legislature in 2011.

CITY GENERAL FUND PROGRAMS AND EXPENDITURES

Unique among California cities, San Francisco as a charter city and county must provide the services of both a city and a county. Public services include police, fire and public safety; public health, mental health and other social services; courts, jails, and juvenile justice; public works, streets, and transportation, including port and airport; construction and maintenance of all public buildings and facilities; water, sewer, and power services; parks and recreation; libraries and cultural facilities and events; zoning and planning, and many others. Employment costs are relatively fixed by labor and retirement agreements, and account for approximately 50% of all City expenditures. In addition, the Charter imposes certain baselines, mandates, and property tax set-asides, which dictate expenditure or service levels for certain programs, and allocate specific revenues or specific proportions thereof to other programs, including MTA, children's services and public education, and libraries. Budgeted baseline and mandated funding is \$751.6 million in fiscal year 2013-14 and \$762.9 million in fiscal year 2014-15.

General Fund Expenditures by Major Service Area

San Francisco is a consolidated city and county, and budgets General Fund expenditures for both city and county functions in seven major service areas described in table A-13:

TABLE A-13

CITY AND COUNTY OF SAN FRANCISCO
Expenditures by Major Service Area
Fiscal Years 2008-09 through 2014-15
(000s)

Major Service Areas	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
	Original Budget	Original Budget	Original Budget	Original Budget	Original Budget	Original Budget	Original Budget
Public Protection	\$899,378	\$955,519	\$947,327	\$998,237	\$1,058,689	\$1,130,932	\$1,155,085
Human Welfare & Neighborhood Development	654,162	642,810	655,026	672,834	670,375	700,254	717,018
Community Health	513,858	488,330	519,319	575,446	609,892	701,978	702,791
General Administration & Finance	182,139	177,892	169,526	199,011	197,994	244,591	248,135
Culture & Recreation	104,232	95,114	97,510	100,740	111,066	119,579	115,632
General City Responsibilities	78,524	104,476	103,128	110,725	145,560	137,025	142,071
Public Works, Transportation & Commerce	53,143	33,414	26,989	51,588	67,529	80,797	111,993
Total*	\$2,485,436	\$2,497,555	\$2,518,824	\$2,708,581	\$2,861,105	\$3,115,155	\$3,192,725

*Total may not add due to rounding.

Source: Office of the Controller, City and County of San Francisco.

Public Protection primarily includes the Police Department, the Fire Department, and the Sheriff's Office. These departments are budgeted to receive \$406.4 million, \$215.1 million and \$139.4 million of General Fund support respectively in fiscal year 2013-14 and \$406.8 million, \$225.1 million, and \$146.2 million respectively in fiscal year 2014-15. Within Human Welfare & Neighborhood Development, the Department of Human Services, which includes aid assistance and aid payments and City grant programs, is budgeted to receive \$224.4 million of General Fund support in the fiscal year 2013-14 and \$234.8 million in fiscal year 2014-15.

The Public Health Department is budgeted to receive \$553.4 million in General Fund support for public health programs and the operation of San Francisco General Hospital and Laguna Honda Hospital in fiscal year 2013-14 and \$596.9 million in fiscal year 2014-15. As of the Fiscal Year 2012-13 Six Month Report, the Department of Public Health projected ending the fiscal year with a net General Fund deficit of \$45.9 million. The actual shortfall was approximately \$5.8 million due to recognition of prior year revenues and greater than projected expenditure savings.

For budgetary purposes, enterprise funds are characterized as either self-supported funds or General Fund-supported funds. General Fund-supported funds include the Convention Facility Fund, the Cultural and Recreation Film Fund, the Gas Tax Fund, the Golf Fund, the Grants Fund, the General Hospital Fund, and the Laguna Honda Hospital Fund. The MTA is classified as a self-supported fund, although it is budgeted pursuant to a formula under the Charter to receive a \$232.0 million General Fund transfer in the fiscal year 2013-14 Original Budget.

Baselines

The Charter requires funding for baselines and other mandated funding requirements. The chart below identifies the required and budgeted levels of appropriation funding for key baselines and mandated funding requirements. Revenue-driven baselines are based on the projected aggregate City discretionary revenues, whereas expenditure-driven baselines are typically a function of total spending.

TABLE A-14

CITY AND COUNTY OF SAN FRANCISCO
Baselines & Set-Asides
Fiscal Years 2013-14 & 2014-15
(Millions)

	FY 2013-14 Required Baseline	FY 2013-14 Original Budget	FY 2014-15 Required Baseline	FY 2014-15 Original Budget
Baselines & Set-Asides				
Municipal Transportation Agency	\$168.7	\$168.7	\$176.3	\$176.3
Parking and Traffic Commission	\$63.3	\$63.3	\$66.1	\$66.1
Children's Services	\$125.5	\$131.2	\$131.1	\$132.5
Library Preservation	\$57.7	\$57.7	\$60.3	\$60.3
Public Education Enrichment Funding				
Unified School District	\$47.4	\$47.4	\$37.2	\$37.2
First Five Commission	\$25.7	\$25.7	\$20.2	\$20.2
City Services Auditor	\$12.9	\$12.9	\$13.4	\$13.4
Human Services Homeless Care Fund	\$14.9	\$14.9	\$14.9	\$14.9
Property Tax Related Set-Asides				
Municipal Symphony	\$2.1	\$2.1	\$2.3	\$2.3
Children's Fund Set-Aside	\$48.0	\$48.0	\$50.9	\$50.9
Library Preservation Set-Aside	\$40.0	\$40.0	\$42.4	\$42.4
Open Space Set-Aside	\$40.0	\$40.0	\$42.4	\$42.4
Staffing and Service-Driven				
Police Minimum Staffing		Requirement potentially not met during course of budget year		Requirement potentially met during course of budget year
Fire Neighborhood Firehouse Funding		Requirement met		Requirement met
Treatment on Demand		Requirement not met		Requirement not met
Total Baseline Spending	\$652.81	\$658.57	\$664.18	\$665.58

Source: Office of the Controller, City and County of San Francisco.

With respect to Police Department staffing, the Charter mandates a police staffing baseline of not less than 1,971 full-duty officers. The Charter-mandated baseline staffing level may be reduced in cases where civilian hires result in the return of a full-duty officer to active police work. The Charter also provides that the Mayor and Board of Supervisors may convert a position from a sworn officer to a civilian through the budget process. With respect to the Fire Department, the Charter mandates baseline 24-hour staffing of 42 firehouses, the Arson and Fire Investigation Unit, no fewer than four ambulances, and four Rescue Captains (medical supervisors).

EMPLOYMENT COSTS; POST-RETIREMENT OBLIGATIONS

The cost of salaries and benefits for City employees represents approximately 50% of the City's expenditures, totaling \$3.5 billion in the fiscal year 2011-12 Original Budget (all-funds), and \$3.8 billion and \$4.0 billion in the fiscal year 2012-13 and fiscal year 2013-14 budgets. Looking only at the General Fund, the combined salary and benefits budget was \$1.7 billion in the fiscal year 2011-12 Original Budget and \$1.8 billion per year in the fiscal year 2012-13 and fiscal year 2013-14 budgets. This section discusses the organization of City workers into bargaining units, the status of employment contracts, and City expenditures on employee-related costs including salaries, wages, medical benefits, retirement benefits and the City's retirement system, and post-retirement health and medical benefits. Employees of SFUSD, SFCCD and the San Francisco Superior Court are not City employees.

Labor Relations

The City's budget for fiscal years 2013-14 and 2014-15 includes 27,722 and 27,855 budgeted City positions, respectively. City workers are represented by 37 different labor unions. The largest unions in the City are the Service Employees International Union, Local 1021 (SEIU); the International Federation of Professional and Technical Engineers, Local 21 (IFPTE); and the unions representing police, fire, deputy sheriffs and transit workers.

The wages, hours and working conditions of City employees are determined by collective bargaining pursuant to State law (the Meyers-Miliias-Brown Act, California Government Code Sections 3500-3511) and the Charter. Except for nurses and a few hundred unrepresented employees, the Charter requires that bargaining impasses be resolved through final and binding interest arbitration conducted by a panel of three arbitrators. The award of the arbitration panel is final and binding unless legally challenged. Wages, hours and working conditions of nurses are not subject to interest arbitration, but are subject to Charter-mandated economic limits. Strikes by City employees are prohibited by the Charter. Since 1976, no City employees have participated in a union-authorized strike.

The City's employee selection procedures are established and maintained through a civil service system. In general, selection procedures and other merit system issues, with the exception of discipline, are not subject to arbitration. Disciplinary actions are generally subject to grievance arbitration, with the exception of police and fire employees.

In May 2012, the City negotiated two-year agreements (for fiscal years 2012-13 and 2013-14) with most of its labor unions. In general, the parties agreed to: (1) reforms and/or elimination of certain pay premiums; and (2) some structural reforms of the City's healthcare benefit and cost-sharing structures by having employees contribute more toward the cost of enrolling in employee-only health benefits during the term of the two-year contract. A majority of unions have agreed to further reforms in this area effective January 2015. SEIU miscellaneous employees and staff nurses agreed to healthcare benefit reforms that will take place beyond the term of the July 1, 2012 through June 30, 2014 contract.

City employees who are in non-Police, Fire and Nurse classifications will receive a base wage increase for the first time since 2008, as follows: 1% on July 1, 2013; 1% on January 4, 2014 and 1% on March 29, 2014. The two SEIU-represented units' wage increases differ, as follows: SEIU miscellaneous employees will receive 2% on January 4, 2014 and 1% on March 29, 2014 and the SEIU Staff Nurses will receive 3% on March 29, 2014.

In June 2013, the City negotiated a contract extension with the Police Officers' Association (POA), through June 30, 2018, that includes wage increases of 1% on July 1, 2015; 2% on July 1, 2016; and 2% on July 1, 2017. In addition, the union agreed to lower entry rates of pay for new hires in entry Police Officer classifications. The lower entry rates will result in savings of approximately \$0.7 million in fiscal year 2013-14 and \$2.0 million in fiscal year 2014-15. Similar negotiations are underway with the City's firefighters' union.

Pursuant to Charter Section 8A.104, the MTA is responsible for negotiating contracts for the transit operators and employees in service-critical bargaining units. These contracts are subject to approval by the MTA Board. The MTA and the union representing the transit operators (TWU, Local 250-A) agreed to a three-year successor agreement that expires on June 30, 2014. The concessions are valued at \$41.1 million dollars over the life of the agreement.

Table A-15 shows the membership of each operating employee bargaining unit and the date the current labor contract expires.

TABLE A-15

CITY AND COUNTY OF SAN FRANCISCO (All Funds)
Employee Organizations as of July 1, 2013

<u>Organization</u>	<u>Budgeted Positions</u>	<u>Expiration Date of MOU</u>
Automotive Machinists, Local 1414	416	June 30, 2014
Bricklayers, Local 3/Hod Carriers, Local 36	18	June 30, 2014
Building Inspectors Association	90	June 30, 2014
Carpenters, Local 22	110	June 30, 2014
Carpet, Linoleum & Soft Tile	2	June 30, 2014
CIR (Interns & Residents)	2	June 30, 2014
Cement Masons, Local 580	33	June 30, 2014
Deputy Sheriffs Association	867	June 30, 2014
District Attorney Investigators Association	42	June 30, 2014
Electrical Workers, Local 6	858	June 30, 2014
Glaziers, Local 718	10	June 30, 2014
International Alliance of Theatrical Stage Employees, Local 16	19	June 30, 2014
Ironworkers, Local 377	15	June 30, 2014
Laborers International Union, Local 261	1,019	June 30, 2014
Municipal Attorneys' Association	431	June 30, 2014
Municipal Executives Association	1,102	June 30, 2014
MEA - Police Management	6	June 30, 2015
MEA - Fire Management	9	June 30, 2015
Operating Engineers, Local 3	57	June 30, 2014
Painters	123	June 30, 2014
Pile Drivers, Local 34	23	June 30, 2014
Plumbers, Local 38	341	June 30, 2014
Probation Officers Association	161	June 30, 2014
Professional & Technical Engineers, Local 21	4,929	June 30, 2014
Roofers, Local 40	11	June 30, 2014
S.F. Institutional Police Officers Association	2	June 30, 2014
S.F. Firefighters, Local 798	1,732	June 30, 2015
S.F. Police Officers Association	2,501	June 30, 2018
SEIU, Local 1021	11,260	June 30, 2014
SEIU, Local 1021 Staff & Per Diem Nurses	1,575	June 30, 2014
SEIU, Local 1021 H-1 Rescue Paramedics	12	June 30, 2015
Sheet Metal Workers, Local 104	46	June 30, 2014
Stationary Engineers, Local 39	663	June 30, 2014
Supervising Probation Officers, Operating Engineers, Local 3	23	June 30, 2014
Teamsters, Local 853	157	June 30, 2014
Teamsters, Local 856 (Multi-Unit)	105	June 30, 2014
Teamsters, Local 856 (Supervising Nurses)	120	June 30, 2015
TWU, Local 200 (SEAM multi-unit & claims)	318	June 30, 2014
TWU, Local 250-A Auto Service Workers	198	June 30, 2014
TWU-250-A Miscellaneous	93	June 30, 2014
TWU-250-A Transit Operators	2,151	June 30, 2014
Union of American Physicians & Dentists	192	June 30, 2015
Unrepresented Employees	151	June 30, 2014
	31,992 ⁽¹⁾	

⁽¹⁾ Budgeted positions do not include SFUSD, SFCCD, or Superior Court Personnel.

Source: Department of Human Resources - Employee Relations Division, City and County of San Francisco.

San Francisco Employees' Retirement System ("SFERS" or "Retirement System")

History and Administration

SFERS is charged with administering a defined-benefit pension plan (the "Retirement System") that covers substantially all City employees and certain other employees. The Retirement System was initially established by approval by City voters on November 2, 1920 and the California State Legislature on January 12, 1921 and is currently codified in the City Charter. The Charter provisions governing the Retirement System may be revised only by a Charter amendment, which requires an affirmative public vote at a duly called election.

The Retirement System is administered by the Retirement Board consisting of seven members, three appointed by the Mayor, three elected from among the members of the Retirement System, at least two of whom must be actively employed, and a member of the Board of Supervisors appointed by the President of the Board of Supervisors.

To aid in the administration of the Retirement System, the Retirement Board appoints an Executive Director and an Actuary. The Executive Director serves as chief executive officer, with responsibility extending to all divisions of the Retirement System. The Actuary's responsibilities include the production of data and a summary of plan provisions for the independent consulting actuarial firm retained by the Retirement Board to prepare an annual valuation report and other analyses as described below. The independent consulting actuarial firm is currently Cheiron, Inc., a nationally recognized firm selected by the Retirement Board pursuant to a competitive process.

In 2010, the Retirement System filed an application with the Internal Revenue Service ("IRS") for a Determination Letter. In March 2012, IRS issued a favorable Determination Letter for SFERS. Issuance of a Determination Letter constitutes a finding by the IRS that operation of the defined benefit plan in accordance with the plan provisions and documents disclosed in the application qualifies the plan for federal tax exempt status. A tax qualified plan also provides tax advantages to the City and to members of the Retirement System. The favorable Determination Letter included IRS review of all SFERS provisions, including the new provisions of Proposition C approved by the City voters in November 2011.

Membership

Retirement System members include eligible employees of the City and County of San Francisco, the San Francisco Unified School District, the San Francisco Community College District, and the San Francisco Trial Courts.

The Retirement System estimates that the total active membership as of July 1, 2012 (the date of most recent valuation report) was 33,655, compared to 33,475 members a year earlier. Active membership includes 4,543 vested members and 1,015 reciprocal members. Vested members are individuals who (i) have separated from City service, (ii) have worked for the City for five or more years, and (iii) have elected to receive a deferred vested pension in the future. Reciprocal members are individuals who have established membership in a reciprocal pension plan such as CalPERS and may be eligible to receive a reciprocal pension from the Retirement System in the future. The total new enrollees in the Retirement System were 2,228 in fiscal year 2011-12 and 2,055 in fiscal year 2010-11. Retirement allowances are paid to approximately 25,000 retired members and beneficiaries monthly. Benefit recipients include retired members, vested members receiving a vesting allowance, and qualified survivors.

Beginning July 1, 2008, the Retirement System had a Deferred Retirement Option Program (DROP) program for Police Plan members who were eligible and elected participation. The program "sunset" on June 30, 2011. A total of 354 eligible Police Plan members elected to participate in DROP during the three-year enrollment window. As of June 30, 2012, approximately 184 police officers are enrolled in the program and all will retire over the next two fiscal years.

Table A-16 shows total Retirement System participation for fiscal years 2007-08 through 2011-12.

TABLE A-16

CITY AND COUNTY OF SAN FRANCISCO
Employees' Retirement System
Fiscal Years 2007 - 08 through 2011 - 12

As of 1-Jul	Active Members	Vested Members	Reciprocal Members	Total Non-retired	Retirees/ Continuants	Active to Retiree Ratio
2008	30,650	3,877	869	35,396	21,514	1.425
2009	29,919	4,096	890	34,905	22,294	1.342
2010	28,222	4,515	978	33,715	23,500	1.201
2011	27,955	4,499	1,021	33,475	24,292	1.151
2012	28,097	4,543	1,015	33,655	25,190	1.115

Sources: SFERS' Actuarial Valuation reports as of July 1, 2012, July 1, 2011, July 1, 2010, July 1, 2009, and July 1, 2008.

Note: Table A-16 includes non-City employees

Funding Practices

The annual actuarial valuation of the Retirement System is a joint effort of the Retirement System and its independent consulting actuarial firm. The City Charter proscribes certain actuarial methods and amortization periods to be used by the Retirement System in preparing the actuarial valuation. Before the valuation is conducted, the consulting actuarial firm recommends three long-term economic assumptions: a long-term investment earnings assumption, a long-term wage/inflation assumption and a long-term consumer price index assumption.

At its December 2011 meeting, after review of the analysis and recommendation prepared by the consulting actuarial firm, the Retirement Board voted to phase in reductions to the Retirement System's long-term investment earnings assumption, long-term wage/inflation assumption and long-term consumer price index assumption over a three-year period as follows: long-term investment earnings assumption from 7.75% to 7.50% (fiscal year 2011-12 to 7.66%; fiscal year 2012-13 to 7.58%; fiscal year 2013-14 to 7.50%); long-term wage inflation assumption from 4.00% to 3.75% (fiscal year 2011-12 to 3.91%; fiscal year 2012-13 to 3.83%; fiscal year 2013-14 to 3.75%); and long-term consumer price index assumption from 3.50% to 3.25% (fiscal year 2011-12 to 3.41%; fiscal year 2012-13 to 3.33%; fiscal year 2013-14 to 3.25%). These economic assumptions together with demographic assumptions based on periodic demographic studies are utilized to prepare the actuarial valuation of the Retirement System each year. Upon receipt of the consulting actuarial firm's valuation report, Retirement System staff provides a recommendation to the Retirement Board for their acceptance of the consulting actuary's valuation report. In connection with such acceptance, the Retirement Board acts to set the annual employer contribution rates required by the Retirement System as determined by the consulting actuarial firm and approved by the Retirement Board. This process is mandated by the City Charter.

Pursuant to the City Charter, the consulting actuarial firm and the Retirement Board set the actuarially required employer contribution rate using three related calculations:

First, the normal cost is established for the Retirement System. The normal cost of the Retirement System represents the portion of the actuarial present value of benefits that SFERS will be expected to fund that is attributable to a current year's employment. The Retirement System uses the entry age normal cost method, which is an actuarial method of calculating the anticipated cost of pension liabilities, designed to fund promised benefits over the working careers of the Retirement System members.

Second, the contribution calculation takes account of the amortization of a portion of the amount by which the actuarial value of Retirement System liabilities exceeds the actuarial value of Retirement System assets, such amount being known as an "unfunded accrued actuarial liability" or "UAAL."

The UAAL is the difference between estimated liabilities and the value of smoothed plan assets and can be thought of as a snapshot of the funding of benefits as of the valuation date. There are a number of assumptions and calculation methods that bear on each side of this asset-liability comparison. On the asset side, the actuarial value of Retirement System assets is calculated using a five-year smoothing technique, so that gains or losses in asset value are recognized over that longer period rather than in the immediate time period such gain or loss is identified. On the liability side, assumptions must be made regarding future costs of pension benefits in addition to demographic assumptions regarding the Retirement System members including rates of disability, retirement, and death. When the actual experience of the Retirement System differs from the expected experience, the impacts on UAAL are called actuarial gains or losses. Under the Retirement Board's Actuarial Methods Policy any such gain or loss is amortized over a 15-year period. Similarly, if the estimated liabilities change due to an update in any of the assumptions, the impact on UAAL is also amortized over a 15-year period.

Third, Supplemental costs associated with the various SFERS benefit plans are amortized. Supplemental costs are additional costs resulting from the past service component of SFERS benefit increases. In other words, when the Charter is amended to increase benefits to some or all beneficiaries of the Retirement System, the Retirement System's liability is correspondingly increased in proportion to the amount of the new benefit associated with service time already accrued by the then-current beneficiaries. These supplemental costs are amortized over no more than 20 years.

The consulting actuarial firm combines the three calculations described above to arrive at a total contribution requirement for funding the Retirement System in that fiscal year. This total contribution amount is satisfied from a combination of employer and employee contributions. Employee contribution rates are mandated by the Charter. Sources of payment of employee contributions (i.e. City or employee) may be the subject of collective bargaining agreements with each union or bargaining unit. The employer contribution rate is established by Retirement Board action each year and is expressed as a percentage of salary applied to all wages covered under the Retirement System. The most recent voter-approved retirement changes are described below.

Prospective purchasers of the City's bonds should carefully review and assess the assumptions regarding the performance of the Retirement System. There is a risk that actual results will differ significantly from assumptions. In addition, prospective purchasers of the City's bonds are cautioned that the information and assumptions speak only as of the respective dates contained in the underlying source documents, and are therefore subject to change.

Recent Voter Approved Changes to the Retirement Plan

The levels of SFERS plan benefits are established under the Charter and approved directly by the voters, rather than through the collective bargaining process. Changes to retirement benefits require a voter-approved Charter amendment.

In August 2012, Governor Brown signed the Public Employee Pension Reform Act of 2012 ("PEPRA"). Current plan provisions of SFERS are not subject to PEPRA although future amendments may be subject to these reforms.

Recent changes to SFERS plan benefits have been intended to reduce pension costs associated with future City employees. For example, in November 2011, the voters of San Francisco approved Proposition C, which

- a) created new SFERS benefit plans for Miscellaneous and Safety employees commencing employment on or after January 7, 2012, which raise the minimum service retirement age for Miscellaneous members from 50 to 53; limit covered compensation to 85% of the IRC §401(a)(17) limits for Miscellaneous members and 75% of the IRC §401(a)(17) limits for Safety members; calculate final compensation using highest three-year average compensation; and decrease vesting allowances for Miscellaneous members by lowering the City's funding for a portion of the vesting allowance from 100% to 50%;
- b) provided that employees commencing employment on or after January 7, 2012 otherwise eligible for membership in CalPERS may become members of SFERS;
- c) effective July 1, 2012, provides for an increase or decrease of employee contributions to SFERS for certain SFERS members based on the employer contribution rate set by the Retirement Board for that year. (For example, Miscellaneous employees who earn less than \$50,000 per year would pay the minimum Charter-mandated employee contribution rate; Miscellaneous employees who earn between \$50,000 and \$100,000

per year would pay a fluctuating contribution rate in the range of +4% to -4% of the Charter-mandated employee contribution rate; and Miscellaneous employees who earn \$100,000 or more per year would pay a fluctuating contribution rate in the range of +5% to -5% of the Charter-mandated employee contribution rate. Similar fluctuating employee contributions are required from Safety employees also); and

- d) provides that, effective July 1, 2012, no Supplemental COLA will be paid unless SFERS is fully funded on a market value of assets basis and, for employees hired on or after January 7, 2012, Supplemental COLA benefits will not be permanent adjustments to retirement benefits - in any year when a Supplemental COLA is not paid, all previously paid Supplemental COLAs will expire. A retiree organization has brought a legal action against the requirement to be fully funded in order to pay the Supplemental COLA; however, the City has prevailed at the Superior Court level to this challenge.

The impact of Proposition C is incorporated in the actuarial valuations beginning with the July 1, 2012 Actuarial Valuation report.

Since 2008, the voters of San Francisco have approved three other retirement plan amendments:

- Proposition D enacted in June 2010, which enacted new SFERS retirement plans for Miscellaneous and Safety employees commencing on or after July 1, 2010, which changed average final compensation used in the benefit formula from highest one-year average compensation to highest two-year average compensation, increased the employee contribution rate for City safety and CalPERS members hired on or after July 1, 2010 from 7.5% of covered pay to 9.0%, and provides that, in years when the City's required contribution to SFERS is less than the employer normal cost as described above, the amount saved would be deposited into the Retiree Health Care Trust Fund.
- The enactment of DROP, a Deferred Retirement Option Program available to certain police members effective July 1, 2008, authorized by City voters' approval on an initiative proposition in the February 2008 election. In June 2011, the Board of Supervisors voted to allow the program to sunset on June 30, 2011
- Proposition B enacted in June 2008 which increased the years of service required for City employees hired after January 10, 2009 to qualify for employer-funded retiree health benefits, established a separate Retiree Health Care Trust Fund to fund retiree health costs, and increased retirement benefits and retirement cost-of-living adjustments for "miscellaneous" employees (i.e., those covered under Charter Section A8.409).

SFERS Recent Funding Performance and City Employer Contribution History

From fiscal year 1996-97 through fiscal year 2003-04, the City's contribution to the Retirement System was zero as determined by the consulting actuarial firm of the Retirement System and adopted by the Retirement Board. The zero percent employer funding requirements for this period was due primarily to higher-than-projected investment earnings and lower-than-projected wage increases. Beginning in fiscal year 2004-05, the Retirement Board reinstated required employer contributions based on the funding requirements as determined by the consulting actuarial firm in the manner described above in "Funding Practices." In fiscal year 2011-12, total City employer contributions to the Retirement System were \$391 million, which was 18.09% of that portion of members' earned wages that are includable for calculation and contribution purposes ("Pensionable Salary"). This amount includes \$162 million from the City General Fund. For fiscal year 2012-13, total City employer contributions to the Retirement System were \$432 million, of which \$183 million came from the General Fund. For Fiscal Year 2013-14, total City employer contributions to the Retirement System are budgeted at \$527.6 million, which is 17.2% of pensionable salary. This amount includes \$246.9 million from the General Fund. The latest actuarial report as of July 1, 2012 provides that future employer contribution rates are projected to increase to 28% for fiscal year 2014-2015 as the Retirement System recognizes the 2011 economic assumption changes and the losses incurred by the Retirement System in fiscal years 2007-2008 and 2008-2009.

Table A-17 shows Retirement System contributions for fiscal years 2007-08 through 2011-12. "Market Value of Assets" reflects the fair market value of assets held in trust for payment of pension benefits. "Actuarial Value of Assets" refers to the value of assets held in trust adjusted according to the Retirement System's actuarial methods as summarized above. "Pension Benefit Obligation" reflects the accrued actuarial liability of the Retirement System. The "Market Percent Funded" column is determined by dividing the market value of assets by the Pension Benefit Obligation. The "Actuarial Percent Funded" column is determined by dividing the actuarial value of assets by the Pension Benefit Obligations. "Employee and Employer Contributions" reflects the total of mandated employee contributions and employer Actuarial Retirement Contributions received by the Retirement System for fiscal years 2007-08 through 2011-12.

TABLE A-17

CITY AND COUNTY OF SAN FRANCISCO
Employees' Retirement System (in \$000s)
Fiscal Years 2007-08 through 2011-12

As of	Market Value	Actuarial Value	Pension Benefit	Market	Actuarial	Employee &	Employer
1-Jul	of Assets	of Assets	Obligation	Percent	Percent	Employer	Contribution
				Funded	Funded	Contribution	Rates ⁽¹⁾
2008	15,832,521	15,941,390	15,358,824	103.0	103.8	319,183	5.91%
2009	11,886,729	16,004,730	16,498,649	72.3	97.0	312,715	4.99%
2010	13,136,786	16,069,100	17,643,400	74.5	91.1	413,562	9.49%
2011	15,598,839	16,313,100	18,598,700	83.9	87.7	490,578	13.56%
2012	15,293,700	16,027,700	19,393,900	78.9	82.6	608,957	18.09%

⁽¹⁾ Employer contribution rates for fiscal years 2012-2013 and 2013-2014 are 20.71% and 24.82% respectively.

SFERS' Actuarial Valuation report as of July 1, 2012, July 1, 2011, July 1, 2010 and July 1, 2009.

Note: Table A-17 reflects entire Employees' Retirement System, not just the City and County of San Francisco.

Table A-17 reflects that the Actuarial Percent Funded ratio decreased to 82.6%, corresponding to an unfunded actuarial liability (UAAL) of approximately \$3.4 billion. The UAAL is the difference between the Actuarial Value of Assets and the total Pension Benefit Obligation. This means that as of June 30, 2012, for every dollar of pension benefits the City is obligated to pay, it had approximately \$0.83 in assets available for payment.

Asset Management and Actuarial Valuation

The assets of the Retirement System, (the "Fund") are invested in a broadly diversified manner across the institutional global capital markets. In addition to U.S. equities and fixed income securities, the Fund holds international equities, global sovereign and corporate debt, global public and private real estate and an array of alternative investments including private equity and venture capital limited partnerships. See page 71 of the CAFR, attached as Appendix B to this Official Statement, for a breakdown of the asset allocation as of June 30, 2013. The Fund does not hold hedge funds. The investments, their allocation, transactions and proxy votes are regularly reviewed by the Retirement Board and monitored by an internal staff of investment professionals who in turn are advised by external consultants who are specialists in the areas of investments detailed above. A description of the Retirement System's investment policy, a description of asset allocation targets and current investments, and the Annual Report of the Retirement System are available upon request from the Retirement System by writing to the San Francisco Retirement System, 30 Van Ness Avenue, Suite 3000, San Francisco, California 94102, or by calling (415) 487-7020. Certain documents are available at the Retirement System website at www.sfers.org. These documents are not incorporated herein by reference.

The liabilities of the Retirement System (the Pension Benefit Obligation) are measured annually by an independent consulting actuary in accordance with Actuarial Standards of Practice. In addition, an actuarial audit is conducted every five years in accordance with Retirement Board policy.

Recent Changes in the Economic Environment and the Impact on the Retirement System

As of June 30, 2013, the Retirement System estimated that the market value of its assets was approximately \$17.0 billion. The estimated market value represents, as of the date specified, the estimated value of the Retirement System's portfolio if it were liquidated on that date. The Retirement System cannot be certain of the value of certain of its portfolio assets and, accordingly, the market value of the portfolio could be more or less. Moreover, appraisals for classes of assets that are not publicly traded are based on estimates which typically lag changes in actual market value by three to six months. Representations of market valuations are not subject to audit (other than at year end).

The Retirement System investment portfolio is structured for long-term performance. The Retirement System continually reviews investment and asset allocation policies as part of its regular operations and continues to rely on an investment policy which is consistent with the principles of diversification and the search for long-term value. Market fluctuations are an expected investment risk for any long-term strategy. Significant market fluctuations are expected to have significant impact on the value of the Retirement System investment portfolio.

A decline in the value of SFERS Trust assets over time, without a commensurate decline in the pension liabilities, will result in an increase in the contribution rate for the City. No assurance can be provided by the City that contribution rates will not increase in the future, and that the impact of such increases will not have a material impact on City finances.

Other Employee Retirement Benefits

As noted above, various City employees are members of CalPERS, an agent multiple-employer public employee defined benefit plan for safety members and a cost-sharing multiple-employer plan for miscellaneous members. The City makes certain payments to CalPERS in respect of such members, at rates determined by the CalPERS board. Such payment from the General Fund equaled \$18.1 million in fiscal year 2009-10 and \$17.6 million in fiscal year 2010-11. For fiscal year 2011-12, the City prepaid its annual CalPERS obligation at a level of \$23.4 million. Further discussion of the City's CalPERS plan obligations are summarized in Note 9 to the City's CAFR, as of June 30, 2013, attached to this Official Statement as Appendix B. A discussion of other post-employment benefits, including retiree medical benefits, is provided below under "Medical Benefits – *Post-Employment Health Care Benefits and GASB 45.*"

Medical Benefits

Administration through Health Service System; Audited System Financial Statements

Medical benefits for eligible active City employees and eligible dependents, for retired City employees and eligible dependents, and for surviving spouses and domestic partners of covered City employees (the "City Beneficiaries") are administered by the City's Health Service System (the "Health Service System" or "HSS") pursuant to City Charter Sections 12.200 *et seq.* and A8.420 *et seq.* Pursuant to such Charter Sections, the Health Service System also administers medical benefits to active and retired employees of SFUSD, SFCCD, and the San Francisco Superior Court (collectively the "System's Other Beneficiaries"). However, the City is not required to fund medical benefits for the System's Other Beneficiaries and therefore this section focuses on the funding by the City of medical benefits for City Beneficiaries. The Health Service System is overseen by the City's Health Service Board (the "Health Service Board"). The seven member Health Service Board is composed of members including a seated member of the City's Board of Supervisors, appointed by the Board President; an individual who regularly consults in the health care field, appointed by the Mayor; a doctor of medicine, appointed by the Mayor; and until May 15, 2013, four members of the Health Service System, active or retired, elected from among their members. After May 15, 2013 one of the members elected from among the members was replaced by a member nominated by the Controller and approved by the Health Service Board pursuant to Proposition C approved by the voters in November 2011. The plans (the "HSS Medical Plans") for providing medical care to the City Beneficiaries and the System's Other Beneficiaries (collectively, the "HSS Beneficiaries") are determined annually by the Health Service Board and approved by the Board of Supervisors pursuant to Charter Section A8.422.

The Health Service System oversees a trust fund (the "Health Service Trust Fund") established pursuant to Charter Sections 12.203 and A8.428 through which medical benefits for the HSS Beneficiaries are funded. The Health Service System issues annually a publicly available, independently audited financial report that includes financial

statements for the Health Service Trust Fund. This report may be obtained on-line at www.myhss.org/finance or by writing to the San Francisco Health Service System, 1145 Market Street, Second Floor, San Francisco, California 94103, or by calling (415) 554-1727. Audited annual financial statements for several years are also posted in the Health Service System website. The information available on such website is not incorporated in this Official Statement by reference.

As presently structured under the City Charter, the Health Service Trust Fund is not a fund through which assets are accumulated to finance post-employment healthcare benefits (an "OPEB trust fund"). Thus, the Health Service Trust Fund is not currently affected by Governmental Accounting Standards Board ("GASB") Statement Number 45, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions* ("GASB 45"), which applies to OPEB trust funds.

Determination of Employer and Employee Contributions for Medical Benefits

Contributions by the participating employers and HSS Beneficiaries to HSS Medical Plans are determined according to applicable provisions of the Charter. To the extent annual medical premiums exceed the contributions made by employers and HSS Beneficiaries as required by the Charter, such excess must be paid by HSS Beneficiaries or, if elected by the Health Service Board, from net assets held in the Health Service Trust Fund.

All City Beneficiaries receive a base contribution from the City toward the monthly cost of their medical benefits calculated pursuant to Charter Section A8.423. Under that section, the Health Service System conducts a survey annually of the 10 most populous counties in California (other than the City) to determine "the average contribution made by each such County toward the providing of health care plans, exclusive of dental or optical care, for each employee of such County." Under City Charter Section A8.428, the City is required to contribute to the Health Service Trust Fund an amount equal to such "average contribution" for each City Beneficiary.

In addition to the average contribution described above, the City makes additional medical and other benefit contributions on behalf of City Beneficiaries who are active employees as negotiated and agreed to by such employees' applicable collective bargaining units. City bargaining units have negotiated additional City contributions for enhanced single medical coverage, dependent medical coverage and for additional benefits such as dental care for the members of such bargaining units. These contribution amounts are also paid by the City into the Health Service Trust Fund.

Medical benefits for City Beneficiaries who are retired or otherwise not employed by the City (e.g., surviving spouses and surviving domestic partners of City retirees) ("Nonemployee City Beneficiaries") are funded through contributions from such Nonemployee City Beneficiaries and the City as determined pursuant to Charter Section A8.428. The Health Service System medical benefit eligibility requirements for Nonemployee City Beneficiaries are described below under "*Post-Employment Health Care Benefits and GASB 45.*"

Contributions relating to Nonemployee City Beneficiaries include the City contribution of the "average contribution" corresponding to such Nonemployee City Beneficiaries as described in Charter Section A8.423 along with the following:

- Monthly contributions from Nonemployee City Beneficiaries in amounts equal to the monthly contributions required from active employees excluding health coverage or subsidies for health coverage paid for active employees as a result of collective bargaining. However, such monthly contributions from Nonemployee City Beneficiaries covered under Medicare are reduced by an amount equal to the amount contributed monthly by such persons to Medicare.
- In addition to the average contribution described in the second paragraph of this subsection, the City contributes additional amounts in respect of the Nonemployee City Beneficiaries sufficient to defray the difference in cost to the Health Service System in providing the same health coverage to Nonemployee City Beneficiaries as is provided for active employee City Beneficiaries, excluding health coverage or subsidies for health coverage paid for active employees as a result of collective bargaining.
- After application of the calculations described above, the City contributes 50% of monthly contributions required for the retired city participant and the first dependent.

Change in Contribution Model to Stabilize Medical Plan Membership and Maintain Competition Among Providers

In June 2013, the Health Service Board adopted a flat premium contribution model for unions that approve an MOU agreement with the City incorporating the changes by July 31, 2013. The net flat premium structure for 2015 will smooth increases in premiums with premium contributions from all employees. The long term impact of the flat premium contribution model is a reduction in the relative proportion of the projected increases in the City's contributions for Healthcare, stabilization of the medical plan membership and maintenance of competition among plans.

Health Care Reform

On March 23, 2010, President Obama signed into law the Patient Protection and Affordable Care Act (Public Law 111-114), and on March 30, 2010 signed the Health Care and Education Reconciliation of 2010 (collectively, the "Health Care Reform Law"). The Health Care Reform Law is intended to extend health insurance to over 32 million uninsured Americans by 2019, and includes other significant changes with respect to the obligation to carry health insurance by individuals and the provision of health care by private and public employers, such as the City. Due to the complexity of the Health Care Reform Law it is likely that additional legislation will be considered and enacted in future years.

The Health Care Reform Law is designed to be implemented in phases from 2010 to 2018. The provisions of the Health Care Reform Law to be implemented in future years include, the expansion of Medicaid, subsidies for health insurance for certain individuals, mandates that require most Americans obtain health insurance, and incentives for employers with over 50 employees to provide health insurance for their employees or pay a fine. Many aspects of the law have yet to be clarified and will require substantial regulation or subsequent legislative action. On June 28, 2012 the U.S. Supreme Court ruled to uphold the employer mandate, the individual mandate and the state Medicaid expansion requirements.

Provisions of Health Care Reform already implemented by HSS include discontinued eligibility for non-prescription drugs reimbursement through flexible spending accounts (FSAs) in 2011, eliminated copayments for wellness visits, eliminated life-time caps on coverage, and expanded eligibility to cover member dependent children up to age 26 in 2011, eliminated copayments for women's preventative health including contraception in 2012 and W-2 reporting on total healthcare premium costs for 2012 plan year and implementation of a medical loss ratio rebate on self-insured plans. In addition, a separate summary of benefits was required to be sent to every member and provided to every new member beginning in 2012. In 2014, healthcare flexible spending accounts (FSAs) will be limited to \$2,500 annually.

As a result of the federal Health Care Reform Law there are two direct fees and one tax that have been factored into the calculation of medical premium rates and premium equivalents for the 2014 plan year. The three fees are the Federal Health Insurer Tax (HIT), Patient Centered Outcomes Research Institute (PCORI) fee, and the Federal Transitional Pre-Existing Condition Fee. The Federal HIT tax is a fixed-dollar amount distributed across health insurance providers for fully insured plans. The 2014 plan year premiums for Kaiser Permanente and Blue Shield of California included the impact of the HIT tax.

The Patient-Centered Outcomes Research Institute fee (previously known as the Comparative Effectiveness fee) will be charged directly to the Health Service System at a rate of \$2 per beneficiary for members of the Self-Insured plan (approximately 9,400). In 2014 through 2019 this amount will increase with health care inflation.

The Federal Transitional Pre-Existing Condition Fee is a \$63/year fee on each Health Service System beneficiary for plan years 2014-2016. This fee will be approximately \$5.5 million in 2014. This amount will decrease in 2015 and 2016. In 2014, the City will need to modify health benefit eligibility to cover temporary employees who work more than 30 hours per week or 130 hours per month to only a 90 day waiting period for coverage.

Local Elections: Proposition C (2011)

On November 8, 2011, the San Francisco voters approved Proposition C, a charter amendment that changed the way the City and current and future employees share in funding SFERS pension and health benefits. With regard to health benefits, elected officials and employees hired on or before January 9, 2009, contribute up to 1% of compensation toward their retiree health care, with matching contribution by the City. For employees or elected officials who left the City workforce before June 30, 2001, and retire after January 6, 2012, Proposition C requires that the City contributions toward retiree health benefits remain at the same levels they were when the employee left the City workforce. Proposition C changes the Health Service System and Health Service Board (HSB) including the following: 1) replace one elected member of the HSB with a member nominated by the City Controller and approved by HSB; 2) change HSB's voting requirement for approving member health plans from two-third to a simple majority; 3) remove the requirement for a plan permitting the member to choose any licensed medical provider; 4) allow for the option to change to a calendar year plan year; and 5) allow HSB to spend money on ways to limit health care costs. Factors that could cause additional medical costs or savings include: 1) projected City savings might be reduced if future labor negotiations or arbitration awards result in any salary increases to offset higher employee retirement contributions; 2) to the extent that changes to pension formulas in this measure cause employees to delay or speed up retirement dates, this could provide additional City savings or costs related to retiree pension and health insurance subsidies; 3) to the extent that changes in the composition of the Health Service Board result in changes to approved health benefit programs, costs could be higher or lower; and 4) to the extent that changes in the composition of the Health Service Board result in changes to approved health benefit programs, costs could be higher or lower. Changing to a calendar plan year allows HSS to convert the City Plan retiree pharmacy benefit to a higher discounted federal program called Employer Group Waiver Plan (EGWP) as of 2013. This will save an estimated \$2.3 million annually, will lower the City's retiree pharmacy expenditures by \$8.5 million annually, and will lower the City's GASB 45 liability.

Employer Contributions for Health Service System Benefits

For fiscal year 2012-13, the Health Service System received approximately \$630.1 million from participating employers for Health Service System benefit costs. Of this total, the City contributed approximately \$528.1 million; approximately \$156.0 million of this \$528.1 million amount was for health care benefits for approximately 26,564 retired City employees and their eligible dependents and approximately \$372.1 million was for benefits for approximately 61,428 active City employees and their eligible dependents. For fiscal year 2013-14, the Health Service System has budgeted to receive approximately \$642.9 million from participating employers for Health Service System benefit costs. The 2014 aggregate plan costs for the City will increase by only 2.4%. This flattening of the healthcare cost curve is due to a number of factors including lower use of healthcare during recessions, aggressive contracting by HSS, encouraging competition among our vendors, and changing our Blue Shield plan from a fully-funded to a flex-funded product. Flex-funding allows lower premiums to be set by our actuarial consultant, AON-Hewitt, without the typical margins added by Blue Shield; however, more risk is assumed by the City and reserves are required to protect against this risk. In 2015, this flattened trend is anticipated to continue, and the Health Service Board has allocated the Early Retiree Reimbursement Program funds collected of \$3.8M to subsidize coverage based on percent paid by employee/retiree which will continue to stabilize risk pools

Post-Employment Health Care Benefits and GASB 45

Eligibility of former City employees for retiree health care benefits is governed by the Charter. In general, employees hired before January 10, 2009 and a spouse or dependent are potentially eligible for health benefits following retirement at age 50 and completion of five years of City service. Proposition B, passed by San Francisco voters on June 3, 2008, tightened post-retirement health benefit eligibility rules for employees hired on or after January 10, 2009, and generally requires payments by the City and these employees equal to three percent of salary into a new retiree health trust fund.

Proposition A, passed by San Francisco voters on November 5, 2013 restricted the City's ability to withdraw funds from the retiree health trust fund. The restrictions allow payments from the fund only when two conditions are met:

- The City's account balance in any fiscal year is fully funded. The account is fully funded when it is large enough to pay then-projected retiree health care costs as they come due; and,

- The City's retiree health care costs exceed 10% of the City's total payroll costs in a fiscal year. The Controller, Mayor, Trust Board, and a majority of the Board of Supervisors must agree to allow payments from the Fund for that year. These payments can only cover retiree health care costs that exceed 10% of the City's total payroll cost. The payments are limited to no more than 10% of the City's account; or,
- The Controller, Mayor, Trust Board, and two-thirds of the Board of Supervisors approve changes to these limits.

GASB 45 Reporting Requirements. The City was required to begin reporting the liability and related information for unfunded post-retirement medical and other benefits ("OPEBs") in the City's financial statements for the fiscal year ending June 30, 2008. This reporting requirement is defined under Governmental Accounting Standards Board Statement 45 ("GASB 45"). GASB 45 does not require that the affected government agencies, including the City, actually fund any portion of this post-retirement health benefit liability – rather, GASB 45 requires government agencies to determine on an actuarial basis the amount of its total OPEB liability and the annual contributions estimated to fund such liability over 30 years. Any underfunding in a year is recognized as a liability on the government agency's balance sheet.

City's Estimated Liability. The City is required by GASB 45 to prepare a new actuarial study of its post-retirement benefits obligation every two years. In its October 8, 2012 report, Cheiron, Inc. estimated that the City's unfunded liability was approximately \$4.42 billion as of July 1, 2010. This estimate assumed a 4.25% return on investments and had an ARC for fiscal year 2011-12 of approximately \$397.9 million. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost of each year and any unfunded actuarial liabilities (or funding excesses) amortized over thirty years. The ARC was determined based on the July 1, 2010 actuarial valuation. The covered payroll (annual payroll of active employees covered by the plan) was \$2.3 billion and the ratio of the unfunded actuarial accrued liability to the covered payroll was 191.9%.

The difference between the estimated ARC and the amount expended on post-retirement medical benefits in any year is the amount by which the City's overall liability for such benefits increases in that year. The City's most recent CAFR estimated that the 2012-13 annual OPEB cost was \$418.5 million, of which the City funded \$160.3 million which caused, among other factors, the City's long-term liability to increase by \$258.2 million (as shown on the City's balance sheet and below). The annual OPEB cost consists of the ARC, one year of interest on the net OPEB obligation, and recognition of one year of amortization of the net OPEB obligation. While GASB 45 does not require funding of the annual OPEB cost, any differences between the amount funded in a year and the annual OPEB cost are recorded as increases or decreases in the net OPEB obligation. See Note 9(c) and (d) to the City's CAFR, as of June 30, 2013, included as Appendix B to this Official Statement. Four-year trend information is displayed in Table A-18 (dollars in thousands):

TABLE A-18

CITY AND COUNTY OF SAN FRANCISCO
Four-year Trend
 (000s)

Fiscal Year Ended	Annual OPEB	Percentage of Annual OPEB Cost Funded	Net OPEB Obligation
6/30/2010	374,214	33.9%	852,782
6/30/2011	392,151	37.2%	1,099,177
6/30/2012	405,850	38.5%	1,348,883
6/30/2013	418,539	38.3%	1,607,130

The October 2012 Cheiron Report estimates that the total long-term actuarial liability will reach \$5.7 billion by 2030. The calculations in the Cheiron Report are sensitive to a number of critical assumptions, including, but not limited to, the projected rate of increase in health plan costs.

Actuarial projections of the City's OPEB liability will be affected by Proposition B as well as by changes in the other factors affecting that calculation. For example, the City's actuarial analysis shows that by 2031, Proposition B's

three-percent of salary funding requirement will be sufficient to cover the cost of retiree health benefits for employees hired after January 10, 2009. See "Retirement System – Recent Voter Approved Changes to the Retirement Plan" above. As of June 30, 2013, the fund balance in the Retiree Health Care Trust Fund established by Proposition B was \$31.2 million. Future projections of the City's GASB 45 liability will be lowered by the HSS implementation of the Employer Group Waiver Plan (EGWP) prescription benefit program for City Plan retirees. See "– Local Elections: Proposition C (2011)."

Total City Employee Benefits Costs

The City budgets to pay its ARC for pension and has established a Retiree Health Care Trust Fund into which both the City and employees are required to contribute funds as retiree health care benefits are earned. Currently, these Trust deposits are only required on behalf of employees hired after 2009, and are therefore limited, but will grow as the workforce retires and this requirement is extended to all employees in 2016. Proposition A, passed by San Francisco voters on November 5, 2013 restricted the City's ability to make withdrawals from the Retiree Health Care Trust Fund.

The balance in the Retiree Health Care Trust Fund as of June 30, 2013 is approximately \$31.2 million. The City will continue to monitor and update its actuarial valuations of liability as required under GASB 45. Table A-18 provides a five-year history for all health benefits costs paid including pension, health, dental and other miscellaneous benefits. For all fiscal years shown, a "pay-as-you-go" approach was used by the City for health care benefits.

Table A-19 below provides a summary of the City's employee benefit actual and budgeted costs from fiscal years 2008-09 to fiscal year 2013-14.

TABLE A-19

CITY AND COUNTY OF SAN FRANCISCO
Employee Benefit Costs, All Funds
Fiscal Years 2008-09 through 2013-14
(000s)

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
	Actual	Actual	Actual	Actual	Actual	Budget
SFERS and PERS Retirement Contributions	\$197,614	\$294,088	\$368,185	\$428,265	\$452,327	\$527,564
Social Security & Medicare	147,576	145,969	140,828	147,682	156,322	162,729
Health - Medical + Dental, active employees ¹	274,753	284,426	296,032	330,919	338,840	370,454
Health - Retiree Medical ¹	144,110	154,347	175,799	181,822	186,263	162,234
Other Benefits ²	18,998	17,009	22,758	21,362	16,250	16,634
Total Benefit Costs	\$783,051	\$895,839	\$1,003,602	\$1,110,050	\$1,150,002	\$1,239,615

FY 2008-09 through FY 2012-13 figures are audited actuals. FY 2013-14 figures are original budget.

¹ Does not include Health Service System administrative costs. Does include flexible benefits that may be used for health insurance.

² "Other Benefits" includes unemployment insurance premiums, life insurance, and other miscellaneous employee benefits.

Source: Office of the Controller, City and County of San Francisco.

INVESTMENT OF CITY FUNDS

Investment Pool

The Treasurer of the City and County of San Francisco (the "Treasurer") is authorized by Charter Section 6.106 to invest funds available under California Government Code Title 5, Division 2, Part 1, Chapter 4. In addition to the funds of the City, the funds of various City departments and local agencies located within the boundaries of the City, including the school and community college districts, airport and public hospitals, are deposited into the City and County's Pooled Investment Fund (the "Pool"). The funds are commingled for investment purposes.

Investment Policy

The management of the Pool is governed by the Investment Policy administered by the Office of the Treasurer and Tax Collector in accordance with California Government Code Sections 27000, 53601, 53635, et. al. In order of priority, the objectives of this Investment Policy are safety, liquidity, and return on investments. Safety of principal is the foremost objective of the investment program. The investment portfolio maintains sufficient liquidity to meet all expected expenditures for at least the next six months. The Office of the Treasurer and Tax Collector also attempts to generate a market rate of return, without undue compromise of the first two objectives.

The Investment Policy is reviewed and monitored annually by a Treasury Oversight Committee established by the Board of Supervisors. The Treasury Oversight Committee meets quarterly and is comprised of members drawn from (a) the Treasurer; (b) the Controller; (c) a representative appointed by the Board of Supervisors; (d) the County Superintendent of Schools or his/her designee; (e) the Chancellor of the Community College District or his/her designee; and (f) Members of the general public. See "APPENDIX C – City and County of San Francisco Office of the Treasurer – Investment Policy" for a complete copy of the Treasurer's Investment Policy, dated October 2013. The Investment Policy is also posted at the Treasurer's website: www.sftreasurer.org. The information available on such website is not incorporated herein by reference.

Investment Portfolio

As of October 31, 2013, the City's surplus investment fund consisted of the investments classified in Table A-20, and had the investment maturity distribution presented in Table A-21.

TABLE A-20

CITY AND COUNTY OF SAN FRANCISCO
Investment Portfolio
Pooled Funds
As of October 31, 2013

<u>Type of Investment</u>	<u>Par Value</u>	<u>Book Value</u>	<u>Market Value</u>
U.S. Treasuries	\$ 685,000,000	\$ 685,856,641	\$ 690,994,000
Federal Agencies	3,876,513,000	3,889,035,670	3,899,140,500
State and Local Obligations	139,900,000	145,004,378	142,286,593
Public Time Deposits	720,000	720,000	720,000
Negotiable Certificates of Deposit	200,000,000	200,033,502	200,066,578
Banker's Acceptances	-	-	-
Commercial Paper	-	-	-
Medium Term Notes	523,455,000	529,905,320	519,423,880
Money Market Funds	125,065,263	125,065,263	125,065,263
Total	<u>\$ 5,550,653,263</u>	<u>\$ 5,575,620,774</u>	<u>\$ 5,577,696,814</u>

October 2013 Earned Income Yield: 0.69%

Sources: Office of the Treasurer & Tax Collector, City and County of San Francisco
 From Citi bank-Custodial Safekeeping, SunGard Systems-Inventory Control Program.

TABLE A-21

CITY AND COUNTY OF SAN FRANCISCO
Investment Maturity Distribution
Pooled Funds
As of October 31, 2013

Maturity in Months			Par Value	Percentage
0	to	1	\$ 175,065,263	3.15%
1	to	2	97,000,000	1.75%
2	to	3	102,730,000	1.85%
3	to	4	240,000	0.00%
4	to	5	235,765,000	4.25%
5	to	6	21,820,000	0.39%
6	to	12	421,690,000	7.60%
12	to	24	1,740,328,000	31.35%
24	to	36	829,395,000	14.94%
36	to	48	1,113,420,000	20.06%
48	to	60	813,200,000	14.65%
			<u>\$ 5,550,653,263</u>	<u>100.00%</u>

Weighted Average Maturity: 809 Days

Sources: Office of the Treasurer & Tax Collector, City and County of San Francisco
 From Citibank-Custodial Safekeeping, SunGard Systems-Inventory Control Program.

Further Information

A report detailing the investment portfolio and investment activity, including the market value of the portfolio, is submitted to the Mayor and the Board of Supervisors monthly. The monthly reports and annual reports are available on the Treasurer's web page: www.sftreasurer.org. The monthly reports and annual reports are not incorporated by reference herein.

Additional information on the City's investments, investment policies, and risk exposure as of June 30, 2013 are described in Appendix B: "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2013," Notes 2(d) and 5.

CAPITAL FINANCING AND BONDS

Capital Plan

In October 2005, the Board of Supervisors adopted, and the Mayor approved, Ordinance No. 216-05, which established a new capital planning process for the City. The legislation requires that the City develop and adopt a ten-year capital expenditure plan for City-owned facilities and infrastructure. It also created the Capital Planning Committee ("CPC") and the Capital Planning Program ("CPP"). The CPC, composed of other City finance and capital project officials, makes recommendations to the Mayor and Board of Supervisors on all of the City's capital expenditures. To help inform CPC recommendations, the CPP staff, under the direction of the City Administrator, review and prioritize funding needs; project and coordinate funding sources and uses; and provide policy analysis and reports on interagency capital planning.

The City Administrator, in conjunction with the CPC, is directed to develop and submit a ten-year capital plan every other fiscal year for approval by the Board of Supervisors. The Capital Plan is a fiscally constrained long-term finance strategy that prioritizes projects based on a set of funding principles. It provides an assessment of the City's infrastructure needs over ten years, highlights investments required to meet these needs and recommends a plan of finance to fund these investments. Although the Capital Plan provides cost estimates and proposes methods to finance such costs, the document does not reflect any commitment by the Board of Supervisors to expend such amounts or to adopt any specific financing method. The Capital Plan is required to be updated and adopted biennially, along with the City's Five Year Financial Plan and the Five-Year Information & Communication Technology Plan. The CPC is also charged with reviewing the annual capital budget submission and all long-term financing proposals, and providing recommendations to the Board of Supervisors relating to the compliance of any such proposal or submission with the adopted Capital Plan.

The Capital Plan is required to be submitted to the Mayor and the Board of Supervisors by each March 1 in odd-numbered years and adopted by the Board of Supervisors and the Mayor on or before May 1 of the same year. The fiscal year 2014-2023 Capital Plan was approved by the CPC on February 25, 2013 and was adopted by the Board of Supervisors in April 2013. The Capital Plan contains \$25.1 billion in capital investments over the coming decade for all City departments, including \$4.7 billion in projects for General Fund-supported departments. The Capital Plan proposes \$88.0 million for General Fund pay-as-you-go capital projects in fiscal year 2013-14. The amount for General Fund pay-as-you-go capital projects is assumed to grow to \$231 million in fiscal year 2022-23. The Capital Plan is not incorporated by reference herein but may be found at <http://onesanfrancisco.org/>. Major capital projects for General Fund-supported departments included in the Capital Plan consist of upgrades to public health, police, fire and park facilities; street and right-of-way improvements; the removal of barriers to accessibility; park improvements; the replacement of the Hall of Justice; and seismic upgrades to the Veteran's Memorial Building, among other capital projects. Approximately \$2.0 billion of the capital projects of General Fund supported departments are financed with general obligation bonds and other long-term obligations. The balance is expected to be funded by federal and State funds, the General Fund, and other sources.

In addition to the City General Fund-supported capital spending, the Capital Plan recommends \$14.5 billion in enterprise fund department projects to continue major transit, economic development and public utility projects such as the Central Subway project, runway and terminal upgrades at San Francisco International Airport, Pier 70 infrastructure investments, and the Sewer System Improvement Program, among others. Approximately \$8.2 billion of enterprise fund department capital projects is financed with voter-approved revenue bonds and other long-term obligations. The balance is expected to be funded by federal and State funds, user/operator fees, General Fund, and other sources.

While significant investments are proposed in the City's adopted ten-year capital plan, identified resources remain below those necessary to maintain and enhance the City's physical infrastructure. As a result, over \$14 billion in capital needs are deferred from the plan's horizon. Over two-thirds of these unfunded needs are for the City's transportation and waterfront infrastructure, where core maintenance investments have lagged for decades. Mayor Edwin Lee has convened a taskforce to recommend funding mechanisms to bridge a portion of the gaps in the City's transportation needs, but it is likely that significant funding gaps will remain even assuming the identification of significant new funding sources for these needs.

Failure to make the capital improvements and repairs recommended in the Plan may have the following impacts: (i) failing to meet federal, state, or local legal mandates; (ii) failing to provide for the imminent life, health, safety and security of occupants and the public; (iii) failing to prevent the loss of use of the asset; (iv) impairing the value of the City's assets; (v) increasing future repair and replacement costs; and (vi) harming the local economy.

Tax-Supported Debt Service

Under the State Constitution and the Charter, City bonds secured by *ad valorem* property taxes ("general obligation bonds") can only be authorized with a two-thirds approval of the voters. As of December 1, 2013, the City had approximately \$1.89 billion aggregate principal amount of general obligation bonds outstanding.

Table A-22 shows the annual amount of debt service payable on the City's outstanding general obligation bonds.

TABLE A-22

CITY AND COUNTY OF SAN FRANCISCO
General Obligation Bonds Debt Service
As of December 1, 2013 ^{1 2}

Fiscal Year	Principal	Interest	Annual Debt Service
2014	\$ 150,279,486	\$ 88,438,032	\$ 238,717,518
2015	151,979,884	81,666,532	233,646,416
2016	105,753,046	74,343,844	180,096,890
2017	97,779,110	69,400,105	167,179,215
2018	98,593,225	64,697,632	163,290,857
2019	97,160,545	60,163,962	157,324,507
2020	94,686,232	55,560,375	150,246,607
2021	90,035,457	51,044,062	141,079,519
2022	96,123,401	46,958,724	143,082,125
2023	98,320,251	42,516,801	140,837,052
2024	99,376,206	37,784,550	137,160,756
2025	98,571,476	32,920,682	131,492,158
2026	92,416,279	28,099,652	120,515,931
2027	96,425,840	23,564,823	119,990,663
2028	99,979,035	18,964,084	118,943,119
2029	98,551,751	14,235,655	112,787,406
2030	93,040,095	9,662,829	102,702,924
2031	50,976,950	5,339,777	56,316,727
2032	52,690,000	3,319,875	56,009,875
2033	16,540,000	1,230,200	17,770,200
2034	5,075,000	520,250	5,595,250
2035	5,330,000	266,500	5,596,500
TOTAL ³	\$ 1,889,683,269	\$ 810,698,946	\$ 2,700,382,215

¹ This table does not reflect any debt other than City direct tax-supported debt, such as any assessment district indebtedness or any redevelopment agency indebtedness.

² Totals reflect rounding to nearest dollar.

³ Section 9.106 of the City Charter limits issuance of general obligation bonds of the City to 3% of the assessed value of all real and personal assessment district indebtedness or any redevelopment agency indebtedness.

Source: Office of Public Finance, City and County of San Francisco.

General Obligation Bonds

Certain general obligation bonds authorized by the City's voters as discussed below have not yet been issued. Such bonds may be issued at any time by action of the Board of Supervisors, without further approval by the voters.

In November 1992, voters approved Proposition A, which authorized the issuance of up to \$350.0 million in general obligation bonds to provide moneys to fund the City's Seismic Safety Loan Program (the "Loan Program"). The purpose of the Loan Program is to provide loans for the seismic strengthening of privately-owned unreinforced masonry buildings in San Francisco for affordable housing and market-rate residential, commercial and institutional purposes. In April 1994, the City issued \$35.0 million in taxable general obligation bonds to fund the Loan Program and in October 2002, the City redeemed all outstanding bonds remaining from such issuance. In February 2007, the Board of Supervisors approved the issuance of additional indebtedness under this authorization in an amount not to exceed \$35.0 million. Such issuance would be achieved pursuant to the terms of a Credit Agreement with Bank of America, N.A. (the "Credit Bank"), under which the Credit Bank agreed to fund one or more loans to the City from time to time as evidenced by the City's issuance to the Credit Bank of the Taxable General Obligation Bond (Seismic Safety Loan Program), Series 2007A. The funding by the Credit Bank of the loans at the City's request and the terms of repayment of such loans are governed by the terms of the Credit Agreement. Loan funds received by the City from the Credit Bank are in turn used to finance loans to Seismic Safety Loan Program borrowers. In March 2007, the City initiated an initial borrowing of \$2.0 million, and in October 2007, the City borrowed approximately \$3.8 million from the Credit Bank. In January 2008, the City borrowed approximately \$3.9 million and in November 2008, the City borrowed \$1.3 million from the Credit Bank. Further borrowings under the Credit Agreement with the Credit Bank (up to the \$35.0 million not-to-exceed amount) are expected as additional loans to Seismic Safety Loan Program borrowers are approved.

In February 2008, voters approved Proposition A, which authorized the issuance of up to \$185.0 million in general obligation bonds for the construction, reconstruction, purchase, and/or improvement of park and recreation facilities located in the City and under the jurisdiction of the Recreation and Parks Commission or under the jurisdiction of the Port Commission. The City issued the first series of bonds under Proposition A in the amount of approximately \$42.5 million in August 2008. The City issued the second series in the amount of approximately \$60.4 million in March 2010 and the third series in the amount of approximately \$73.4 million in March 2012.

In November 2008, voters approved Proposition A, which authorized the issuance of up to \$887.4 million in general obligation bonds to provide funds to finance the building or rebuilding and improving the earthquake safety of the San Francisco General Hospital and Trauma Center. The City issued the first series of bonds under Proposition A in the amount of approximately \$131.7 million in March 2009. The City issued the second series in the amount of approximately \$294.6 million in March 2010. The City issued its third series in the amount of approximately \$251 million in August 2012.

In June 2010, voters approved Proposition B, which authorized the issuance of up to \$412.3 million in general obligation bonds to provide funds to finance the construction, acquisition, improvement, and retrofitting of neighborhood fire and police stations, the auxiliary water supply system, a public safety building, and other critical infrastructure and facilities for earthquake safety and related costs. The City issued the first series of bonds under Proposition B in the amount of \$79.5 million in December 2010 and the second series of bonds in the amount of \$183.3 million in March 2012. The City issued the third series in the amount of approximately \$38.3 million in August 2012 and the fourth series of bonds in the amount of \$31.0 million in June 2013.

In November 2011, voters approved Proposition B, which authorized the issuance of up to \$248.0 million in general obligation bonds to provide funds to repair and repave City streets and remove potholes; strengthen and seismically upgrade street structures; redesign street corridors by adding or improving pedestrian signals, lighting, sidewalk extensions, bicycle lanes, trees and landscaping; construct and renovate curb ramps and sidewalks to increase accessibility and safety for everyone, including persons with disabilities; and add and upgrade traffic signals to improve MUNI service and traffic flow. The City issued the first series of bonds under Proposition B in the amount of approximately \$74.3 million in March 2012 and the second series of bonds in the amount of \$129.6 million in June 2013.

In November 2012, voters approved Proposition B, which authorized the issuance of up to \$195.0 million in general obligation bonds to provide funds for the construction, reconstruction, renovation, demolition, environmental remediation and/or improvement of park, open space, and recreation facilities located in the City and under the

jurisdiction of the Recreation and Parks Commission or under the jurisdiction of the Port Commission. The City issued the first series of bonds under Proposition B in the amount of approximately \$71.9 million in June 2013.

The Board of Supervisors adopted Resolution No. 272-04 on May 11, 2004 (the "2004 Resolution"). The Mayor approved the 2004 Resolution on May 13, 2004. The 2004 Resolution authorized the issuance of not to exceed \$800.0 million aggregate principal amount of its General Obligation Refunding Bonds from time to time in one or more series for the purpose of refunding all or a portion of the City's then outstanding General Obligation Bonds. On November 1, 2011, the Board of Supervisors adopted, and the Mayor approved, Resolution No. 448-11 (the "2011 Resolution," and together with the 2004 Resolution, the "Refunding Resolutions"). The 2011 Resolution authorized the issuance of not to exceed \$1,355,991,219 aggregate principal amount of the City's General Obligation Refunding Bonds from time to time in one or more series for the purpose of refunding certain outstanding General Obligation Bonds of the City.

Table A-23 below lists for each of the City's voter-authorized general obligation bond programs the amount originally authorized, the amount issued and outstanding, and the amount of remaining authorization for which bonds have not yet been issued. Series are grouped by program authorization in chronological order. The authorized and unissued column refers to total program authorization that can still be issued, and does not refer to any particular series. As of December 1, 2013, the City had authorized and unissued refunding general obligation bond authority of approximately \$751 million.

TABLE A-23

CITY AND COUNTY OF SAN FRANCISCO
General Obligation Bonds (as of December 1, 2013)

Description of Issue (Date of Authorization)	Series	Issued	Outstanding ¹	Authorized & Unissued ²
Seismic Safety Loan Program (11/3/92)	2007A	\$30,315,450	\$26,323,269	\$284,684,550
Branch Library Facilities Improvement (11/7/00)	2008A	31,065,000	25,460,000	
Clean & Safe Neighborhood Parks (2/5/08)	2008B	42,520,000	35,165,000	
	2010B	24,785,000	14,025,000	
	2010D	35,645,000	35,645,000	
	2012B	73,355,000	60,270,000	8,695,000
San Francisco General Hospital and Trauma Center (11/4/08)	2009A	131,650,000	103,565,000	
	2010A	120,890,000	68,410,000	
	2010C	173,805,000	173,805,000	
	2012D	251,100,000	211,180,000	209,955,000
Earthquake Safety and Emergency Response Bond (6/8/10)	2010E	79,520,000	74,230,000	
	2012A	183,330,000	150,505,000	
	2012E	38,265,000	37,010,000	
	2013B	31,020,000	31,020,000	80,165,000
Road Repaving & Street Safety (11/8/11)	2012C	74,295,000	61,695,000	
	2013C	129,560,000	129,560,000	44,145,000
Clean & Safe Neighborhood Parks (11/6/12)	2013A	71,970,000	71,970,000	123,030,000
SUB TOTALS		\$1,523,090,450	\$1,309,838,269	\$750,674,550
General Obligation Refunding Bonds:				
Series 2006-R1 issued 10/31/06		\$90,690,000	\$54,155,000	
Series 2006-R2 issued 12/18/06		66,565,000	30,300,000	
Series 2008-R1 issued 5/29/08		232,075,000	53,465,000	
Series 2008-R2 issued 5/29/08		39,320,000	24,610,000	
Series 2008-R3 issued 7/30/08		118,130,000	118,130,000	
Series 2011-R1 issued 11/9/2011		339,475,000	299,185,000	
SUB TOTALS		886,255,000	579,845,000	
TOTALS		\$2,409,345,450	\$1,889,683,269	\$750,674,550

¹ Section 9.106 of the City Charter limits issuance of general obligation bonds of the City to 3% of the assessed value of all taxable real and personal property, located within the City and County.

² Of the \$35,000,000 authorized by the Board of Supervisors in February 2007, \$30,315,450 has been drawn upon to date pursuant to the Credit Agreement described under "General Obligation Bonds."

Source: Office of Public Finance, City and County of San Francisco.

Lease Payments and Other Long-Term Obligations

The Charter requires that any lease-financing agreements with a nonprofit corporation or another public agency must be approved by a majority vote of the City's electorate, except (i) leases approved prior to April 1, 1977, (ii) refunding lease financing expected to result in net savings, and (iii) certain lease financing for capital equipment. The Charter does not require voter approval of lease financing agreements with for-profit corporations or entities.

Table A-24 sets forth the aggregate annual lease payment obligations supported by the City's General Fund with respect to outstanding lease revenue bonds and certificates of participation as of December 1, 2013. Note that the annual payment obligations reflected in Table A-23 reflect the fully accreted value of any capital appreciation obligations as of the payment dates.

TABLE A-24

CITY AND COUNTY OF SAN FRANCISCO
Lease Revenue Bonds and Certificates of Participation
As of December 1, 2013

Fiscal Year	Principal	Interest	Annual Payment Obligation
2014	\$32,446,550	\$39,150,395	\$71,596,945
2015	67,600,751	56,088,843	123,689,594
2016	66,510,000	48,156,382	114,666,382
2017	60,310,000	45,346,520	105,656,520
2018	58,785,000	42,610,401	101,395,401
2019	50,770,000	40,176,612	90,946,612
2020	42,015,000	38,098,182	80,113,182
2021	43,050,000	36,217,345	79,267,345
2022	44,160,000	34,329,701	78,489,701
2023	46,085,000	32,376,293	78,461,293
2024	47,610,000	30,311,319	77,921,319
2025	47,230,000	28,143,340	75,373,340
2026	46,960,000	26,040,319	73,000,319
2027	49,165,000	23,828,851	72,993,851
2028	49,670,000	21,521,169	71,191,169
2029	51,950,000	19,157,247	71,107,247
2030	51,510,000	16,710,856	68,220,856
2031	42,835,000	14,314,379	57,149,379
2032	32,105,000	12,125,573	44,230,573
2033	31,175,000	10,532,806	41,707,806
2034	32,670,000	8,879,731	41,549,731
2035	20,155,000	7,383,525	27,538,525
2036	18,420,000	6,313,469	24,733,469
2037	16,450,000	5,322,520	21,772,520
2038	17,180,000	4,404,563	21,584,563
2039	17,935,000	3,446,211	21,381,211
2040	18,735,000	2,441,919	21,176,919
2041	19,565,000	1,393,151	20,958,151
2042	11,490,000	499,471	11,989,471
2043	1,900,000	95,000	1,995,000
TOTAL ¹	<u>\$1,136,442,301</u>	<u>\$655,416,093</u> ²	<u>\$1,791,858,394</u>

¹ Totals reflect rounding to nearest dollar.

² For purposes of this table, the interest rate on the Lease Revenue Bonds Series 2008-1, and 2008-2 (Moscone Center Expansion Project) is assumed to be 3.25%. These bonds are in variable rate mode.

Source: Office of Public Finance, City and County of San Francisco.

The City electorate has approved several lease revenue bond propositions, some of which have authorized but unissued bonds. The following lease programs have remaining authorization:

In 1987, voters approved Proposition B, which authorizes the City to lease finance (without limitation as to maximum aggregate par amount) the construction of new parking facilities, including garages and surface lots, in eight of the City's neighborhoods. In July 2000, the City issued \$8.2 million in lease revenue bonds to finance the construction of the North Beach Parking Garage, which was opened in February 2002. There is no current plan to issue any more bonds under Proposition B.

In 1990, voters approved Proposition C, which amended the Charter to authorize the City to lease-purchase equipment through a nonprofit corporation without additional voter approval but with certain restrictions. The City and County of San Francisco Finance Corporation (the "Corporation") was incorporated for that purpose. Proposition C provides that the outstanding aggregate principal amount of obligations with respect to lease financings may not exceed \$20.0 million, such amount increasing by five percent each fiscal year. As of December 1, 2013 the total authorized amount for such financings was \$61.4 million. The total principal amount outstanding as of December 1, 2013 was \$29.6 million.

In 1994, voters approved Proposition B, which authorized the issuance of up to \$60.0 million in lease revenue bonds for the acquisition and construction of a combined dispatch center for the City's emergency 911 communication system and for the emergency information and communications equipment for the center. In 1997 and 1998, the Corporation issued \$22.6 million and \$23.3 million of Proposition B lease revenue bonds, respectively, leaving \$14.0 million in remaining authorization. There is no current plan to issue additional series of bonds under Proposition B.

In June 1997, voters approved Proposition D, which authorized the issuance of up to \$100.0 million in lease revenue bonds for the construction of a new football stadium at Candlestick Park, the home of the San Francisco 49ers football team. If issued, the \$100.0 million of lease revenue bonds would be the City's contribution toward the total cost of the stadium project and the 49ers would be responsible for paying the remaining cost of the stadium construction project. There is no current plan to issue the Proposition D bonds.

On March 7, 2000, voters approved Proposition C, which extended a two and one half cent per \$100.0 in assessed valuation property tax set-aside for the benefit of the Recreation and Park Department (the "Open Space Fund"). Proposition C also authorizes the issuance of lease revenue bonds or other forms of indebtedness payable from the Open Space Fund. The City issued approximately \$27.0 million and \$42.4 million of such Open Space Fund lease revenue bonds in October 2006 and October 2007, respectively.

In November 2007, voters approved Proposition D, which amended the Charter and renewed the Library Preservation Fund. Proposition D continues the two and one half cent per \$100.0 in assessed valuation property tax set-aside and establishes a minimum level of City appropriations, moneys that are maintained in the Library Preservation Fund. Proposition D also authorizes the issuance of revenue bonds or other evidences of indebtedness. The City issued the first series of lease revenue bonds in the amount of approximately \$34.3 million in March 2009.

Commercial Paper Program

The Board authorized on March 17, 2009 and the Mayor approved on March 24, 2009 the establishment of a not-to-exceed \$150.0 million Lease Revenue Commercial Paper Certificates of Participation Program (the "CP Program"). Under the proposed CP Program, Commercial Paper Notes (the "CP Notes") will be issued from time to time to pay approved project costs in connection with the acquisition, improvement, renovation, and construction of real property and the acquisition of capital equipment and vehicles in anticipation of long-term financing to be issued when market conditions are favorable. Projects will be eligible to access the CP Program once the Board and the Mayor have approved the project and the long-term, permanent financing for the project. In June 2010, the City obtained letters of credit securing the CP Notes issued by J.P. Morgan Chase Bank, N.A. with a maximum principal amount of \$50 million and by U.S. Bank, N.A. with a maximum principal amount of \$50 million. The letters of credit expires June 2016.

As of December 1, 2013, the outstanding principal amount of CP Notes is \$32.4 million. The weighted average interest rate for the CP Notes is approximately 0.12%.

Board Authorized and Unissued Long-Term Obligations

The Board of Supervisors authorized on October 26, 2010 and the Mayor approved on November 5, 2010 the issuance of not to exceed \$38,000,000 in City and County of San Francisco certificates of participation to partially finance the rebuilding of severely distressed public housing sites, while increasing affordable housing and ownership opportunities and improving the quality of life for existing residents and the surrounding communities (the HOPE SF Project). The City anticipates issuing the certificates in the Summer of 2014.

The Board of Supervisors authorized on July 26, 2011 and the Mayor approved on August 1, 2011 the issuance of not to exceed \$170,000,000 in City and County of San Francisco certificates of participation to finance the construction and installation of certain improvements in connection with the renovation of the San Francisco War Memorial Veterans Building. The City anticipates issuing the certificates in the Summer of 2014.

The Board of Supervisors authorized on February 12, 2013 and the Mayor approved on February 15, 2013 the issuance of not to exceed \$507.9 million of City and County of San Francisco Certificates of Participation (Moscone Expansion Project) payable from Moscone Expansion District assessments to finance the costs of additions and improvements to the George R. Moscone Convention Center. The City anticipates issuing the certificates in 2017.

Overlapping Debt

Table A-25 shows bonded debt and long-term obligations as of December 1, 2013 sold in the public capital markets by the City and those public agencies whose boundaries overlap the boundaries of the City in whole or in part. Long-term obligations of non-City agencies generally are not payable from revenues of the City. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency. In the table, lease obligations of the City which support indebtedness incurred by others are included. As noted below, the Charter limits the City's outstanding general obligation bond debt to 3% of the total assessed valuation of all taxable real and personal property within the City.

TABLE A-25

CITY AND COUNTY OF SAN FRANCISCO
Statement of Direct and Overlapping Debt and Long-Term Obligations

2013-2014 Assessed Valuation (net of non-reimbursable & homeowner exemptions): \$172,489,208,372

Outstanding
12/1/2013

DIRECT GENERAL OBLIGATION BOND DEBT

General City Purposes Carried on the Tax Roll \$1,889,683,269

GROSS DIRECT DEBT \$1,889,683,269

DIRECT LEASE PAYMENT AND LONG-TERM OBLIGATIONS

San Francisco COPs, Series 2001A (30 Van Ness Ave. Property)	\$27,930,000
San Francisco COPs, Series 2003 (Juvenile Hall Replacement Project)	34,850,000
San Francisco Finance Corporation, Equipment LRBs Series 2008A, 2010A, 2011A, 2012A, and 2013A	29,620,000
San Francisco Finance Corporation Emergency Communication Refunding Series, 2010-R1	17,050,000
San Francisco Finance Corporation Moscone Expansion Center, Series, 2008-1, 2008-2	120,820,000
San Francisco Finance Corporation LRBs Open Space Fund (Various Park Projects) Series 2006, 2007	55,490,000
San Francisco Finance Corporation LRBs Library Preservation Fund Series, 2009A	30,870,000
San Francisco Redevelopment Agency Moscone Convention Center 1992	4,347,301
San Francisco Refunding Certificates of Participation, Series 2004-R1(San Francisco Courthouse Project)	18,670,000
San Francisco COPs, Series 2007A (City Office Buildings - Multiple Properties)	139,945,000
San Francisco COPs, Series 2009A Multiple Capital Improvement Projects (Laguna Honda Hospital)	148,545,000
San Francisco COPs, Series 2009B Multiple Capital Improvement Projects (Street Improvement Project)	35,200,000
San Francisco COPs, Series 2009C Office Project (525 Golden Gate Avenue) Tax Exempt	32,510,000
San Francisco COPs, Series 2009D Office Project (525 Golden Gate Avenue) Taxable BABs	129,550,000
San Francisco Refunding Certificates of Participation, Series 2010A	122,060,000
San Francisco COPs, Refunding Series 2011AB (Moscone)	80,585,000
San Francisco COPs, Series 2012A Multiple Capital Improvement Projects (Street Improvement Project)	41,860,000
San Francisco COPs, Series 2013A Moscone Center Improvement	28,840,000
San Francisco COPs, Series 2013BC Port Facilities	37,700,000

LONG-TERM OBLIGATIONS \$1,136,442,301

GROSS DIRECT DEBT & LONG-TERM OBLIGATIONS \$3,026,125,570

OVERLAPPING DEBT & LONG-TERM OBLIGATIONS

Bayshore Hester Assessment District	\$660,000
San Francisco Bay Area Rapid Transit District (33%) Sales Tax Revenue Bonds	90,643,333
San Francisco Bay Area Rapid Transit District (29%) General Obligation Bonds, Series 2005A, 2007B	106,311,000
San Francisco Community College District General Obligation Bonds - Election of 2001, 2005	343,720,000
San Francisco Redevelopment Agency Hotel Tax Revenue Bonds - 2011	41,750,000
San Francisco Redevelopment Agency Obligations (Property Tax Increment)	846,357,806
San Francisco Redevelopment Agency Obligations (Special Tax Bonds)	212,403,097
Association of Bay Area Governments Obligations (Special Tax Bonds)	41,658,913
San Francisco Unified School District General Obligation Bonds, Series Election of 2003, 2006, and 2011	647,360,000

TOTAL OVERLAPPING DEBT & LONG-TERM OBLIGATIONS \$2,330,864,149

GROSS COMBINED TOTAL OBLIGATIONS \$5,356,989,719

Ratios to Assessed Valuation:

	Actual Ratio	Charter Req.
Gross Direct Debt (General Obligation Bonds)	1.10%	< 3.00% ³
Gross Direct Debt & Long-Term Obligations	1.75%	n/a
Gross Combined Total Obligations	3.11%	n/a

¹ The assessed value as of July 1, 2013 is \$19,298,279

² Excludes revenue and mortgage revenue bonds and non-bonded third party financing lease obligations. Also excludes tax allocation bonds sold in August, 2009.

³ Section 9.106 of the City Charter limits issuance of general obligation bonds of the City to 3% of the assessed value of all real and personal property within the City's boundaries that is subject to

Source: Office of Public Finance, City and County of San Francisco.

On November 4, 2003, voters approved Proposition A. Proposition A of 2003 authorized the SFUSD to issue up to \$295.0 million of general obligation bonds to repair and rehabilitate school facilities, and various other improvements. The SFUSD issued \$58.0 million of such authorization in October 2004, \$130.0 million in October 2005, and \$92.0 million in October 2006, leaving \$15.0 million authorized but unissued. In March 2012, the SFUSD issued \$116.1 million in refunding general obligation bonds that refunded \$137.4 million in general obligation bonds authorized under Proposition A of 2003.

On November 2, 2004, voters approved Proposition AA. Proposition AA authorized the San Francisco BART to issue general obligation bonds in one or more series over time in an aggregate principal amount not to exceed \$980.0 million to strengthen tunnels, bridges, overhead tracks and the underwater Transbay Tube for BART facilities in Alameda and Contra Costa counties and the City. Of the \$980.0 million, the portion payable from the levy of *ad valorem* taxes on property within the City is approximately 29.0% or \$282.0 million. Of such authorization, BART issued \$100.0 million in May 2005 and \$400.0 million in July 2007, of which the allocable City portion is approximately \$29.0 million and \$116.0 million, respectively.

On November 8, 2005, voters approved the issuance of up to \$246.3 million in general obligation bonds to improve, construct and equip existing and new facilities of the SFCCD. SFCCD issued an aggregate principal amount of \$90.0 million of the November 2005 authorization in June 2006. In December 2007, SFCCD issued an additional \$110.0 million of such authorization. SFCCD issued the remaining authorization of \$46.3 million in spring 2010.

On November 7, 2006, voters approved Proposition A. Proposition A of 2006 authorized the SFUSD to issue an aggregate principal amount not to exceed \$450.0 million of general obligation bonds to modernize and repair up to 64 additional school facilities and various other improvements. The SFUSD issued the first series in the aggregate principal amount of \$100 million under the Proposition A authorization in February 2007. The SFUSD issued the second series in the aggregate principal amount of \$150.0 million under the Proposition A authorization in January 2009. The SFUSD issued the third series in the aggregate principal amount of \$185.0 million under the Proposition A authorization in May 2010.

On November 8, 2011, voters approved Proposition A. Proposition A of 2011 authorized the SFUSD to issue an aggregate principal amount not to exceed \$531.0 million of general obligation bonds to repair and rehabilitate school facilities to current accessibility, health, safety, and instructional standards, and where applicable, replace worn-out plumbing, electrical and other major building systems, replace aging heating, ventilation and air handling systems, renovate outdated classrooms and training facilities, construct facilities to replace aging modular classrooms. The SFUSD issued the first series in the aggregate principal amount of \$115.0 million under the Proposition A of 2011 authorization in March 2012.

MAJOR ECONOMIC DEVELOPMENT PROJECTS

Numerous development and construction projects are in progress throughout the City at any given time. This section describes several of the most significant privately owned and managed real estate developments currently under way in the City. The information in this section has been prepared by the City based on City-approved plans as well as unofficial plans and representations of the developer in each case, and includes forward-looking statements. These forward-looking statements consist of expressions of opinion, estimates, predictions, projections, plans and the like; such forward-looking statements in this section are those of the developers and not of the City. The City makes no prediction, representation or assurance that the plans and projects described will actually be accomplished, or the time frame in which the developments will be completed, or as to the financial impact on City real estate taxes, developer fees, other tax and fee income, employment, retail or real estate activity, or other consequences that might be expected or projected to result from the successful completion of each development project. Completion of development in each case may depend on the local economy, the real estate market, the financial health of the developer and others involved in the project, specific features of each development and its attractiveness to buyers, tenants, and others, as well as the financial health of such buyers, tenants, and others. Further, the dissolution of redevelopment agencies may have an adverse impact on the projects described below and many other development projects in the City. See "San Francisco Redevelopment Agency Dissolution" above. Completion and success of each development will also likely depend on other factors unknown to the City.

Hunters Point Shipyard (Phase 1 and 2) and Candlestick Point

The Hunters Point Shipyard, a former naval base, is a master planned community of approximately 500 acres located on the southeastern waterfront of San Francisco. The first phase of development, which was conveyed from the Navy in 2005, is currently underway and includes up to 1,600 homes, 27% to 40% of which will be affordable, and 26 acres of parks and open space. Nearly all of the horizontal construction for Phase 1 is complete and the developer broke ground on the vertical development on the first two blocks of homes in June 2013. Two additional blocks are anticipated to break ground in Spring 2014.

In August 2010, the development of the balance of the Shipyard and Candlestick Point received its final approvals from the Board of Supervisors. This includes (i) approximately 10,500 residential housing units across the project site, approximately 32% of which will be offered at below-market rates in a mix of both rental and for-sale housing; (ii) the complete rebuilding of the Alice Griffith Public Housing Development, also known as Double Rock; (iii) approximately 2.5 million square feet of "green" office, research and development uses on the Shipyard; (iv) approximately 150,000 square feet of green office, research and development or other commercial space on Candlestick Point; (v) more than 300 acres of new and restored parks and open space, which includes neighborhood parks, new waterfront parks around the entire perimeter of the Shipyard, connecting to the region's Bay Trail, and a major renovation of the Candlestick Point State Recreation Area into a "Crissy Field" of the southeast, with restored habitat areas and public access to the water; (vi) approximately 635,000 square feet of regional and neighborhood retail on Candlestick Point; and (vii) space for a 10,000-seat performance venue on Candlestick Point. The project is estimated to create thousands of ongoing construction opportunities during the 20- to 30-year construction period, and 10,000 permanent jobs at full build-out. In August 2011, the U.S. Department of Housing and Urban Development (HUD) selected the Alice Griffith Public Housing Development and the surrounding Bayview neighborhood as a recipient of the \$30.5 million Choice Neighborhoods Implementation Grant. The Alice Griffith Plan was one of six finalists submitted by communities nationwide competing for HUD Choice Neighborhoods funding. Construction of infrastructure for Alice Griffith and a new mixed-use retail center on the site of the current stadium will commence in the Summer of 2014 and the first new homes will be available starting in 2016.

Treasure Island

Former Naval Station Treasure Island is located in the San Francisco Bay and connected to the City by the San Francisco-Oakland Bay Bridge. The former base, which ceased operations in 1997, consists of approximately 405 acres on Treasure Island and 90 acres on adjoining Yerba Buena Island. Development plans for the islands include up to 8,000 new homes, 25% of which will be offered at below-market rates; up to 500 hotel rooms; a 400 slip marina; restaurants; retail and entertainment venues; and a world-class 300-acre parks and open space system. The compact mixed-use transit-oriented development is centered around a new ferry terminal connecting the island to downtown San Francisco and is designed to prioritize walking, biking and public transit. The development plans include green building standards and best practices in low-impact development.

In August 2010, then-Mayor Gavin Newsom, U.S. House of Representatives Speaker Nancy Pelosi, and U.S. Secretary of the Navy Ray Mabus signed the terms for the conveyance of former Naval Station Treasure Island from the Navy to the City, signifying a major milestone towards realizing an environmentally sustainable new community on Treasure Island and the thousands of construction and permanent jobs it will bring. In April 2011, the Treasure Island Development Authority (TIDA) Board of Directors and the Planning Commission certified the project's Environmental Impact Report (EIR). In June 2011, the Board of Supervisors unanimously upheld the certification of the EIR and approved numerous project documents, including a Disposition and Development Agreement, Development Agreement, Interagency Cooperation Agreement and Treasure Island Homeless Development Initiative (TIHDI) Agreement. Together, these agreements establish a comprehensive vision for the future of the former military base and represented another significant step in moving the project towards implementation. In January 2014, TIDA, acting with and through the San Francisco County Transportation Authority, will begin construction of new west bound on and off ramps connecting the new eastern span of the San Francisco – Oakland Bay Bridge to Yerba Buena Island. The first major land transfer from the Navy is expected to take place in 2014, and the first phase of construction by the developer, Treasure Island Community Development (TICD), is projected to begin in 2015 and will include extensive horizontal infrastructure improvements (utilities, roadway improvements, site preparation, etc.) as well as the initial vertical developments. The complete build-out of the project is anticipated to occur over fifteen to twenty years.

Piers 30-32 and Seawall Lot (SWL) 330 – Warrior's Multipurpose Recreation and Entertainment Venue

The Golden State Warriors, a National Basketball Association (NBA) team, is proposing to develop a waterfront multipurpose recreation and entertainment venue and associated development on Piers 30-32 and SWL 330. Piers 30-32 are located directly south of the Bay Bridge. On the Piers 30-32 site, the Warriors propose constructing a state-of-the-art multi-purpose recreation and entertainment venue for Warriors' home games, concerts, and family shows. Sixty percent of the Piers 30-32 site will be public, open space. There will also be a robust maritime program, which includes preserving the east apron of the pier as a deep water berth for occasional cruise ship and other large vessel berthing. The project also proposes to relocate the San Francisco Fire Department's Fire Boat station from Pier 22½ to the north apron of Piers 30-32 along with ferry and/or water taxi service. Piers 30-32 will also have restaurants (including Red's Java House), retail, bike valet and a limited amount of parking.

On SWL 330, which sits across the Embarcadero from Piers 30-32, the Warriors propose a mixed-use development, which will include residential units and a hotel use. The SWL site will also have ground floor retail and parking.

Economic & Planning Systems (EPS) was commissioned to author a Fiscal Feasibility Report, which provides both the Economic and Financial benefits of the project for the City. The Fiscal Feasibility Report projects that the project could create \$80 million annually in economic activity and generate approximately 5,000 construction jobs and 2,800 permanent jobs within San Francisco. In addition, the Fiscal Feasibility projects that the project could generate approximately \$53 million in one-time revenues and \$19 million in annual revenue to the City.

Transbay

The Transbay Transit Center broke ground on August 11, 2010, and is scheduled to open in August 2017. Demolition of existing structures on the site was completed in August 2011. The Transbay Transit Center Project will replace the outdated Transbay Terminal at First and Mission Streets with a modern transit hub and extend the Caltrain commuter rail line underground 1.3 miles into the Financial District. The area surrounding the Transbay Transit Center with is being redeveloped with 4,500 new homes, 1,200 to be "affordable" below-market homes, a 1.6 million square-foot tower, parks, and a retail main street. The Pelli Clarke Pelli Architects-designed Transit Center will serve more than 100,000 people per day through nine transportation systems, including future California High Speed Rail, which will be designed to connect San Francisco to Los Angeles in less than 2-1/2 hours. The Center is designed to embrace the goals of green architecture and sustainability. The heart of the Center, "City Park," a 5.4-acre public park will sit atop the facility, and there will be a living green roof for the transit facility. The Center will have a LEED rating of Silver. The project is estimated to create more than 48,000 jobs in its first phase of construction, which will last seven years. The \$4.2 billion Transbay Transit Center Project is funded by various public and private funding partners, including the federal government, the State, the Metropolitan Transportation Commission, the San Francisco County and San Mateo County Transportation Authorities, and AC Transit, among others. In November 2012, the TJPA finalized the agreement to sell TJPA property to Hines Corporation, paving the way for construction of the 61-story Transbay Transit Tower, which will contain 1.4 million square feet of office space, for \$190 million.

The first phase of the program, which includes constructing the new transit center, is \$300 million over budget. To cover the cost increase, the TJPA will use some of the funding that was committed to the second phase of the project – the Downtown Extension of Caltrain. Planning, OCII, the Mayor's Office and consultants are preparing the origination documents for a Mello-Roos (CFD) to finance a portion of the San Francisco County share of the Downtown Extension, City Park and other public benefits.

Mission Bay

The development plans for Mission Bay include a new University of California-San Francisco (UCSF) research campus containing 2.65 million square feet of building space on 43 acres donated by Catellus and the City; UCSF's 550-bed hospital; 4.4 million square feet of biotech, 'cleantech' and health care office space; 6,350 housing units, with 1,850 (29%) affordable to moderate-, low-, and very low-income households; 400,000 square feet of retail space; a 250-room hotel with up to 25,000 square feet of retail entertainment uses; 49 acres of public open space, including parks along Mission Creek and San Francisco Bay and eight acres of open space within the UCSF campus; a new 500-student public school; and a new fire and police station and police headquarters. Mission Bay is approximately 50% complete.

Seawall Lot (SWL) 337 and Pier 48 (Mission Rock)

Mission Rock is a proposed mixed-use development at Seawall Lot 337 and Pier 48, Port-owned property comprising approximately 25 acres. The Port, OEWD in its capacity as lead negotiator, and Mission Rock's competitively-selected master developer, Seawall Lot 337 Associates, LLC, have agreed on a development concept and corresponding financial terms for Mission Rock, which are reflected in a non-binding Term Sheet that the Port Commission and Board of Supervisors have endorsed and which will be finalized in a Development Agreement following environmental review.

The proposed development plan for Mission Rock includes: approximately 8 acres of public parks and open spaces, including a 5-acre regional waterfront park; 650 to 1,500 new housing units, 15 percent of which will be affordable to low-income households; 1.3 to 1.7 million square feet of commercial space; 150,000 to 250,000 square feet of retail space, approximately 3,000 parking spaces within mixed-use buildings and a dedicated parking structure, which will serve San Francisco Giants baseball team patrons as well as Mission Rock occupants and visitors; and the rehabilitation and reuse of historic Pier 48 as a new brewery/distillery for Anchor Steam Brewing Company.

The developer, Port and OEWD staff have continued to engage relevant agencies and stakeholders in preparation for the commencement of the environmental review process, which begins in January 2014 and is expected to last until mid- to late 2015. That process will be accompanied by negotiation of transaction agreements with final approvals anticipated in late 2015.

Pier 70

Plans for Pier 70 call for substantial development, including major parks and historic building rehabilitation, on this 69-acre site to achieve a number of goals, including preservation and adaptive reuse of historic structures; retention of the ship repair operations; provision of new open space; reactivation and economic development on the site; and needed infrastructure and site remediation. The Port, which controls Pier 70, and OEWD, in its capacity as lead negotiator, have initiated preliminary negotiations with Forest City, the developer selected to build a new mixed-use neighborhood on a 25-acre portion of Pier 70 known as the Waterfront Site. The parties have agreed on a development concept and corresponding financial terms for the Waterfront Site, which are reflected in a non-binding Term Sheet that the Port Commission and Board of Supervisors have endorsed and which will be finalized in a Development Agreement following environmental review.

Current development plans for the Pier 70 Waterfront Site call for 7 acres of parks and up to 3.25 million square feet of above-grade construction (not including parking) which may include between 1.0 to 2.25 million square feet of office space; up to 400,000 square feet of retail, small-scale production, arts space intended to establish the new district as destination with unique character; and between 950 and 2000 housing units, with 15 to 20 percent of them made available to low-income households. This built area includes three historic industrial buildings that will be rehabilitated as part of the Waterfront Site development.

Cruise Terminal

On February 26, 2013 the Port of San Francisco cut the ribbon opening the \$67 million core and shell of the new James R. Herman cruise ship terminal at Pier 27 for use during the America's Cup races in the summer of 2013. The \$44 million second phase commenced after the America's Cup competition was completed and will install maritime equipment, complete an operations area within a portion of Pier 29, and complete improvements to the ground transportation area and Northeast Wharf Plaza. When complete in late 2014, the \$111 million, approximately 88,000 square foot, two-level cruise terminal will replace the current outmoded and insufficient facility at Pier 35 and will include a 2.5 acre park along the Embarcadero ground transportation area capability and a strengthened connection between the Bay and the base of Telegraph Hill.

The proposed size of the terminal was defined to serve current and anticipated ship berthing requirements and associated passenger flows. The Pier 27 cruise terminal was designed to optimally handle vessels carrying 2,600 passengers and will have the capacity to serve vessels carrying up to 4,000 passengers, totaling 40-80 cruise calls a year. The facility will continue to be used for maritime events, such as Fleet Week, foreign naval diplomatic calls, Tall Ship festivals and visits by oceanic research vessels. When there are no cruise calls, the cruise terminal will

provide approximately 60,000 square feet of designated space for shared uses, including meetings and special events.

Bay Area Economics was commissioned to provide an economic impact study for the Pier 27 project. The study projects that the project could create approximately \$29.4 million annually in direct economic activity, \$42.2 million in total impacts, and generate approximately 408 jobs within San Francisco. In addition, the Bay Area Economics study projects that the project could generate approximately \$900,000 annually in direct tax revenues that accrue to the City's General Fund. Regionally, Bay Area Economics estimated \$43.4 million in direct impacts and \$66.9 million in total impacts, and approximately 470 jobs in the Bay Area.

America's Cup

On December 31, 2010, the City was selected to host two America's Cup World Series regattas in the summer of 2012 and the 34th America's Cup Challenger Selection Series and Match Finals in the summer of 2013. To accommodate the events, the Port invested in a series of Waterfront improvements along the central and northeast waterfront, primarily on Piers 27-29 for the America's Cup Village and at Piers 30-32 for team bases. Prior to the events, the City completed the Brannan Street Wharf project, the core and shell of the Pier 27 James R. Herman Cruise Terminal building, a portion of Jefferson Street, the Marina Green Bicycle Trail and the Pier 43 Bay Link Trail and made significant investments in deferred maintenance needs at Piers 30-32, Pier 23 and several of the aprons and marginal wharves used for the Events. Now that the events have concluded, the City will complete the James R. Herman Cruise Ship Terminal and Northeast Wharf Plaza.

Moscone Convention Center

The Moscone Center Expansion Project would add up to 350,000 square feet to the portion of the existing Moscone Center located on Howard Street between 3rd and 4th Streets in the Yerba Buena Gardens neighborhood of San Francisco. Nearly 140,000 square feet of this additional space would be created by excavating and expanding the existing below-grade exhibition halls that connect the Moscone North and South buildings under Howard Street, with the remaining consisting of new and repurposed lobby area, new multi-purpose/meeting room area, and new and repurposed building support area.

In addition to adding new rentable square footage, the project architects seek to create an iconic sense of arrival that enhances Moscone's civic presence on Howard Street and reconnects it to the surrounding neighborhood through the creation of reintroduced lost mid-block passageways. As such, the project proposes a new mid-block pedestrian entrance, or 'paseo' from Third St and a new, enclosed pedestrian bridges connecting the upper levels of the new Moscone North and Moscone South. This would provide enhanced circulation for Moscone convention attendees and reduce on-street congestion while maintaining from the successful activity in Yerba Buena Gardens and the children's cultural facilities.

A May 2012 analysis by Jones Lang Lasalle Hotels estimated that the City could lose up to \$2 billion in foregone revenue over the next decade if Moscone was not expanded. The project allows the City to recover approximately \$734 million of this future revenue and create 3,480 local jobs through a phased construction schedule that keeps Moscone in continuous revenue generating operation.

The proposed project is a joint partnership between the City and the hotel industry, acting through the Tourist Improvement District Management Corporation, with the City paying approximately one-third of all expansion costs and the hotel community paying approximately two-thirds. The Board of Supervisors unanimously approved the creation of the Moscone Expansion District and the issuance of \$507 million in Certificates of Participation on February 5, 2013. Project sponsors initiated environmental review in March 2013 with the goal of starting construction in late 2014, continuing intermittently around existing convention reservations through 2018.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES

Several constitutional and statutory limitations on taxes, revenues and expenditures exist under State law which limits the ability of the City to impose and increase taxes and other revenue sources and to spend such revenues, and which, under certain circumstances, would permit existing revenue sources of the City to be reduced by vote of the City electorate. These constitutional and statutory limitations, and future limitations, if enacted, could potentially

have an adverse impact on the City's general finances and its ability to raise revenue, or maintain existing revenue sources, in the future. However, *ad valorem* property taxes required to be levied to pay debt service on general obligation bonds was authorized and approved in accordance with all applicable constitutional limitations. A summary of the currently effective limitations is set forth below.

Article XIII A of the California Constitution

Article XIII A of the California Constitution, known as "Proposition 13," was approved by the California voters in June of 1978. It limits the amount of *ad valorem* tax on real property to 1% of "full cash value," as determined by the county assessor. Article XIII A defines "full cash value" to mean the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when "purchased, newly constructed or a change in ownership has occurred" (as such terms are used in Article XIII A) after the 1975 assessment. Furthermore, all real property valuation may be increased or decreased to reflect the inflation rate, as shown by the consumer price index or comparable data, in an amount not to exceed 2% per year, or may be reduced in the event of declining property values caused by damage, destruction or other factors. Article XIII A provides that the 1% limitation does not apply to *ad valorem* taxes to pay interest or redemption charges on 1) indebtedness approved by the voters prior to July 1, 1978, 2) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition, or 3) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district voting on the proposition, but only if certain accountability measures are included in the proposition.

The California Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher or lower than 2%, depending on the assessor's measure of the restoration of value of the damaged property. The California courts have upheld the constitutionality of this procedure.

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be assessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate persons with disabilities and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the City. Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIII A.

Article XIII B of the California Constitution

Article XIII B was enacted by California voters as an initiative constitutional amendment in November 1979. Article XIII B limits the annual appropriations from the proceeds of taxes of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population, and services rendered by the governmental entity. However, no limit is imposed on the appropriation of local revenues and taxes to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters. Article XIII B includes a requirement that if an entity's revenues in any year exceed the amount permitted to be spent, the excess would have to be returned by revising tax or fee schedules over the next two years.

Articles XIII C and XIII D of the California Constitution

Proposition 218, an initiative constitutional amendment, approved by the voters of the State in 1996, added Articles XIII C and XIII D to the State Constitution, which affect the ability of local governments, including charter cities such as the City, to levy and collect both existing and future taxes, assessments, fees and charges. Proposition 218 does not affect the levy and collection of taxes for voter-approved debt. However, Proposition 218 affects the City's finances in other ways. Article XIII C requires that all new local taxes be submitted to the electorate for approval before such taxes become effective. Taxes for general governmental purposes of the City require a majority vote and

taxes for specific purposes require a two-thirds vote. Under Proposition 218, the City can only continue to collect taxes that were imposed after January 1, 1995 if voters subsequently approved such taxes by November 6, 1998. All of the City's local taxes subject to such approval have been either reauthorized in accordance with Proposition 218 or discontinued. The voter approval requirements of Article XIII C reduce the City's flexibility to manage fiscal problems through new, extended or increased taxes. No assurance can be given that the City will be able to raise taxes in the future to meet increased expenditure requirements.

In addition, Article XIII C addresses the initiative power in matters of local taxes, assessments, fees and charges. Pursuant to Article XIII C, the voters of the City could, by initiative, repeal, reduce or limit any existing or future local tax, assessment, fee or charge, subject to certain limitations imposed by the courts and additional limitations with respect to taxes levied to repay bonds. The City raises a substantial portion of its revenues from various local taxes which are not levied to repay bonded indebtedness and which could be reduced by initiative under Article XIII C. No assurance can be given that the voters of the City will disapprove initiatives that repeal, reduce or prohibit the imposition or increase of local taxes, assessments, fees or charges. See "OTHER CITY TAX REVENUES" herein, for a discussion of other City taxes that could be affected by Proposition 218.

With respect to the City's general obligation bonds (City bonds secured by *ad valorem* property taxes), the State Constitution and the laws of the State impose a duty on the Board of Supervisors to levy a property tax sufficient to pay debt service coming due in each year. The initiative power cannot be used to reduce or repeal the authority and obligation to levy such taxes which are pledged as security for payment of the City's general obligation bonds or to otherwise interfere with performance of the duty of the City with respect to such taxes which are pledged as security for payment of those bonds.

Article XIII D contains several provisions making it generally more difficult for local agencies, such as the City, to levy and maintain "assessments" (as defined in Article XIII D) for local services and programs. The City has created a number of special assessment districts both for neighborhood business improvement purposes and community benefit purposes, and has caused limited obligation bonds to be issued in 1996 to finance construction of a new public right of way. The City cannot predict the future impact of Proposition 218 on the finances of the City, and no assurance can be given that Proposition 218 will not have a material adverse impact on the City's revenues.

Statutory Limitations

On November 4, 1986, California voters adopted Proposition 62, an initiative statute that, among other things, requires (i) that any new or increased general purpose tax be approved by a two-thirds vote of the local governmental entity's legislative body and by a majority vote of the voters, and (ii) that any new or increased special purpose tax be approved by a two-thirds vote of the voters.

In *Santa Clara County Local Transportation Authority v. Guardino*, 11 Cal. 4th 220 (1995) (the "*Santa Clara* decision"), the California Supreme Court upheld a Court of Appeal decision invalidating a one-half cent countywide sales tax for transportation purposes levied by a local transportation authority. The California Supreme Court based its decision on the failure of the authority to obtain a two-thirds vote for the levy of a "special tax" as required by Proposition 62. The *Santa Clara* decision did not address the question of whether it should be applied retroactively. In *McBrearty v. City of Brawley*, 59 Cal. App. 4th 1441 (1997), the Court of Appeal, Fourth District, concluded that the *Santa Clara* decision is to be applied retroactively to require voter approval of taxes enacted after the adoption of Proposition 62 but before the *Santa Clara* decision.

The *Santa Clara* decision also did not decide, and the California Supreme Court has not otherwise decided, whether Proposition 62 applies to charter cities. The City is a charter city. Cases decided by the California Courts of Appeal have held that the voter approval requirements of Proposition 62 do not apply to certain taxes imposed by charter cities. See *Fielder v. City of Los Angeles*, 14 Cal. App. 4th 137 (1993) and *Fisher v. County of Alameda*, 20 Cal. App. 4th 120 (1993).

Proposition 62, as an initiative statute, does not have the same level of authority as a constitutional initiative, but is analogous to legislation adopted by the State Legislature, except that it may be amended only by a vote of the State's electorate. Since it is a statute, it is subordinate to the authority of charter cities to impose taxes derived from the State Constitution. Proposition 218 (discussed above), however, incorporates the voter approval requirements initially imposed by Proposition 62 into the State Constitution.

Even if a court were to conclude that Proposition 62 applies to charter cities, the City's exposure under Proposition 62 may not be significant. The effective date of Proposition 62 was November 1986. Proposition 62 contains provisions that apply to taxes imposed on or after August 1, 1985. Since August 1, 1985, the City has collected taxes on businesses, hotel occupancy, utility use, parking, property transfer, stadium admissions and vehicle rentals. See "OTHER CITY TAX REVENUES" herein. Only the hotel and stadium admissions taxes have been increased since that date. The increases in these taxes were ratified by the voters on November 3, 1998 pursuant to the requirements of Proposition 218. With the exception of the vehicle rental tax, the City continues to collect all of the taxes listed above. Since these remaining taxes were adopted prior to August 1, 1985, and have not been increased, these taxes would not be subject to Proposition 62 even if Proposition 62 applied to a charter city.

Proposition 1A

Proposition 1A, a constitutional amendment proposed by the State Legislature and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate, or change the allocation of local sales tax revenues, subject to certain exceptions. As set forth under the laws in effect as of November 3, 2004, Proposition 1A generally prohibits the State from shifting any share of property tax revenues allocated to local governments for any fiscal year to schools or community colleges. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

Proposition 1A also provides that if the State reduces the annual vehicle license fee rate below 0.65% of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 1A may result in increased and more stable City revenues. The magnitude of such increase and stability is unknown and would depend on future actions by the State. However, Proposition 1A could also result in decreased resources being available for State programs. This reduction, in turn, could affect actions taken by the State to resolve budget difficulties. Such actions could include increasing State taxes, decreasing aid to cities and spending on other State programs, or other actions, some of which could be adverse to the City.

Proposition 22

Proposition 22 ("Proposition 22") which was approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. In addition, Proposition 22 generally eliminates the State's authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily increase a school and community college district's share of property tax revenues, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof, and prohibits the State from reallocating vehicle license fee revenues to pay for State-imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. Proposition 22 prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies (but see "San Francisco Redevelopment Agency Dissolution" above). While Proposition 22 will not change overall State and local government costs or revenues by the express terms thereof, it will cause the State to adopt alternative actions to address its fiscal and policy objectives.

Due to the prohibition with respect to the State's ability to take, reallocate, and borrow money raised by local governments for local purposes, Proposition 22 supersedes certain provisions of Proposition 1A (2004). However,

borrowings and reallocations from local governments during 2009 are not subject to Proposition 22 prohibitions. In addition, Proposition 22 supersedes Proposition 1A of 2006. Accordingly, the State is prohibited from borrowing sales taxes or excise taxes on motor vehicle fuels or changing the allocations of those taxes among local governments except pursuant to specified procedures involving public notices and hearings.

Proposition 26

On November 2, 2010, the voters approved Proposition 26 ("Proposition 26"), revising certain provisions of Articles XIII A and XIII C of the California Constitution. Proposition 26 re-categorizes many State and local fees as taxes, requires local governments to obtain two-thirds voter approval for taxes levied by local governments, and requires the State to obtain the approval of two-thirds of both houses of the State Legislature to approve State laws that increase taxes. Furthermore, pursuant to Proposition 26, any increase in a fee beyond the amount needed to provide the specific service or benefit is deemed to be a tax and the approval thereof will require a two-thirds vote. In addition, for State-imposed charges, any tax or fee adopted after January 1, 2010 with a majority vote which would have required a two-thirds vote if Proposition 26 were effective at the time of such adoption is repealed as of November 2011 absent the re-adoption by the requisite two-thirds vote.

Proposition 26 amends Article XIII C of the State Constitution to state that a "tax" means a levy, charge or exaction of any kind imposed by a local government, except (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property or the purchase rental or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law, including late payment fees, fees imposed under administrative citation ordinances, parking violations, etc.; (6) a charge imposed as a condition of property development; or (7) assessments and property related fees imposed in accordance with the provisions of Proposition 218. Fees, charges and payments that are made pursuant to a voluntary contract that are not "imposed by a local government" are not considered taxes and are not covered by Proposition 26.

Proposition 26 applies to any levy, charge or exaction imposed, increased, or extended by local government on or after November 3, 2010. Accordingly, fees adopted prior to that date are not subject to the measure until they are increased or extended or if it is determined that an exemption applies.

If the local government specifies how the funds from a proposed local tax are to be used, the approval will be subject to a two-thirds voter requirement. If the local government does not specify how the funds from a proposed local tax are to be used, the approval will be subject to a fifty percent voter requirement. Proposed local government fees that are not subject to Proposition 26 are subject to the approval of a majority of the governing body. In general, proposed property charges will be subject to a majority vote of approval by the governing body although certain proposed property charges will also require approval by a majority of property owners.

Future Initiatives and Changes in Law

The laws and Constitutional provisions described above were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the City or the City's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the City.

On April 25, 2013, the California Supreme Court in *McWilliams v. City of Long Beach* (April 25, 2013, No. S202037), held that the claims provisions of the Government Claims Act (Government Code Section 900 *et. seq.*) govern local tax and fee refund actions (absent another State statute governing the issue), and that local ordinances were without effect. The effect of the *McWilliams* case is that local governments could face class actions over disputes involving taxes and fees. Such cases could expose local governments to significant refund claims in the

future. The City cannot predict whether any such class claims will be filed against it in the future, the outcome of any such claim or its impact on the City.

LITIGATION AND RISK MANAGEMENT

Pending Litigation

There are a number of lawsuits and claims routinely pending against the City, including those summarized in Note 16 to the City's CAFR as of June 30, 2013, attached as Appendix B to this Official Statement. Included among these are a number of actions which if successful would be payable from the City's General Fund. In the opinion of the City Attorney, such suits and claims presently pending will not impair the ability of the City to make debt service payments or otherwise meet its General Fund lease or debt obligations, nor materially impair the City's ability to fund current operations.

Risk Retention Program

Citywide risk management is coordinated by the Office of Risk Management Division within the City's General Services Agency, which is under the supervision of the City Administrator. With certain exceptions, it is the general policy of the City not to purchase commercial insurance for the risks of losses to which it is exposed but rather to first evaluate self-insurance for such risks. The City's policy in this regard is based on its analysis that it is more economical to manage its risks internally and administer, adjust, settle, defend, and pay claims from budgeted resources (i.e., "self-insurance"). The City obtains commercial insurance in certain circumstances, including when required by bond or lease financing covenants and for other limited purposes. The City actuarially determines liability and workers' compensation risk exposures as permitted under State law. The City does not maintain commercial earthquake coverage, with certain minor exceptions.

The City's property risk management approach varies depending on various factors including whether the facility is currently under construction or if the property is owned by a self-supporting enterprise fund department. For new construction projects, the City has utilized traditional insurance, owner-controlled insurance programs or contractor-controlled insurance programs. Under the latter two approaches, the insurance program provides coverage for the entire construction project. When a traditional insurance program is used, the City requires each contractor to provide its own insurance, while ensuring that the full scope of work be covered with satisfactory levels to limit the City's risk exposure. The majority of the City's commercial insurance coverage is purchased for enterprise fund departments and other similar revenue-generating departments (the Airport, MTA, the SF Public Utilities Commission, the Port and Convention Facilities, etc.). The remainder of the commercial insurance coverage is for General Fund departments that are required to provide coverage for bond-financed facilities, coverage for collections at City-owned museums and to meet statutory requirements for bonding of various public officials, and other limited purposes where required by contract or other agreement.

Through coordination with the City Controller and the City Attorney's Office, the City's general liability risk exposure is actuarially determined and is addressed through appropriations in the City's budget and also reflected in the CAFR. The appropriations are sized based on actuarially determined anticipated claim payments and the projected timing of disbursement.

The City actuarially estimates future workers' compensation costs to the City according to a formula based on the following: (i) the dollar amount of claims; (ii) yearly projections of payments based on historical experience; and (iii) the size of the department's payroll. The administration of workers' compensation claims and payouts are handled by the Workers' Compensation Division of the City's Department of Human Resources. The Workers' Compensation Division determines and allocates workers' compensation costs to departments based upon actual payments and costs associated with a department's injured workers' claims. Statewide workers' compensation reforms have resulted in City budgetary savings in recent years. The City continues to develop and implement programs to lower or mitigate workers' compensation costs. These programs focus on accident prevention, transitional return to work for injured workers, improved efficiencies in claims handling and maximum utilization of medical cost containment strategies.

The City's estimated liability and workers' compensation risk exposures are summarized in Note 16 to the City's CAFR, attached to this Official Statement as Appendix B.



APPENDIX B

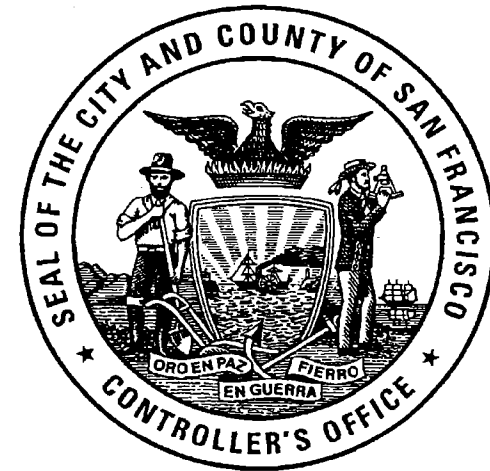
**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE CITY AND COUNTY OF SAN FRANCISCO
FOR THE FISCAL YEAR ENDED JUNE 30, 2013***

* The Comprehensive Annual Financial Report may be viewed online or downloaded from the City Controller's website at <http://www.sfgov.org/controller>.



**CITY AND COUNTY OF
SAN FRANCISCO, CALIFORNIA**

**Comprehensive Annual Financial Report
Year ended June 30, 2013**



**Prepared by:
Office of the Controller**

**Ben Rosenfield
Controller**

CITY AND COUNTY OF SAN FRANCISCO
Comprehensive Annual Financial Report
Year Ended June 30, 2013

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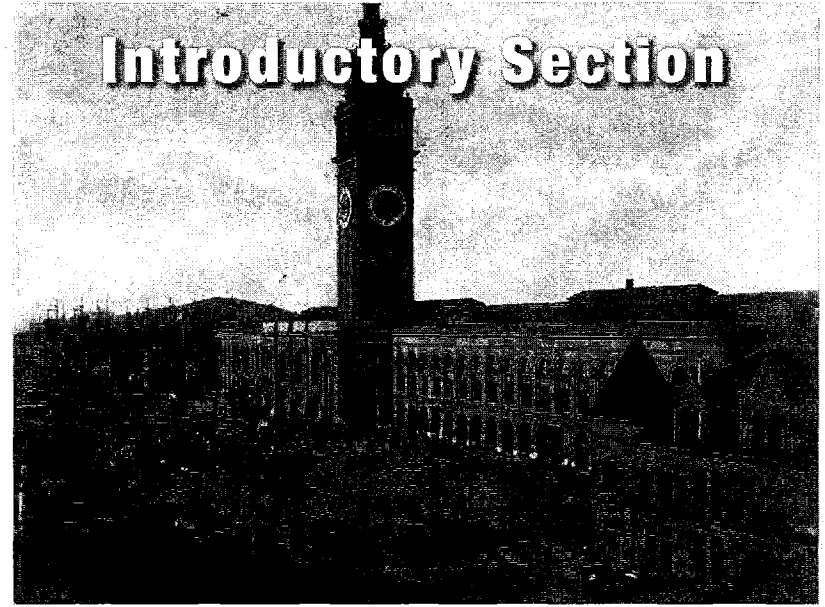
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Introductory Section



The Ferry Building with the turreted Post Office building that opened in 1901.



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- Controller's Letter of Transmittal
- Certificate of Achievement – Government Finance Officers Association
- City and County of San Francisco Organization Chart
- List of Principal Officials



CITY AND COUNTY OF SAN FRANCISCO OFFICE OF THE CONTROLLER

November 27, 2013

The Honorable Mayor Edwin Lee
The Honorable Members of the Board of Supervisors
Residents of the City and County of San Francisco
San Francisco, California

Ladies and Gentlemen:

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City and County of San Francisco, California (the City) for the year ended June 30, 2013, with the independent auditor's report. The report is submitted in compliance with City Charter sections 2.115 and 3.105, and California Government Code Sections 25250 and 25253. The Office of the Controller prepared the CAFR in conformance with the principles and standards for accounting and financial reporting set forth by the Governmental Accounting Standards Board (GASB).

The City is responsible for the accuracy of the data and for the completeness and fairness of its presentation. The existing comprehensive structure of internal accounting controls in the City provides reasonable assurance that the financial statements are free of any material misstatements. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements. I believe that the reported data is accurate in all material respects and that its presentation fairly depicts the City's financial position and changes in its financial position as measured by the financial activity of its various funds. I am confident that the included disclosures provide the reader with an understanding of the City's financial affairs.

The City's Charter requires an annual audit of the Controller's records. The records have been audited by Macias Gini & O'Connell LLP and are presented in the Basic Financial Statements in this CAFR. The CAFR also incorporates financial statements of various City enterprise funds and component units, including the San Francisco International Airport, the San Francisco Water Enterprise, Hetch Hetchy Water and Power, the Municipal Transportation Agency, the San Francisco Wastewater Enterprise, the Port of San Francisco, the City of San Francisco Market Corporation, the City and County of San Francisco Finance Corporation, the San Francisco County Transportation Authority, the City and County of San Francisco Health Service System, the San Francisco City and County Employees' Retirement System, and the Successor Agency to the San Francisco Redevelopment Agency.

This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A) section of the CAFR. The MD&A provides a narrative overview and analysis of the Basic Financial Statements and is presented after the independent auditor's report.

KEY FINANCIAL REPORT SECTIONS:

The **Introductory Section** includes information about the organizational structure of the City, the City's economy, major initiatives, status of City services, and cash management.

The **Financial Section** includes the MD&A, Basic Financial Statements, notes to the Basic Financial Statements, and required supplementary information. The Basic Financial Statements include the government-wide financial statements that report on all City financial operations, and also include fund financial statements that present information for all City funds. The independent auditor's report on the Basic Financial Statements is also included.



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The financial statements of several enterprise activities and of all component units of government are included in this CAFR. Some component units' financial statements are blended with the City's, such as the San Francisco County Transportation Authority and the San Francisco Finance Corporation. The reason for this is that the primary government is financially accountable for the operations of these agencies. In other instances, namely, for the Treasure Island Development Authority, financial reporting is shown separately. Supplemental combining statements and schedules for nonmajor governmental funds, internal service funds and fiduciary funds are also presented in the financial section.

The **Statistical Section** includes up to ten years of historical financial data and miscellaneous social and economic information that conforms to GASB standards for reporting statistical information. This section may be of special interest to citizens and prospective investors in our bonds.

SAN FRANCISCO'S ECONOMY:

Overview of Recent Trends

Over the past fiscal year, San Francisco's economic recovery has accelerated. Unemployment rates in fiscal year 2012-13 fell steadily, continuing a trend that began in fiscal year 2010-11. Average unemployment for fiscal year 2012-13 was 6.5%, down 1.5% from the previous fiscal year's level of 8.0%. Unemployment began the period at 7.7% in July 2012, and closed at 5.8% in June 2013.

In comparison to the U.S. economy, San Francisco entered the recent recession late and emerged from it relatively early. The San Francisco Metropolitan Division, of which the City and County of San Francisco is the largest jurisdiction, began seeing year-over-year job growth in December 2010. Over the course of fiscal year 2012-13, the San Francisco Metropolitan Division experienced a total employment increase of 2.3%. In the period between March 2012 and March 2013, the latest data available, nearly every major sector of the City's economy saw growth in employment, according to the Bureau of Labor Statistics.

Other local economic indicators were also positive during this past fiscal year. Housing prices, residential and commercial rent, hotel revenues, and retail sales all showed significant signs of recovery.

San Francisco's taxable sales have been growing rapidly, with fiscal year 2012-13 sales tax revenue up 4.9% over fiscal year 2011-12. For the last two fiscal years, San Francisco has seen record high taxable sales growth, exceeding pre-recession revenue levels in fiscal year 2011-12.

The hotel sector, which is a key barometer of San Francisco's travel and tourism industry, saw significant growth in fiscal year 2012-13 over the previous year. Hotel room average occupancy rose to 84.3% for the fiscal year, a significant increase from the prior year and approaching a historical high. Average daily room rates grew significantly in fiscal year 2012-13, jumping 7.4% from \$197 per room-night in fiscal year 2011-12 to \$212 per room-night.

Key indicators of the City's real estate market reflect similar strength during fiscal year 2012-13. Commercial and residential rents and median home prices increased. The average residential rent for apartments in San Francisco rose 6.6% during fiscal year 2012-13, from \$2,640 to \$2,813. Commercial rents saw a 14.8% increase in fiscal year 2012-13 compared to fiscal year 2011-12. The average median home price in fiscal year 2012-13 was at \$765,583, up 18.4% from the previous fiscal year.

The strength of San Francisco's current recovery is a testament to the strength of its economic fundamentals – the education and creativity of its workforce, its environment, technological base, and cultural amenities. These fundamentals are among the strongest of any city in North America, and are likely to secure the City's long-term prosperity.

SAN FRANCISCO GOVERNMENT:

Profile of San Francisco Government

The City and County of San Francisco was established by Charter in 1850, and is the only legal subdivision of the State of California with the governmental powers of both a city and a county. The City's legislative power is exercised through a Board of Supervisors, while its executive power is vested upon a Mayor and other appointed and elected officials. Key public services provided by the City include public safety and protection, public transportation, water and sewer, parks and recreation, public health, social services and land-use and planning regulation. The heads of most of these departments are appointed by the Mayor and advised by commissions and boards appointed by City elected officials.

Elected officials include the Mayor, Members of the Board of Supervisors, Assessor-Recorder, City Attorney, District Attorney, Public Defender, Sheriff, Superior Court Judges, and Treasurer. Since November 2000, the eleven-member Board of Supervisors has been elected through district elections. The eleven district elections are staggered for five and six seats at a time, and held in even-numbered years. Board members serve four-year terms and vacancies are filled by Mayoral appointment.

San Francisco's Budgetary Process

The budget is adopted at the character level of expenditure within each department, and the department level and fund is the legal level of budgetary control. Note 2(c) to the Basic Financial Statements summarizes the budgetary roles of City officials and the timetable for their various budgetary actions according to the City Charter.

The City has historically adopted annual budgets for all governmental funds and typically adopts project-length budgets for capital projects and certain debt service funds. The voters adopted amendments to the Charter in November 2009 designed to further strengthen the City's long-range financial planning. As a result of these changes, the City for the first time adopted a two-year budget for all funds for fiscal years 2012-13 and 2013-14 in July 2012. The Charter requires that the City adopt a "rolling" two-year budget each year unless the Board of Supervisors authorizes a "fixed" two-year budget appropriation for a given fund, in which case authorization occurs every two years.

As further required by these amendments, the Board of Supervisors and Mayor are required to adopt a five-year financial plan every two years. The most recent plan was adopted in April 2013. Additionally, these Charter changes provided a mechanism for the Controller to propose, and the Board to adopt, various binding financial policies, which can only be suspended by a supermajority of the Board. Financial policies have now been adopted under these provisions governing the City's budget reserve practices, the use of non-recurring revenues, and limits on the use of debt paid from the General Fund.

Internal and Budgetary Controls

In developing and evaluating the City's accounting system, consideration is given the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City maintains budgetary controls to ensure that legal provisions of the annual budget are in compliance and expenditures do not exceed budgeted amounts. Controls are exercised by integrating the budgetary accounts in fund ledgers for all budgeted funds. An encumbrance system is also used to account for purchase orders and other contractual commitments. Encumbered balances of appropriations at year-end are carried forward and are not reappropriated in the following year's budget.

Cash Management

The City's pooled deposits and investments are invested pursuant to policy established by the Treasurer working with the City's Treasury Oversight Committee. The City's investment policy seeks the preservation of capital, liquidity and a market rate of return, in that order. The policy addresses the safekeeping and custody practices with financial institutions in which the City deposits funds, types of investments permitted, and the percentage of the portfolio which may be invested in certain instruments with longer terms to maturity. The earned income yield of fiscal year 2012-13 was 0.95%. Certain investments, including a portion of those of the Successor Agency to the Redevelopment Agency, were held by the Treasurer in separately managed accounts.

Risk Management

With certain exceptions, it is the policy of the City not to purchase commercial insurance against property or liability risk. Instead, the City believes it is more economical to manage its risks internally and set aside funds as needed for estimated current claim settlements and unfavorable judgments through annual and supplemental appropriations. The City maintains limited coverage for certain facilities, primarily property of San Francisco International Airport; Port of San Francisco; Municipal Transportation Agency; Hetch Hetchy, Water Department; and art at City-owned museums. Additionally, various types of liability insurance are maintained by the City for the Port and the Airport. Claims payment history (experience) and payroll costs (exposure) are considered when calculating the claims liabilities and workers' compensation outstanding liabilities for each department. The City's insurance/self-insurance program is reviewed annually in the budget process. The claims liabilities and workers' compensation liabilities are reported on the financial statements. They have been actuarially determined and include an estimate of incurred but not reported losses.

Pension and Retiree Health Trust Fund Operations

The City has a defined benefit retirement plan in which a substantial majority of full-time employees participate. The plan's most recent actuarial calculations, as of July 1, 2012, estimate the plan is 82.6% funded, down from 87.7% as of that date in 2011. This decrease is primarily due to an unfunded increase in the actuarial liability as a result of economic assumptions changes approved by the Retirement Board and investment returns for the July 1, 2012 actuarial valuation being significantly lower than the assumed 7.58% investment return. The results of the July 1, 2012 actuarial valuation reflect the impact of recent wide fluctuations in financial markets on the value of plan assets. Member contributions to the plan increased 30.6% from the prior year as a result of the employee cost-sharing provisions of Proposition C, which went into effect on July 1, 2012, and plan deductions increased 5.4%.

The City's retiree health benefit liability has been calculated at \$4.42 billion as of July 1, 2010. In 2009, the City and employees began to pre-fund prospective obligations through contributions of 3% of salary for employees hired on or after January 10, 2009. These contributions are held in an irrevocable trust, the Retiree Health Care Trust Fund. Beginning July 1, 2016, employees hired before January 10, 2009 will also start contributing to the Trust Fund with an employer match, starting at a combined 0.5% of salary, and rising to 2% of salary on July 1, 2019. As of June 30, 2013, the Trust Fund had a net position of \$31 million, an increase of 73% versus the prior year. Given increasing pay-as-you-go and prefunding contributions and reductions in the benefit level for recently-hired employees, the City expects to fund the Annual Required Contribution (ARC) by fiscal year 2019-20.

General Fund Financial Position Highlights

Total GAAP-basis General Fund balance, which includes funds reserved for continuing appropriations and reserves, ended fiscal year 2012-13 at \$541 million, up \$85 million from the prior year level, and now equalling the prior peak of \$541 million as of June 30, 2007.

The General Fund's cash position also reflects a strong improvement in fiscal year 2012-13, rising to a new year-end peak of \$720 million, up \$190 million from June 30, 2012.

Strong revenue growth and the implementation of new reserves policies have caused General Fund rainy day and budget stabilization reserves to grow to \$148 million as of June 30, 2013, a \$40 million increase from the prior year ending balance of \$108 million. These reserve balances now exceed the pre-recession peak of \$134 million in fiscal year 2007-08.

Key Government Initiatives

San Francisco's economy depends on investments in infrastructure and services that benefit City residents, workers, visitors, and businesses. These economic foundations range from housing and commercial development, to transportation infrastructure, investments in health and human services, and the City's quality of life. The City is taking steps to strengthen this infrastructure, to support San Francisco's economic recovery and long-term prosperity. Some important initiatives are described below:

Improving the City's Public Transportation Systems

San Francisco is ideally situated to serve the Bay Area's need to rapidly bring a large numbers of workers into a transit-accessible employment center, and efficiently navigate the dense City on foot, mass transit, taxi or bicycle.

Plans for a multi-modal transit hub located in the City's core – the Transbay Transit Center – are targeted to meet this regional need. The center is designed to provide expanded bus, commuter train, and ultimately high-speed rail connections into the City from within the region and state, and to provide pedestrian connections to nearby intracity subway, surface rail, and bus services within the City. The former terminal at the site has been demolished with completion of the new center targeted for fiscal year 2017-18. The \$1.9 billion transit center, managed by a financially independent authority, is funded through a host of revenue sources, including federal stimulus funding, tax increment, local sales tax, and other revenues generated from planned dense, mixed-use development adjacent to the site.

The City has begun preliminary construction work on the Central Subway project, the second phase of a program designed to create a light-rail line running from Chinatown, under the heart of downtown, and connecting to the most-recent extension of the light-rail system to the Southeast portion of the City. The subway will connect to Bay Area Rapid Transit (BART) and Caltrain, the region's two largest regional commuter rail services. The Central Subway project, with an estimated budget of \$1.6 billion and a targeted completion date of 2018, is estimated to provide approximately 35,000 daily boardings at four stations along the new 1.7 mile line. Once completed, the project will reduce travel times and congestion along some of the most congested vehicular and public transit routes in California.

The City is also implementing a street repair and improvement program, funded with a \$248 million general obligation bond, state and local revenue sources. Under this program, 2,540 blocks will be repaved or sealed, 1,900 curb ramps for disabled access will be constructed and over 125,000 square feet of public sidewalk will be repaired. In commercial corridors, and along busy arterials, the program will allow the City to build complete streets that enhance pedestrian and bicycle safety and enhance the vibrancy of urban neighborhoods. The bond also provides funds to rehabilitate existing traffic signal infrastructure and allow transit signal priority along key transit routes, improving transit efficiency and relieving traffic congestion. Now a third of the way through the program, the City projects it will meet or exceed its performance goals.

The City continued to invest in improvements at San Francisco International Airport (SFO) in fiscal year 2012-13 as part of an approved capital plan of \$2.1 billion over the next five years. Projects under construction during the fiscal year include runway safety area improvements, a new air traffic control tower, renovations to Terminal 3, improvements to baggage handling and checked baggage inspection systems, and a new West Field cargo facility. The plan also includes funds for programming, planning, and construction of the initial phases of the Terminal 1 Renovation Program, which has a projected cost of \$2.1 billion and anticipated phased completion dates through 2023. These projects are necessitated by the continued growth in passenger volumes at SFO, which accounts for 96% of international air travel and 71% of all air travel into the Bay Area.

Completing Critical Infrastructure Upgrades for Water, Power, and Sewer Services

The City is approximately 75% complete with a \$4.6 billion program to upgrade the City's local and regional water system, known as the Water System Improvement Program (WSIP). The program consists of 35 local projects located within San Francisco and 47 regional projects spread over 7 counties from the Sierra foothills to San Francisco. The WSIP delivers capital improvements that enhance the system's ability to provide reliable, affordable, high-quality drinking water to the system's wholesale and regional retail customers in Alameda, Santa Clara and San Mateo counties, collectively serving some 1.8 million people outside of San Francisco, as well as another 800,000 retail customers in San Francisco. The program is structured to cost effectively meet water quality requirements, improve seismic and delivery reliability, and meet long-term water supply objectives. Completion of the two remaining in-city projects is expected by 2015, followed by the remaining regional projects by 2019.

Large-scale sewer improvements are also underway as part of the Sewer System Improvement Program (SSIP), a \$6.9 billion, three-phased 20-year program. The first phase, totaling \$2.7 billion, includes \$1.7 billion in improvements to the Southeast Treatment Plant and funding for other green infrastructure and urban watershed assessment projects to minimize stormwater impact on the sewer system. The SSIP will upgrade the City's wastewater system, which was predominantly built out over the past century. Although significant investment occurred in the mid-1970s through the mid-1990s to comply with the Clean Water Act, today many of the existing facilities are in need of upgrade and major improvement to prepare San Francisco for the future.

The City's power enterprise, Hetch Hetchy Power, is in the fifth year of a 20-year rehabilitation program for its aging reservoirs, powerhouses, switchyards and pipelines and tunnels. Funding for the program is \$33.6 million and \$49.1 million in fiscal years 2012-13 and 2013-14, respectively.

Expanding Access to Healthcare

Public health and human services are important to the long-term health and well-being of City residents, and to the overall productivity of the City's workforce. The City offers a host of health and safety net services, including operation of two public hospitals, the administration of federal, state, and local entitlement programs, and a vast array of community-based health and human services.

The City continues preparation for implementation of the Affordable Care Act. In the current fiscal year, the City's Department of Public Health (DPH) created the San Francisco Health Network, which comprises the department's full continuum of direct health care services. The San Francisco Health Network is an integrated health care delivery system that will improve the department's ability to provide and manage care for insured patients that select our network, organize the elements of the delivery system, improve system efficiency, and improve the patient experience.

While the Affordable Care Act will extend health insurance to an estimated 35,000 uninsured San Franciscans, not everyone will have health insurance. There are an estimated 84,000 uninsured adults in San Francisco. Approximately 70% of them (60,000) are enrolled in Healthy San Francisco, the City's comprehensive access program for the uninsured. Based upon the City's experience with Healthy San Francisco, the department estimates that approximately 49,000 San Franciscans will remain residually uninsured after implementation. The residually uninsured will include those ineligible for the insurance expansions offered under Health Reform and those who are eligible but who, for a variety of reasons, do not enroll. The department will continue to be the safety net for these individuals.

Amidst these changes, the City is on schedule to replace and modernize the City's two public hospitals. The voters approved a general obligation bond measure to fund the replacement of San Francisco General Hospital in November 2008. This \$867 million project is required given changes to state law governing seismic requirements for hospitals. It will replace the current facility with a new nine-story building on the existing hospital campus. The hospital is the only trauma center in San Francisco, and also acts as the safety net hospital for our residents. Construction of the project is underway, with completion expected in fiscal year 2015-16. This project follows substantial completion of the reconstruction of the City's skilled nursing facility, Laguna Honda Hospital, in fiscal year 2011-12.

Modernizing the City's Parks and Libraries

San Francisco voters have approved a number of bond measures to fund capital improvements to the City's parks and libraries during the past decade, including the most recent approval in November 2012 of a \$195 million general obligation bond for improvements to neighborhood parks. Once implemented, the City will have completed substantial renovations of 13 recreation centers, 52 playgrounds, and 9 swimming pools during a ten year period.

A comprehensive capital improvement program intended to renovate the City's branch library system is nearly complete, with planned improvements in 23 of the 24 branch libraries included within the capital program now finished. The \$196 million program, funded with a mix of general obligation and lease-revenue bonds, and other local sources, focuses on seismic safety, accessibility, and modernization of facilities for current uses. Final completion of the improvement program is scheduled by fiscal year 2013-14.

Delivering Public and Private Waterfront Improvements

The Port of San Francisco celebrates its 150th anniversary in 2013. As custodian of over seven miles of waterfront property, the Port seeks public/private partnerships to rehabilitate aging port facilities for maximum public benefit. Significant waterfront improvements were completed during the past fiscal year, increasing public enjoyment during the race events of the 34th America's Cup. Current completed projects include the first phase of a new cruise terminal facility at Pier 27 (\$62 million), the Brannan Street Wharf (\$26 million), the Pier 43 Bay Trail Link (\$10 million) and the Jefferson Street Public Realm street improvements (\$6 million). The Exploratorium, a twenty-first century learning laboratory, opened at Pier 15. Additionally, the City is currently negotiating public-private partnerships for several large development projects to further activate the waterfront. These opportunities include a potential state of the art multi-purpose facility for the Golden State Warriors basketball organization at Piers 30-32, a new mixed-use development adjacent to the Giants baseline stadium, and the rehabilitation of the Pier 70 area, which contemplates sustained ship repair usage, historic preservation, new waterfront parks, and over 3.7 million square feet of new and rehabilitated building space.

Planning for the City's Growth

San Francisco's economic recovery has stimulated the demand for new residential and commercial space. After years of planning, development continued to pick up during fiscal year 2012-13 in several areas of the City. At the end of the fiscal year, over 53,600 housing units and 22.1 million square feet of commercial space was in the planning or construction stages. About 5,100 housing units were under construction, along with 1.86 million square feet of commercial space. In recent years the City completed major area planning efforts in the Eastern Neighborhoods, Market/Octavia, and the Transit Center District. It also adopted or approved large-scale development projects in Candlestick Point/Hunters Point Shipyard, Treasure Island, and Park Merced. While private construction slowed in San Francisco during the recession, development activity is accelerating and may well surpass what was seen during the previous upswing in the business cycle.

Other Long-Term Challenges Remain

Notwithstanding the City's strong economic and financial performance during the recent recovery and despite significant initiatives outlined above, several long-term financial challenges and risks remain unresolved.

While significant investments are proposed in the City's adopted ten-year capital plan, identified resources remain below those necessary to maintain and enhance the City's physical infrastructure. As a result, over \$14 billion in capital needs are deferred from the plan's horizon. Over two-thirds of these unfunded needs are for the City's transportation and waterfront infrastructure, where core maintenance investments have lagged for decades. Mayor Edwin Lee has convened a taskforce to recommend funding mechanisms to bridge a portion of the gaps in the City's transportation needs, but it is likely that significant funding gaps will remain even assuming the identification of significant new funding sources for these needs.

The City has taken significant steps to address long-term unfunded liabilities for employee pension and other post employment benefits, including retiree health obligations, yet significant liabilities remain. The most recent actuarial analyses estimate unfunded actuarial liabilities of almost \$8 billion for these benefits, comprised of \$4.4 billion for retiree health obligations and \$3.4 billion for employee pension benefits. In recent years, the City and voters have adopted significant changes that should mitigate these unfunded liabilities over time, including adoption of lower-cost benefit tiers, increases to employee and employer contribution requirements, and establishment of a trust fund to set-aside funding for future retiree health costs. The financial benefit from these changes will phase in over time, however, leaving ongoing financial challenges for the City in the shorter term.

Lastly, while the City has adopted a number of measures to better position the City's operating budget for future economic downturns, further progress is needed. Economic stabilization reserves have grown significantly during the last three fiscal years and now exceed pre-recession peaks, but remain below adopted target levels of 10% of discretionary General Fund revenues. Further progress towards targeted level in future fiscal years will allow the City to better weather inevitable negative variances that will be driven by future economic volatility.

OTHER INFORMATION:

Independent Audit

The City's Charter requires an annual audit of the Controller's records. These records, represented in the basic financial statements included in the CAFR have been audited by the nationally recognized certified public accounting firm, Macias Gini & O'Connell LLP. The various enterprise funds, the Health Service System, the Employees' Retirement System, the San Francisco County Transportation Authority, the San Francisco Finance Corporation, and the Successor Agency to the San Francisco Redevelopment Agency have been separately audited. The Independent Auditor's Report on our current year's financial statements is presented in the Financial Section.

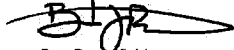
Award for Financial Reporting

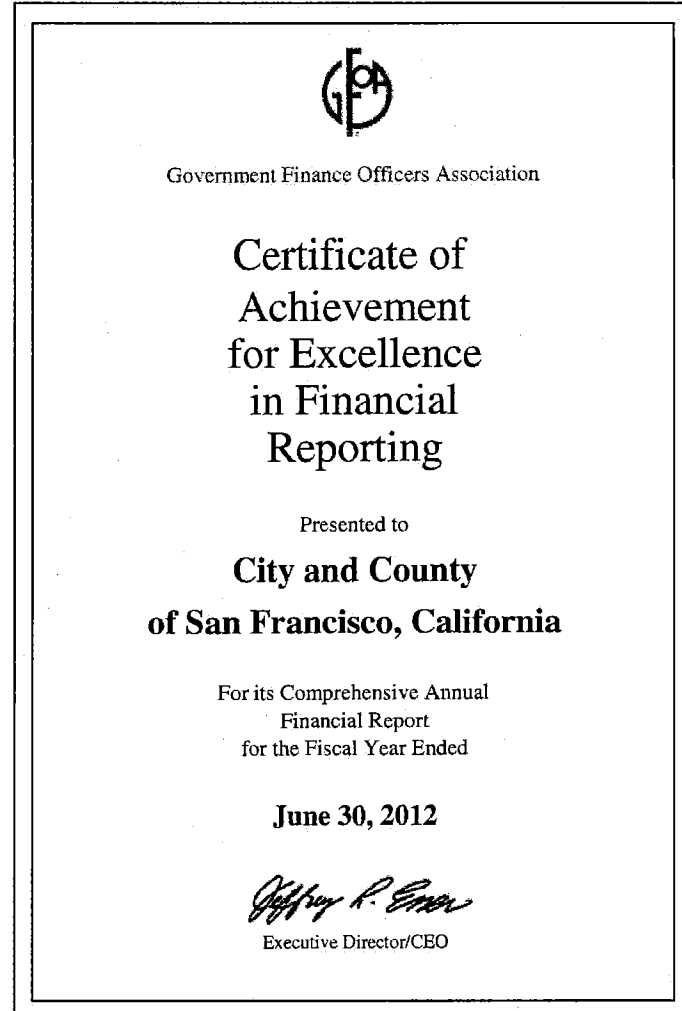
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. This was the 31st consecutive year, beginning with the fiscal year ended June 30, 1982, that the City has achieved this prestigious award. A Certificate of Achievement is valid for a period of one year only. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The CAFR must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

Acknowledgements

I would like to express my appreciation to the entire staff of the Controller's Office whose professionalism, dedication, and efficiency are responsible for the preparation of this report. I would also like to thank Macias Gini & O'Connell LLP for their invaluable professional support in the preparation of the CAFR. Finally, I want to thank the Mayor and the Board of Supervisors for their interest and support in planning and conducting the City's financial operations.

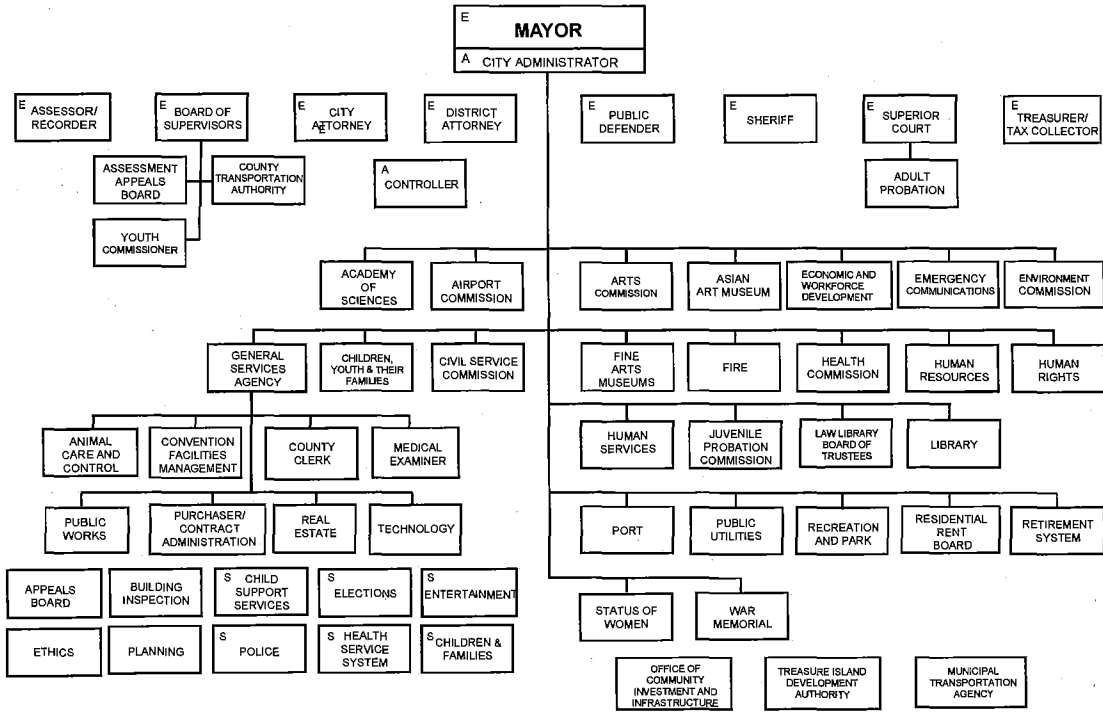
Respectfully submitted,


Ben Rosenfield
Controller



City and County of San Francisco Organization Chart

(As of June 30, 2013)



A = Appointed by Mayor and confirmed by Board of Supervisors / E = Elected / S = Shared - appointed by various elected officials.



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CITY AND COUNTY OF SAN FRANCISCO

List of Principal Officials
As of June 30, 2013

ELECTED OFFICIALS

Mayor	Edwin M. Lee
Board of Supervisors:	
President	David Chiu
Supervisor	Eric L. Mar
Supervisor	Mark Farrell
Supervisor	Katy Tang
Supervisor	London Breed
Supervisor	Jane Kim
Supervisor	Norman Yee
Supervisor	Scott Wiener
Supervisor	David Campos
Supervisor	Malia Cohen
Supervisor	John Avalos
Supervisor	Carmen Chu
Assessor/Recorder	Dennis J. Herrera
City Attorney	George Gascon
District Attorney	Jeff Adachi
Public Defender	Ross Mirkarimi
Sheriff	
Superior Courts	
Presiding Judge	Judge Cynthia Lee
Treasurer/Tax Collector	Jose Cisneros

APPOINTED OFFICIALS

City Administrator	Naomi Kelly
Controller	Benjamin Rosenfield

DEPARTMENT DIRECTORS/ADMINISTRATORS

Airport	John L. Martin
Appeals Board	Cynthia Goldstein
Arts Commission	Tom DeCaigny
Asian Art Museum	Jay Xu
Board of Supervisors	Angela Calvillo
Assessment Appeals Board	Dawn Duran
County Transportation Authority	Maria Lombardo (Interim)
Building Inspection	Tom Hui (Acting)
California Academy of Sciences	Gregory C. Farrington, Ph.D.
Child Support Services	Karen M. Roye
Children, Youth and Their Families	Maria Su
Civil Service	Jennifer Johnston
Economic and Workforce Development	Todd Rufo
Elections	John Arntz
Emergency Management	Anne Kronenberg
Entertainment	Jocelyn Kane
Environment	Melanie Nutter
Ethics	John St. Croix
Fine Arts Museums	Colin B. Bailey
Fire	Joanne Hayes-White

CITY AND COUNTY OF SAN FRANCISCO

List of Principal Officials
As of June 30, 2013

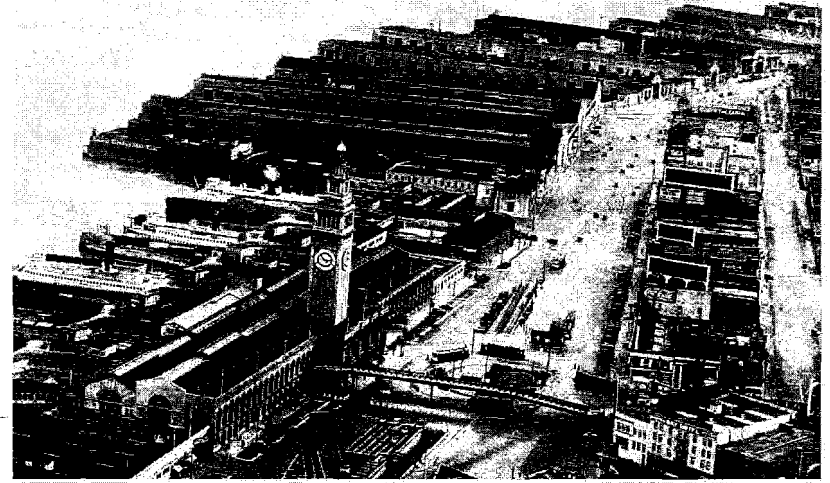
DEPARTMENT DIRECTORS/ADMINISTRATORS (Continued)

General Services Agency	
Animal Care and Control	Rebecca Katz
Convention Facilities Management	John Noguchi
County Clerk	Karen Hong Yee
Medical Examiner	Amy P. Hart, M.D.
Public Works	Mohammed Nuru
Purchaser/Contract Administration	Jaci Fong
Real Estate	John Updike
Department of Technology	Marc Toutou
Health Service System	Catherine Dodd
Human Resources	Micki Callahan
Human Rights	Theresa Sparks
Human Services	Trent Rhorer
Aging and Adult Services	Anne Hinton
Juvenile Probation	William P. Siffermann
Law Library Board of Trustees	Marcia Bell
Library	Luis Herrera
Municipal Transportation Agency	Ed Reiskin
Planning	John Rahaim
Police	Greg Suhr
Office of Citizen Complaints	Joyce M. Hicks
Port	Monique Moyer
Public Health	Barbara A. Garcia
Public Utilities	Harlan Kelly
Recreation and Park	Phil Ginsburg
Residential Rent Board	Delene Wolf
Retirement System	Jay Huish
Small Business	Regina Dick-Endrizzi
Status of Women	Emily Murase
Successor Agency to the Redevelopment Agency	Tiffany Bohee
Superior Court	T. Michael Yuen
Adult Probation	Wendy S. Still
War Memorial	Elizabeth Murray

DISCRETELY PRESENTED COMPONENT UNIT

Treasure Island Development Authority	Mirian Saez
---------------------------------------------	-------------

Financial Section



The Embarcadero looking south with view of the cast-iron footbridge for ferry passengers in 1932.



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- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Notes to the Financial Statements
- Required Supplementary Information





Certified Public Accountants.

Walnut Creek
2121 N. California Blvd., Suite 750
Walnut Creek, CA 94596
925.274.0190

Sacramento

Oakland

LA/Century City

Newport Beach

San Diego

Seattle

Independent Auditor's Report

The Honorable Mayor Edwin Lee
The Honorable Members of the Board of Supervisors
City and County of San Francisco, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City and County of San Francisco (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the San Francisco International Airport (major fund), San Francisco Water Enterprise (major fund), Hetch Hetchy Water and Power (major fund), San Francisco Municipal Transportation Agency (major fund), San Francisco Wastewater Enterprise (major fund), San Francisco Market Corporation, and the Health Service System, which collectively represent the following percentages of the assets, net position/fund balances, and revenues/additions of the following opinion units.

Opinion Unit	Assets	Net Position/Fund Balances	Revenues/ Additions
Business-type activities	91.4%	87.7%	73.1%
Aggregate remaining fund information	0.9%	0.5%	9.9%

Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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CITY AND COUNTY OF SAN FRANCISCO
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2013

Other Matters

Prior-Year Comparative Information

The financial statements include partial and summarized prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2012, from which such partial and summarized information was derived.

We have previously audited the City's 2012 financial statements, and we expressed, based on our audit and the reports of other auditors, unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information in our report dated January 8, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of funding progress, and the schedule of employer contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining fund financial statements and schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Macies Thini & Connell LLP

Walnut Creek, California
November 27, 2013

This section of the City and County of San Francisco's (the City) Comprehensive Annual Financial Report (CAFR) presents a narrative overview and analysis of the financial activities of the City for the year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information in our transmittal letter. Certain amounts presented as fiscal year 2011-12 summarized comparative financial information in the basic financial statements have been reclassified to conform to the presentation in the fiscal year 2012-13 basic financial statements.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the City exceeded its liabilities at the end of the fiscal year by approximately \$7.49 billion (net position). Of this balance, \$6.69 billion represents the City's net investment in capital assets and \$959.7 million represents restricted net position. This is offset by a deficit in unrestricted net position of \$158.0 million. The City's total net position increased by \$543.0 million or 7.8 percent over the previous fiscal year. Of this amount, total net investment in capital assets, restricted net position and unrestricted net position increased by \$213.2 million or 3.3 percent, \$57.7 million or 6.4 percent and \$272.1 million or 63.3 percent, respectively.

The City's governmental funds reported total revenues of \$4.49 billion; a \$237.7 million or 5.6 percent increase over the prior year. Within this, revenues from property taxes, other local taxes, business taxes, sales and use tax, intergovernmental grants and charges for services grew by approximately \$68.9 million, \$5.9 million, \$42.5 million, \$9.8 million, \$76.0 million and \$31.2 million, respectively. At the same time, there was a decline in revenues from hotel room tax, interest and investment income and other revenues for a total of \$27.3 million. Governmental funds expenditures totaled \$4.35 billion for this period, a \$288.4 million or 7.1 percent increase, reflecting increases in demand for governmental services of \$158.4 million and capital outlay of \$140.9 million.

At the end of the fiscal year, total fund balances for the governmental funds amounted to \$1.67 billion, an increase of \$131.5 million or 8.6 percent from prior year, primarily due to a strong growth in most revenues and other financing sources over a moderate increase of expenditure and other financing uses this year over last year.

The City's total long-term debt, including all bonds, loans, commercial paper and capital leases increased by \$649.9 million during this fiscal year. The City issued a total of \$1.27 billion in debt this year. Of this amount, a total of \$521.9 million in general obligation bonds were issued for improvements for earthquake safety and emergency response projects, clean and safe neighborhood park projects, road repaving and street safety projects and San Francisco General Hospital rebuild projects. The City also issued \$11.1 million in equipment lease revenues bonds, \$35.6 million certificates of participation for Moscone Convention Center project and borrowed \$5.9 million for the renovation of the City's west harbor marina. The San Francisco International Airport issued a total of \$84.7 million refunding revenue bonds to remarket its variable rate refunding revenue bonds with fixed interest rates. The San Francisco Water Enterprise issued \$24.0 million in revenue refunding bonds for cash flow savings and an economic gain. The San Francisco Wastewater Enterprise issued a total of \$525.0 million in revenue bonds to refund a portion of its long term debt, finance capital projects and pay off its outstanding commercial paper notes. The San Francisco Municipal Transportation Agency (MTA) issued a total of \$63.8 million of revenue bonds to provide new money for various transit and parking projects and refund outstanding revenue bonds issued by the Parking Authority. The balance of commercial paper issued to fund new capital projects or to refinance matured commercial paper also increased by \$174.3 million this fiscal year. Of this increase, \$4.7 million was for governmental activities and \$170.1 million was for business-type activities.

During fiscal year 2012-13, the City returned \$176.6 million of current assets, \$29.0 million of capital assets and \$3.9 million of current liabilities, to the Successor Agency, which had been transferred to the City in the prior year. The return of assets and related liabilities was pursuant to State and City law and additional State Department of Finance (DOF) guidance clarifying that ongoing enforceable housing obligations and related assets and liabilities were supposed to be retained by the Successor Agency upon dissolution. Such transfers made prior to the DOF issuing a Finding of Completion on May 29, 2013 are

CITY AND COUNTY OF SAN FRANCISCO
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2013

treated as extraordinary items. Therefore, an extraordinary loss of \$201.7 million was recorded in the statement of activities. A corresponding extraordinary gain of \$190.1 million, representing the amount transferred by the City less \$11.6 million in distributions to taxing entities, was recorded in the statement of changes in fiduciary net position.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: (1) **Government-wide** financial statements, (2) **Fund** financial statements, and (3) **Notes** to the financial statements. This report also contains other **supplementary information** in addition to the basic financial statements themselves. These various elements of the Comprehensive Annual Financial Report are related as shown in the graphic below.

Organization of City and County of San Francisco Comprehensive Annual Financial Report

CAFR	Introductory Section	INTRODUCTORY SECTION			
	+				
	Financial Section	Management's Discussion and Analysis			
		Government-wide Financial Statements	Fund Financial Statements		
		Statement of net position	Governmental Funds	Proprietary Funds	Fiduciary Funds
			Balance sheet	Statement of net position	Statement of fiduciary net position
		Statement of activities	Statement of revenues, expenditures, and changes in fund balances		Statement of revenues, expenses, and changes in fund net position
			Budgetary comparison statement	Statement of cash flows	
			Statement of changes in fiduciary net position		
	Notes to the Financial Statements				
Required Supplementary Information Other Than MD&A					
Information on individual non-major funds and other supplementary information that is not required					
+					
Statistical Section	STATISTICAL SECTION				

CITY AND COUNTY OF SAN FRANCISCO
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2013

The following table summarizes the major features of the financial statements. The overview section below also describes the structure and contents of each of the statements in more detail.

	Government-wide Statements	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the City for basic governmental services	The day-to-day operating activities of the City for business-type enterprises	Instances in which the City administers resources on behalf of others, such as employee benefits
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus; except agency funds do not have measurement focus
Type of asset and liability information	All assets, deferred outflows of resources, and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter	All assets, deferred outflows of resources, and liabilities, both financial and capital, short-term and long-term	All assets held in a trustee or agency capacity for others
Type of inflow and outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The **statement of net position** presents information on all of the City's assets and deferred outflows of resources and its liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating.

The **statement of activities** presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-

CITY AND COUNTY OF SAN FRANCISCO
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2013

type activities). The governmental activities of the City include public protection, public works, transportation and commerce, human welfare and neighborhood development, community health, culture and recreation, general administration and finance, and general City responsibilities. The business-type activities of the City include an airport, port, public transportation systems (including parking), water and power operations, an acute care hospital, a long-term care hospital, sewer operations, and a produce market.

The government-wide financial statements include not only the City, itself (known as the primary government), but also a legally separate development authority, the Treasure Island Development Authority (TIDA), for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government. Included within the governmental activities of the government-wide financial statements are the San Francisco County Transportation Authority and San Francisco Finance Corporation. Included within the business-type activities of the government-wide financial statements is the operation of the San Francisco Parking Authority. Although legally separate from the City, these component units are blended with the primary government because of their governance or financial relationships to the City. The City also considers the Successor Agency to the Redevelopment Agency as a Fiduciary component unit of the City.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into the following three categories: **governmental** funds, **proprietary** funds, and **fiduciary** funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements – i.e. most of the City's basic services are reported in governmental funds. These statements, however, focus on (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end that are available and the constraints for spending. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds organized according to their type (special revenue, debt service, capital projects and permanent funds). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City, for the first time, adopted a rolling two year budget in July 2012, which appropriated budget for its General Fund for fiscal year 2012-13. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

CITY AND COUNTY OF SAN FRANCISCO
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2013

Proprietary funds. Proprietary funds are generally used to account for services for which the City charges customers – either outside customers, or internal units or departments of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains the following two types of proprietary funds:

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of the San Francisco International Airport (SFO or Airport), San Francisco Water Enterprise (Water), Hetch Hetchy Water and Power (Hetch Hetchy), Municipal Transportation Agency (MTA), San Francisco General Hospital Medical Center (SFGH), San Francisco Wastewater Enterprise (Wastewater), Port of San Francisco (Port), and the Laguna Honda Hospital (LHH), all of which are considered to be major funds of the City.
- **Internal Service funds** are used to report activities that provide supplies and services for certain City programs and activities. The City uses internal service funds to account for its fleet of vehicles, management information and telecommunication services, printing and mail services, and for lease-purchases of equipment by the San Francisco Finance Corporation. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City employees' pension and health plans, retiree's health care, the Successor Agency to the San Francisco Redevelopment Agency, the external portion of the Treasurer's Office investment pool, and the agency funds are reported under the fiduciary funds. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other postemployment benefits to its employees and the City's schedule of contributions for its employees' other postemployment benefits.

Combining Statements and Schedules

The combining statements and schedules referred to earlier in connection with non-major governmental funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information on pensions and other postemployment benefits.

CITY AND COUNTY OF SAN FRANCISCO
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position
(in thousands)

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Assets and deferred outflows of resources:						
Current and other assets	\$ 3,050,201	\$ 2,850,238	\$ 4,908,208	\$ 4,681,192	\$ 7,958,409	\$ 7,531,430
Capital assets	4,044,648	3,688,246	12,840,891	11,880,773	16,885,539	15,569,019
Deferred outflows of resources	-	-	64,743	98,979	64,743	98,979
Total assets and deferred outflows of resources	7,094,849	6,538,484	17,813,842	16,660,944	24,908,691	23,199,428
Liabilities:						
Current liabilities	1,333,315	1,195,565	2,013,518	1,608,865	3,346,833	2,804,430
Noncurrent liabilities	3,941,375	3,422,909	10,126,222	10,020,813	14,067,597	13,443,722
Total liabilities	5,274,690	4,618,474	12,139,740	11,629,678	17,414,430	16,248,152
Net position:						
Net investment in capital assets*	2,275,963	2,199,316	4,691,579	4,538,990	6,967,499	6,479,334
Restricted *	686,216	675,163	371,958	249,434	959,732	902,057
Unrestricted (deficit) *	(1,142,020)	(954,469)	610,565	242,842	(157,970)	(430,115)
Total net position	\$ 1,820,159	\$ 1,920,010	\$ 5,674,102	\$ 5,031,266	\$ 7,494,261	\$ 6,951,276

* See note 2(k) to the basic financial statements.

Analysis of Net Position

Current and other assets increased by \$427.0 million of which \$200.0 million in governmental activities and \$227.0 million in business-type activities. Governmental activities increases reflect the overall operating results of the year ended June 30, 2013 and the business-type activities increases reflect increased receipts from capital grants and contributions and charges for services as discussed in the analysis of changes in net position.

Net position may serve as a useful indicator of the government's financial position. As noted earlier, at the end of fiscal year 2012-13, the City's total assets and deferred inflows of resources exceeded its liabilities by \$7.49 billion.

The largest portion of the net position reflects the City's \$6.69 billion in net investment in capital assets (e.g. land, buildings, and equipment). This is 89.3 percent of the City's total net position, a 3.3 percent increase over the prior year that is largely due to growth in net capital assets in the governmental activities and increases in all business-type activities except the Airport. Since the City uses capital assets to provide services, these assets are not available for future spending. Further, the resources required to pay the outstanding debt must come from other sources since the capital assets themselves cannot be liquidated to pay that liability.

Another portion of the City's net position, \$959.7 million or 12.8 percent represents restricted resources that are subject to external limitations regarding their use. The governmental activities have a \$1.14 billion deficit in the unrestricted net position, due largely to transfers to business-type activities and the recognition of other postemployment benefit expense. This deficit also included \$373.5 million of long-term bonds issued to fund the Laguna Honda Hospital rebuilt project, certain park facilities projects at the Port, improvement projects for reliable emergency water supply for the Water Enterprise and road paving and street safety in MTA (see Note 2(k)).

CITY AND COUNTY OF SAN FRANCISCO
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2013

Changes in Net Position
(in thousands)

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues:						
Charges for services	\$ 517,680	\$ 435,207	\$ 3,279,275	\$ 2,553,359	\$ 3,796,955	\$ 2,988,566
Operating grants and contributions	1,096,154	998,701	224,382	200,318	1,310,536	1,199,019
Capital grants and contributions	28,718	41,174	251,753	173,975	281,471	215,149
General revenues:						
Property taxes	1,415,068	1,355,855	-	-	1,415,068	1,355,855
Business taxes	480,131	437,678	-	-	480,131	437,678
Sales and use tax	208,025	198,236	-	-	208,025	198,236
Hotel room tax	238,782	238,567	-	-	238,782	239,567
Utility users tax	91,871	91,676	-	-	91,871	91,676
Other local taxes	359,808	353,746	-	-	359,808	353,746
Interest and investment income	7,862	31,453	1,009	82,533	8,871	113,886
Other	52,885	91,238	61,737	287,778	114,622	379,014
Total revenues	4,487,944	4,274,529	3,818,156	3,297,963	8,306,100	7,572,492
Expenses						
Public protection	1,236,922	1,158,618	-	-	1,236,922	1,158,618
Public works, transportation and commerce	189,124	210,415	-	-	189,124	210,415
Human welfare and neighborhood development	946,562	942,523	-	-	946,562	942,523
Community health	751,491	873,905	-	-	751,491	873,905
Culture and recreation	338,042	307,269	-	-	338,042	307,269
General administration and finance	249,271	237,818	-	-	249,271	237,818
General City responsibilities	83,895	96,147	-	-	83,895	96,147
Unallocated interest on long-term debt	107,790	110,145	-	-	107,790	110,145
Airport	-	-	756,961	746,610	756,961	746,610
Transportation	-	-	1,026,726	959,088	1,026,726	959,088
Port	-	-	81,422	72,307	81,422	72,307
Water	-	-	445,804	431,248	445,804	431,248
Power	-	-	129,790	130,709	129,790	130,709
Hospitals	-	-	992,687	954,566	992,687	954,566
Sewer	-	-	223,727	214,593	223,727	214,593
Market	-	-	1,231	1,138	1,231	1,138
Total expenses	3,903,097	3,736,840	3,658,348	3,510,259	7,561,445	7,247,099
Increase/(decrease) in net position before transfers and extraordinary items	584,847	537,689	159,808	(212,296)	744,655	325,393
Transfers	(483,026)	(251,088)	483,028	251,088	-	-
Extraordinary gain/(loss) from dissolution of the Redevelopment agency	(201,670)	323,130	-	-	(201,670)	323,130
Change in net position	(99,851)	609,731	642,836	38,792	542,985	648,523
Net position at beginning of year	1,920,010	1,310,279	5,031,266	4,992,474	6,951,276	6,302,753
Net position at end of year	\$ 1,820,159	\$ 1,920,010	\$ 5,674,102	\$ 5,031,266	\$ 7,494,261	\$ 6,951,276

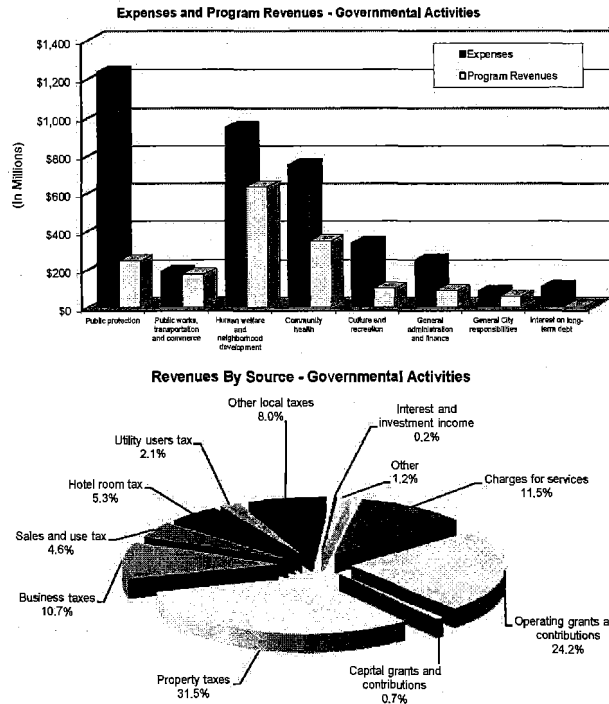
Analysis of Changes in Net Position

The City's total net position increased by \$543.0 million during fiscal year 2012-13, the third consecutive increase following three years of decline. Although the governmental activities net position decreased \$99.8 million, the business-type activities increased \$642.8 million. With the exception of Laguna Honda Hospital, all of the City's business-type activities contributed to this growth.

The City's governmental activities experienced a \$213.4 million or 5.0 percent growth in total revenues reflecting increases in nearly all of the general city revenues. This included \$87.5 million in operating grants and contributions, \$59.2 million in property taxes, \$82.5 million in charges for services, and \$42.4 million in business taxes. Sales and use tax and other local taxes also had a combined growth of

CITY AND COUNTY OF SAN FRANCISCO
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2013

\$15.9 million. These improvements were partly offset by a decline in other revenues sources, including a \$23.6 million decrease in interest and investment income, and a \$38.4 million drop in other general revenues. The City's governmental activities expenses reported an increase of \$166.3 million or 4.4 percent this fiscal year. The net transfer to business-type activities increased by \$231.9 million. A discussion of these and other changes is presented in the governmental activities and business-type activities sections that follow.



Governmental activities. Governmental activities decreased the City's total net position by approximately \$99.8 million. Key factors contributing to this change are discussed below.

Overall, total revenues from governmental activities were \$4.49 billion, a \$213.4 million or 5.0 percent increase over the prior year. For the same period, expenses totaled \$3.90 billion before transfers of \$483.0 million and an extraordinary loss of \$201.7 million, resulting in a total net position decrease of \$99.8 million by June 30, 2013.

CITY AND COUNTY OF SAN FRANCISCO
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2013

Property tax revenues increased by \$59.2 million or 4.4 percent. This growth was due in large part to higher assessed values of secured real property in San Francisco, and also due to property tax in-lieu of vehicle license fee revenues tied to the year-over-year increase of the aggregate secured roll assessed value to recent tax rate increases. Further, in the current year, a one-time surrender of low and moderate income housing and other assets funds from the Successor Agency to the San Francisco Redevelopment Agency resulted in the City, as one of the taxing entities in the county, receiving property tax revenues based upon a determination by the California Department of Finance. An increase in parking tax revenues by \$5.0 million made up the majority of the growth in other local taxes of \$6.1 million.

Revenues from business and sale and use taxes totaled approximately \$688.2 million, a growth of \$52.2 million over the prior year. Business taxes grew by \$42.4 million due to an increase in employment and average weekly wages in San Francisco, and stronger growth in the business and computer services sectors resulting in increased payments from companies in these sectors. Sales and use tax also increased by \$9.8 million. The increase reflected strong sales growth across virtually every economic segment, with particularly strong performance in retail and food establishments such as restaurants, apparel stores, department stores, and food markets.

Operating grants and contributions increased \$87.5 million. This was largely due to the increases from state sources, including \$59.8 million for human welfare programs, \$20.6 million for public protection, \$16.1 for community health and \$3.1 million for general administration and finance programs. These were partly reduced by a combined decrease of \$12.1 million in other governmental activities.

Total charges for services increased \$82.5 million, or 18.9 percent, while other revenues decreased \$38.4 million. The increase in total charges for services is driven by increased fee revenues across various departments, partially due to improved economic conditions. Building permit, environmental review, and other planning fee revenues increased due to an overall 3 percent increase in the volume of cases and building permits and a growing number of larger scale projects. Street and right-of-way permit revenues increased due to the improved economy. Fire Department inspection and plan check fee revenues increased consistent with increased construction and building activity. Recording fees increased resulting from the annualization of a page fee increase from \$4 to \$10 in the middle of fiscal year 2011-12. Additional special events as well as increased use fees resulting from improved programming opportunities and implementation of a new demand-responsive program delivery model in 2010 improved fee revenues for the Recreation and Park Department. These increases were partially offset by a reduction in patient charges of \$2.8 million. The decrease in other revenues is related to decreased gifts and bequests received primarily as a result of reduced America's Cup reimbursements and a reduction in funding for services to other agencies.

Interest and investment income revenue decreased by \$23.6 million, or 75.0 percent, primarily due to the decreased interest rate on the City's pooled investments from 1.32 percent in the prior year to 0.95 percent in the current year, and also due to the large unrealized loss from the City's pooled investments, which is the difference between the fair value and the book value of the City's investments.

Net transfers from the governmental activities to business-type activities were \$483.0 million, a 92.4 percent or \$231.9 million increase from the prior fiscal year. This was mainly due to increased operating subsidies of \$84.7 million from the General Fund to Laguna Honda and \$13.9 million to the MTA. In addition, Water received \$63.1 million in general obligation bond proceeds for the improvement of the Auxiliary Water Supply System and the Port received \$18.3 million for parks and open spaces. The General Fund received additional transfers over the prior year of \$50.6 million from San Francisco General Hospital Medical Center for the Safety Net Care Pool (SNCP) and Delivery System Reform Incentive Program (DSRIP) intergovernmental transfers (IGT) matching program reimbursement. Port received \$1.3 million for certain lost revenues (payment in lieu of rents) during the America's Cup events.

The moderate increase of total governmental expenses of \$166.3 million or 4.4 percent was primarily due to increases in demand for the government's services in almost all functional services by \$202.2 million,

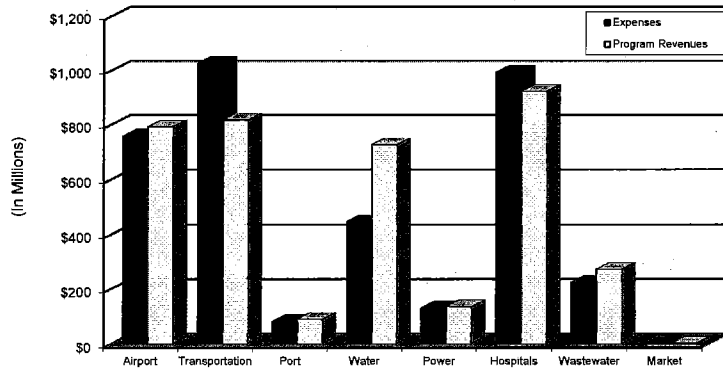
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which was partly offset by the decrease of expenses in public works, transportation and commerce, general city responsibility and unallocated interest on long term debt functions by \$35.9 million.

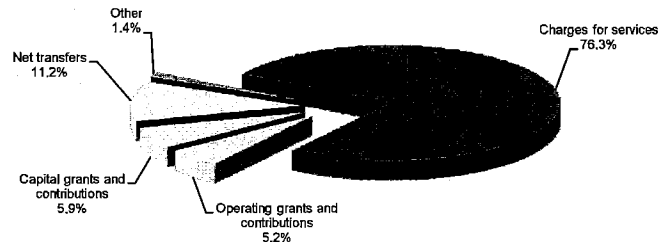
The City recorded an extraordinary loss due to the dissolution of the former Redevelopment Agency of \$201.7 million, which consisted of returning \$176.6 million of current assets and \$29.0 million of capital assets offset by \$3.9 million of current liabilities.

The charts below illustrate expenses and program revenues by functional area, and all revenues by source. As shown, public protection is the largest function (31.7 percent), followed by human welfare and neighborhood development (24.3 percent) and community health (19.3 percent). General revenues are not shown by program or function because they are used to support activities citywide. The distribution of these revenues shows property tax (31.5 percent) as the single largest funding source, followed by operating grants and contributions (24.2 percent), charges for services (11.5 percent), and business taxes (10.7 percent). This relative ranking is equivalent to the prior fiscal year and the actual percentage distributions showed only small differences.

Expenses and Program Revenues - Business-Type Activities



Revenues By Source - Business-type Activities



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Business-type activities increased the City's net position by \$642.8 million. Key factors contributing to this increase are:

- The San Francisco International Airport's net position at fiscal year-end was \$294.4 million, a \$3.8 million or 1.3 percent increase over the prior fiscal year. Total operating revenues of \$726.4 million were offset by operating expenses of \$561.5 million, resulting in \$164.9 million in net operating income for the fiscal year, a \$39.3 million or 31.3 percent improvement over the prior fiscal year largely due to a rise in passenger traffic and spending. This was offset by an \$18.4 million increase in total operating expenses. At the same time, non-operating activities deficit was \$190.6 million, an \$84.1 million increase over the prior fiscal year. Non-operating revenues decreased by \$92.1 million due largely to a decrease in investment income associated with a fair value adjustment change. Interest expense, increased by \$8.0 million, while capital contributions from grants grew by \$51.4 million, offset by a \$2.5 million increase in transfers to the City.
- The City's Water Enterprise, the third largest municipal water agency in California, ended fiscal year 2012-13 with a net position of \$733.0 million, an increase of \$374.5 million over the prior year, a 104.5 percent increase. Of this, 94.6 percent or \$356.1 million, is water service revenue due to a one-time early repayment of capital cost recovery payments from Wholesale Water Customers through the Bay Area Water Supply and Conservation Agency. Water service revenue also reported an additional \$20.2 million due primarily to rate increases of 12.5 and 11.5 percent for retail and wholesale customers, respectively. Operating expenses decreased slightly by \$0.8 million, or 0.3 percent. Non-operating revenue categories reported a decrease of \$29.7 million due mostly to a decrease in investment income of \$33.7 million as a result of an unrealized loss in the fair value of investments as well as lower interest rates. Interest expense increased by \$15.4 million. The enterprise received \$65.4 million in capital contributions from the City due to bond proceeds for improvements to the Auxiliary Water Supply System Earthquake Safety and Emergency Response Project. Transfers to the City were \$2.9 million, a decrease of \$12.2 million since the last fiscal year as projects related to water conservation were completed in prior years.
- Hetch Hetchy Water and Power's net position at fiscal year-end was \$518.5 million, an increase of \$5.8 million, or 1.1 percent, since the end of the prior fiscal year. \$2.4 million is attributable to Hetch Hetchy Water and \$3.4 million to Power, the enterprise's two segments, which share some assets used for both water and power operations. Power's operating revenues increased this fiscal year by \$1.7 million, which was offset by a \$4.9 million decline in non-operating activities, primarily related to grants and an unrealized investment loss reflecting a decline in fair value, resulting in a year over year decrease in change in net position from \$6.3 million to \$3.5 million. Hetch Hetchy Water reported a \$4.9 million increase to operating revenues and a \$2.1 million decline in operating expenses, offset by a \$14.0 million decrease in transfers in for this fiscal year. In the prior fiscal year, the fund had received a transfer in from Water Enterprise for certain water storage and transmission facility improvements.
- The Municipal Transportation Agency (MTA) reported a net position of \$2.27 billion at the end of this fiscal year, an increase of \$171.0 million, or 8.2 percent since the end of last fiscal year. This is attributable to increases of: \$144.3 million in operating revenues including passenger fares, parking and transportation fees and fines, and charges for service; \$25.3 million in capital contributions; and \$22.5 million in transfers from the City. These were offset on the expense side by increases of \$67.2 million, or 7.0 percent, in contract, personnel, maintenance, and other expenses. The largest portion of the MTA's net position reflects its net investment in capital assets, which totaled \$2.13 billion, an increase of 2.5 percent over the prior year. The MTA's unrestricted net position balance is \$125.5 million, which increased significantly by \$119.0 million over the prior year's unrestricted net position balance of \$6.5 million.
- General Hospital, the City's acute care hospital, ended the fiscal year with a net deficit of \$75.9 million compared to a deficit of \$90.7 million the prior year, a decrease in the net deficit of \$14.8 million or 16.3 percent. Although the Hospital had an overall increase in operating revenues of approximately \$127.1 million, primarily attributable to increased net patient service revenue, those revenues were exceeded by an increase in operating expenses of \$23.0 million, mostly in personnel

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expenses. Non-operating activity showed decreases in grant revenues of \$5.6 million, and net transfers out of \$15.1 million for this year compared to net transfers in of \$47.5 million in the prior year. Transfers in and out will vary from year to year based upon the City's budget.

- The City's Wastewater Enterprise had a net position of \$1.15 billion at June 30, 2013, an increase from the prior year of \$54.6 million, or 5.0 percent. Total change in net position increased by \$15.5 million, or 39.6 percent. Of this increase, total non-operating revenues increased by \$18.6 million, primarily due to two new grants started in April 2013. Operating revenues increased by \$8.4 million, or 3.4 percent mainly due to increased capacity fee revenues from large commercial and residential high-rise projects in the San Francisco South of Market and Mission Bay areas. Revenues were offset by increased operating expenses of \$12.4 million due in part to \$5.9 million in additional sewer improvement project costs net of write-offs; \$1.7 million in material and supplies and contractual services primarily attributable to increases in building, construction, and sewer treatment supplies; and \$1.5 million in depreciation primarily attributable to Sunnydale Sewer Improvements and 525 Golden Gate Headquarters.
- The Port's net position increased by \$27.7 million, or 8.3 percent, yielding a total net position of \$363.2 million at the end of fiscal year 2012-13. The Port is responsible for a seven and one-half mile stretch of waterfront land and its revenue is derived primarily from property rentals to commercial and industrial enterprises and a diverse mix of maritime operations. Although the Port's operating revenues increased by \$2.9 million due mostly to fees and transaction cost and expense recoveries from developers, its operating expenses increased by \$9.4 million due to revisions in pollution remediation estimates in the prior year. The Port's increase in net position during the current year was largely due to \$7.6 million in capital contributions in the form of federal, state, and local grants and net transfers in of \$19.6 million.
- Laguna Honda Hospital, the City's skilled nursing care hospital, had a decrease in net position of \$9.6 million, or 2.3 percent this year. The decrease is related to additional operating expenses of \$7.6 million, which offset a small increase in operating revenues of \$0.2 million, coupled with a decrease in non-operating income of \$76.5 million, or 90.6 percent. Although Laguna Honda Hospital's loss from operations was \$92.6 million compared to \$85.3 million in fiscal year 2011-12, net transfers in of \$75.0 million offset the impact of the loss, leaving Laguna Honda with a net position of \$407.9 million.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds statements is to provide information on near-term inflows, outflows, and balances of resources available for future spending. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, and the Permanent Fund.

At the end of fiscal year 2012-13, the City governmental funds reported combined fund balances of \$1.67 billion, an increase of \$131.5 million or 8.6 percent over the prior year. Of the total fund balances, \$384.0 million is assigned and a negative \$94.5 million is unassigned. The total of \$289.5 million or 17.3 percent of the total fund balances constitutes the fund balances that are accessible to meet the City's needs. Within these fund balance classifications, the General Fund had an assigned fund balance of \$353.2 million. The remainder of the governmental funds fund balances includes \$24.1 million nonspendable for items that are not expected to be converted to cash such as inventories and long-term loans, \$1.22 billion restricted for programs at various levels and \$137.5 million committed for other reserves.

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The General Fund is the chief operating fund of the City. As a measure of liquidity, both the sum of assigned and unassigned fund balances and total fund balance can be compared to total fund expenditures. As of the end of the fiscal year, assigned and unassigned fund balances totaled \$353.2 million while total fund balance reached \$540.9 million. Combined assigned and unassigned fund balances represent 12.6 percent of total expenditures, while total fund balance represents 19.4 percent of total expenditures. For the year, the General Fund's total revenues exceeded expenditures by \$532.3 million, before transfers and other items of \$447.2 million, resulting in total fund balance increasing by \$85.1 million. Overall, the significant growth in revenues, particularly in real estate property taxes, business taxes and charges for services were offset by an increased rate of expenditure growth due to growing demand for services and personnel costs across City functions and resulted in an increased fund balance this fiscal year.

The City recorded an extraordinary loss due to the dissolution of the former Redevelopment Agency of \$201.7 million, which consisted of \$176.6 million of current assets and \$29.0 million of capital assets offset by \$3.9 million of current liabilities. Of this loss, \$172.7 million related to the assets and liabilities in the governmental funds.

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the business-type activities section of the government-wide financial statements, but in more detail.

At the end of fiscal year 2012-13, the unrestricted net position for the proprietary funds was as follows: Airport: \$187.3 million, Water Enterprise: \$198.4 million, Hetch Hetchy Water and Power: \$187.3 million, Wastewater Enterprise: \$70.3 million, MTA: \$125.5 million, the Port: \$16.2 million and Market Corporation: \$5.0 million. In addition, the San Francisco General Hospital and Laguna Honda Hospital had deficits in unrestricted net position of \$137.0 million and \$42.5 million, respectively.

The following table shows actual revenues, expenses and results of operations for fiscal year 2012-13 in the City's proprietary funds (in thousands). As seen here, the total net position for these funds increased by approximately \$642.8 million due to current year financial activities. Reasons for this change are discussed in the previous section on the City's business-type activities.

	Operating Revenues	Operating Expenses	Operating Income (Loss)	Non-Operating Revenues (Expense)	Capital Contributions and Others	Intrafund Transfers, Net	Change In Net Position
Airport.....	\$ 726,358	\$ 561,458	\$ 164,900	\$ (190,587)	\$ 85,958	\$ (36,464)	\$ 3,807
Water.....	721,470	303,739	417,731	(106,752)	-	63,464	374,463
Hetch Hetchy.....	133,927	128,160	5,767	254	-	(196)	5,825
Municipal Transportation Agency.....	494,805	1,023,885	(529,080)	145,799	178,218	376,020	170,957
General Hospital.....	734,498	758,137	(23,639)	53,558	-	(15,120)	14,799
Wastewater Enterprise.....	252,554	208,260	44,294	9,377	-	898	54,559
Port.....	80,202	79,982	220	328	7,577	19,565	27,690
Laguna Honda Hospital.....	133,746	226,371	(92,625)	7,964	-	75,029	(9,832)
Market Corporation.....	1,715	1,231	484	(118)	-	-	368
Total.....	\$ 3,279,275	\$ 3,281,223	\$ (11,948)	\$ (80,175)	\$ 251,753	\$ 483,206	\$ 642,836

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Fiduciary Funds

The City maintains fiduciary funds for the assets of the San Francisco Employees' Retirement System, Health Service System and Retiree Health Care Trust, and manages the investment of monies held in trust to benefit public service employees. At the end of fiscal year 2012-13, the net position of the Retirement System, Health Services System and Retiree Health Care Trust combined totaled \$17.12 billion, representing a \$1.76 billion increase over the prior year, an 11.5 percent change. This increase is primarily a result of net appreciation in the fair value of investments. The Private Purpose Trust Fund accounts for the Successor Agency, which had a net deficit of \$457.0 million at year's end. This 31.2 percent, or \$207.2 million, decrease in the net deficit is due to the extraordinary gain from dissolution of the former Redevelopment Agency. The Investment Trust Fund's net position was \$328.0 million at year's end, and the 1.4 percent increase represents the excess of contributions over distributions to external participants.

General Fund Budgetary Highlights

The City's final budget differs from the original budget in that it contains carry-forward appropriations for various programs and projects, and supplemental appropriations approved during the fiscal year.

During the year, actual revenues and other resources were \$117.8 million higher than the final budget. The City realized \$36.0 million, \$29.0 million, \$26.8 million and \$12.8 million more revenue than budgeted in property taxes, real property transfer tax, business tax, and Recreation and Park garage charges, respectively. These increases were partly offset by \$31.8 million shortfall of actual versus budgeted revenue in other categories, namely, hotel room tax, federal grants and subventions, charges for services, other financing sources and other resources.

Differences between the final budget and the actual (budgetary basis) expenditures resulted in \$29.1 million in expenditure savings. Major factors include:

- \$9.4 million savings in the Human Services Agency, due largely to lower than budgeted payments for Foster Care and Adoption Aid, other aid, and a State policy change in Home Supportive Services.
- \$4.3 million savings from general city responsibilities due to expenditure savings in fringe benefits, especially savings from retiree health subsidy.
- \$4.2 million in savings due to close-out of unspent General Fund reserves not used for supplemental appropriation or other contingencies during fiscal year 2012-13.
- \$3.8 million in salary and benefit savings mainly in Treasurer/Tax Collector, Elections, Board of Supervisors, Controller, and other departments in general administration and finance.
- The remaining lower than budgeted expenditures are savings from public protection and community health.

The net effect of substantial revenue increases, savings in expenditures and reduction in reserve balances was a budgetary fund balance available for subsequent year appropriation of \$240.4 million at the end of fiscal year 2012-13. The City's fiscal year 2013-14 Adopted Original Budget assumed an available balance of \$122.7 million, and \$117.7 million remains available for future appropriations. (See also Note 4 to the Basic Financial Statements for additional fund balance details).

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Capital Assets and Debt Administration

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2013, increased by \$1.32 billion, 8.5 percent, to \$16.89 billion (net of accumulated depreciation). Capital assets include land, buildings and improvements, machinery and equipment, park facilities, roads, streets, bridges, and intangible assets. Governmental activities contributed \$358.1 million or 27.2 percent to this total while \$960.4 million or 72.8 percent was from business-type activities. Details are shown in the table below.

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
	Land.....	\$ 257,089	\$ 281,858	\$ 214,992	\$ 201,334	\$ 472,081
Construction in progress.....	863,080	573,481	2,617,539	2,179,509	3,480,619	2,752,970
Facilities and improvements.....	2,354,846	2,343,122	8,390,105	7,809,110	10,744,951	10,152,232
Machinery and equipment.....	54,532	49,061	796,341	845,937	850,873	894,998
Infrastructure.....	471,431	402,510	739,865	759,052	1,211,296	1,161,582
Property held under lease.....	-	-	-	5	-	5
Intangible assets.....	43,670	38,234	82,049	85,826	125,719	124,060
Total.....	\$ 4,044,648	\$3,686,246	\$12,840,891	\$11,880,773	\$16,885,539	\$15,569,019

Major capital asset events during fiscal year 2012-13 included the following:

- Under governmental activities, net capital assets increased by \$356.4 million mainly due to the increase in construction in progress and completed assets at various park and recreational sites, branch libraries, various street improvement and traffic signal upgrades. About \$186.8 million worth of construction-in-progress work was substantially completed and capitalized as facilities and improvement and infrastructure. Of the completed projects, about \$11.9 million in public library improvements and approximately \$81.9 million is for various parks and recreation centers such as Chinese Recreation Center, West Harbor Renovation and various park improvement projects including the Golden Gate Park. Intangible assets of about \$35.6 million were capitalized. The remaining completed projects include public works and traffic signal projects.
- The Water Enterprise's net capital assets increased by \$624.8 million or 19.3 percent. Close to \$139.8 million, or 22.4 percent, of the change reflects the net increase in construction-in-progress on the enterprise's ten-year capital plan, including the Water System Improvement Program. Major additions to construction work included Bay Division Pipeline Reliability Upgrade, San Joaquin Pipeline, Irvington Tunnel, Calaveras Dam Replacement, and other Water System Improvement Program (WSIP). As of June 30, 2013, the Water Enterprise is 72 percent through construction of its multi-billion dollar, multi-year program to upgrade the Hetch Hetchy Regional and Local Water Systems, known as the Water System Improvement Program (WSIP). The program consists of 35 local projects within San Francisco and 47 regional projects spread over seven different counties from the Sierra foothills to San Francisco. Based on latest Public Utilities Commission approval dated on April 23, 2013, the program's revised target completion dates are June 2015 for local projects and April 2019 for regional projects. The WSIP delivers capital improvements that enhance the Water Enterprise's ability to provide reliable, affordable, high quality drinking water to its customers.

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- MTA's net capital assets increased by \$77.0 million or 3.6 percent, compared to the previous year, which was attributed to an increase in construction work for new and existing projects with a corresponding increase in depreciation expense for existing assets. Construction in progress is made up of various transit pedestrian and bike projects. The four projects that have the highest balances on June 30, 2013, are the New Central Subway, rail replacement, Historic Street Car Renovation and the wayside fare collection. The Central Subway Project will link the existing 5.2 mile Phase I T-line, beginning at 4th Street and King Streets, to BART, Muni Metro Market Street, Union Square and Chinatown to the north. Detailed design contracts for the Chinatown, Moscone and Union Square Market Street Stations are now completed; all advanced utility relocation construction and the Tunnel Boring Machine (TBM) Launch Box construction were also completed this year. The first of two TBMs was installed and began tunneling. The final construction contract for all stations, track and systems was awarded and issued a Notice to Proceed. The Federal Transportation Agency (FTA) executed the Full Funding Grant Agreement dedicating a total of \$942.2 million in federal Section 5309 funds through project completion; this was followed by an FTA allocation of \$85.0 million to the project; the remaining funds will be awarded annually over the next five years. The California Transportation Commission awarded the full amount of \$61.3 million in Proposition 1A Connectivity funds grant for the project tunnel construction and \$117.0 million in Prop. 1B PTMISEA funds right-of-way, final design and construction.
- Laguna Honda Hospital's net capital assets increased by \$9.2 million or 1.7 percent due primarily to construction-in-progress on the remaining projects to rebuild the hospital. In December 2010, Laguna Honda Hospital and Rehabilitation Center occupied its newly constructed modern patient care facility that provides 780 resident beds in three state of the art buildings on Laguna Honda's 62-acre campus. As of June 30, 2013, LHH has entered into various purchase contracts totaling approximately \$8.7 million that are related to the old building remodel phase of the Replacement Project.
- General Hospital's net capital assets increased by \$8.0 million or 11.1 percent primarily due to the increase in construction-in-progress related to the hospital rebuild project. As of June 30, 2013, General Obligation Bonds, in the amount of \$677.4 million have been sold to fund the hospital rebuild. The General Obligation Bonds are accounted for as a governmental activity and transactions are accounted for in the City's governmental capital projects funds. Upon completion of the new facility, it will be contributed to the SFGH enterprise fund.
- The Wastewater Enterprise net capital assets reported an increase of \$126.7 million or 8.0 percent mainly in construction activities. These include the Mission/Cesar Chavez Improvements, Sunnydale Sewer Improvements, Spot Sewer Repair, Sewer Repair and Replacement, and other capital projects throughout the system. The SFPUC is underway with the initial phase of the Sewer System Improvement Program (SSIP), a multi-year and multi-billion dollar Citywide investment to upgrade the aging sewer system to provide a reliable, sustainable, and seismically safe sewer system. The \$6.93 billion program includes three phases over the span of next 20 years: Phase I consists of \$2.71 billion in authorized funds for mission-critical repairs, Phase II consists of \$3.29 billion in critical grey and green infrastructure improvements, and Phase III consists of \$0.93 billion to complete seismic and reliability project upgrades to the system and ensures full implementation of green infrastructure projects. Phase I includes rebuilding of the aging solids processing and energy recovery facilities at the Southeast Treatment Plant, construction of the eight green infrastructure projects, as well as planning, design, and environmental review of improvements for the Central Bayside project. As of June 30, 2013, Phase I expenditures totaled \$66.8 million.

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- Hetch Hetchy net capital assets increased by \$13.5 million or 4.0 percent during the year, resulting from an increase of \$21.4 million in construction in progress offset by decreases of \$7.4 million in facilities, improvements, machinery and equipment, and \$0.5 million in intangible assets, net of depreciation and \$1.6 million in capital write-offs.
- The Airport's net capital assets decreased \$13.6 million or 0.4 percent primarily due to the disposition of capital assets.
- The Port's net capital assets increased by \$114.3 million or 38.8 percent mainly in construction activities that include James R. Herman Cruise Terminal at Pier 27, Pier 15 Substructure Improvements, and the Brannan Street Wharf.

At the end of the year, the City's business-type activities had approximately \$1.28 billion in commitments for various capital projects. Of this, Water Enterprise had an estimated \$712.7 million, MTA had \$349.5 million, Wastewater had \$130.4 million, Airport had \$35.9 million, Hetch Hetchy had \$27.0 million, Port had \$11.0 million, Laguna Honda Hospital had \$8.7 million and the General Hospital had \$4.3 million. In addition, there was approximately \$244.6 million reserved for encumbrances in capital project funds for the general government projects.

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the fiscal year 2012-13. Governmental fund financial statements record capital asset purchases as expenditures.

Additional information about the City's capital assets can be found in Note 7 to the Basic Financial Statements.

Debt Administration

At the end of fiscal year 2012-13, the City had total long-term and commercial paper debt outstanding of \$13.01 billion. Of this amount, \$1.89 billion is general obligation bonds secured by ad valorem property taxes without limitation as to rate or amount upon all property subject to taxation by the City and \$11.12 billion is revenue bonds, loans, certificates of participation, capital leases, and other debts of the City secured solely by specified revenue sources.

As noted previously, the City's total long-term debt including all bonds, loans, commercial paper notes and capital leases increased by \$649.9 million or 5.3 percent during the fiscal year. The net increase in debt obligations in the governmental activities was \$444.4 million primarily due to issuance of new debt. For the business-type activities, the net increase in debt obligations was \$205.5 million due primarily to the issuance of revenue bonds by the San Francisco Wastewater Enterprise and commercial paper by the Airport for various capital projects.

The business-type activities issued a combined total of \$697.5 million revenue bonds, of which \$525.0 million was issued by the San Francisco Wastewater Enterprise to refund a portion of its long-term debt for economic gain and for cash flow savings, finance its capital projects and pay off all outstanding commercial paper notes. The San Francisco Municipal Transportation Agency (MTA) issued a total of \$63.8 million of revenue bonds of which \$25.8 million was issued to finance MTA's various transit and parking projects and to refund, for economic gain, \$38.0 million outstanding revenue bonds issued by the Parking Authority. The San Francisco Water Enterprise issued \$24.0 million revenue refunding bonds for cash flow savings and economic gain. The Airport remarketed \$84.7 million of revenue refunding bonds and issued additional \$170.1 million commercial paper notes to finance capital improvement projects.

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The City issued a total of \$521.9 million in general obligation bonds to fund the City's earthquake safety and emergency response projects, clean and safe neighborhood projects, road repaving and street safety projects and San Francisco General Hospital rebuild projects. The City and County of San Francisco Finance Corporation issued \$11.1 million in lease revenue bonds to finance equipment purchases. The City issued \$35.6 million certificates of participation to retire outstanding commercial paper issued to finance the Moscone Convention Center improvement project and drew an additional loan for \$5.9 million for the renovation of the City's west harbor marina. An additional \$4.7 million of commercial paper notes was issued by the City for interim financing of its capital projects and capital project acquisitions.

The City's Charter imposes a limit on the amount of general obligation bonds the City can have outstanding at any given time. That limit is three percent of the taxable assessed value of property in the City – estimated at \$167.67 billion in value as of the close of the fiscal year. As of June 30, 2013, the City had \$1.89 billion in authorized, outstanding general obligation bonds, which is equal to approximately 1.08 percent of gross (1.13 percent of net) taxable assessed value of property. As of June 30, 2013, there were an additional \$750.7 million in bonds that were authorized but unissued. If all of these general obligation bonds were issued and outstanding in full, the total debt burden would be approximately 1.51 percent of gross (1.57 percent of net) taxable assessed value of property.

The City's underlying ratings on general obligation bonds as of June 30, 2013 were:

Moody's Investors Service, Inc.	Aa1
Standard & Poor's	AA
Fitch Ratings	AA

During the fiscal year, Moody's Investors Service (Moody's) and Fitch Ratings upgraded the City's ratings to "Aa1" and "AA", respectively, with a stable outlook. Standard & Poor's affirmed its rating at "AA" and revised the outlook from negative to stable on all the City's outstanding bonds.

The City's enterprise activities maintained their underlying debt ratings for fiscal year 2012-13. Moody's, Standard and Poor's and Fitch Ratings affirmed their underlying credit ratings of the Airport of "A1", "A+" and "A+" with stable rating outlooks, respectively. The San Francisco Water Enterprise and the San Francisco Wastewater Enterprise both carried underlying ratings of "Aa3" and "AA-" from Moody's and Standard & Poor's, respectively. MTA carried underlying debt ratings of "Aa3" and "A" from Moody's and Standard & Poor's, respectively as of June 30, 2013.

In October 2013, Standard & Poor's (S&P) raised its long-term rating and underlying rating (SPUR) to "AA+" from "AA" on the City's general obligation bonds outstanding and raised its long-term rating and SPUR to "AA" from "AA-" on the City's lease revenue bonds and certificates of participation (COP). At the same time, S&P assigned its "AA" rating with a stable outlook to COP Series 2013B and 2013C issued by the Port Commission. On MTA's Series 2012 and Series 2013 revenue bonds, S&P revised its rating to "A" and Moody's reaffirmed its "Aa3" rating.

Additional information in the City's long-term debt can be found in Note 8 to the Basic Financial Statements.

CITY AND COUNTY OF SAN FRANCISCO
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2013

Economic factors and future budgets and rates

San Francisco has continued to experience improvement in the economy. The following economic factors were considered in the preparation of the City's budget for fiscal years 2013-14 and 2014-15. This two-year budget was adopted by the Mayor and the Board of Supervisors. It is a rolling budget for all departments, except for the Airport, PUC enterprises, MTA, and the Port, which each have a fixed two-year budget.

- Average unemployment for fiscal year 2012-13 was 6.5 percent, a 1.5 percent decrease from fiscal year 2011-12.
- Housing prices, residential and commercial rent, hotel revenues, and retail sales all continued to show significant signs of recovery. The average median home price in fiscal year 2012-13 was \$765,583, up 18.4 percent from the previous fiscal year. Residential and commercial rents also grew by 6.6 percent and 14.8 percent, respectively, from the prior fiscal year.
- The hotel sector saw significant growth in fiscal year 2012-13 over the prior year. Hotel room average occupancy rose to 84.3 percent. Average daily room rates grew by 7.4 percent to \$212 per room-night.
- The City's taxable sales have also continued to grow, with fiscal year 2012-13 sales tax revenue up 4.9 percent over fiscal year 2011-12, when sales had already exceeded pre-recession revenue levels.

The Mayor and Board of Supervisors approved a final two-year budget for fiscal years 2013-14 and 2014-15 in July 2013, which assumes use of prior year fund balance from General Fund of \$122.7 million and \$111.6 million, respectively.

CITY AND COUNTY OF SAN FRANCISCO
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2013

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Below are the contacts for questions about this report or requests for additional financial information.

City and County of San Francisco

Office of the Controller
1 Dr. Carlton B. Goodlett Place, Room 316
San Francisco, CA 94102-4694

Individual Department Financial Statements

San Francisco International Airport

Office of the Airport Deputy Director
Business and Finance Division
PO Box 8097
San Francisco, CA 94128

Port of San Francisco

Public Information Officer
Pier 1, The Embarcadero
San Francisco, CA 94111

San Francisco Water Enterprise

Hetch Hetchy Water and Power
San Francisco Wastewater Enterprise
Chief Financial Officer
1155 Market Street, 11th Floor
San Francisco, CA 94103

Laguna Honda Hospital

Chief Financial Officer
375 Laguna Honda Blvd.
San Francisco, CA 94116

Municipal Transportation Agency

SFMTA Finance and Information Technology Services
1 South Van Ness Avenue, 8th Floor
San Francisco, CA 94103

Health Service System

Executive Director
1145 Market Street, Suite 200
San Francisco, CA 94103

San Francisco General Hospital Medical Center

Chief Financial Officer
1001 Potrero Avenue, Suite 2A7
San Francisco, CA 94110

San Francisco Employees' Retirement System

Executive Director
30 Van Ness Avenue, Suite 3000
San Francisco, CA 94102

Successor Agency to the

San Francisco Redevelopment Agency
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

Blended Component Units Financial Statements

San Francisco County Transportation Authority

Deputy Director for Administration and Finance
1455 Market Street, 22nd Floor
San Francisco, CA 94103

San Francisco Finance Corporation

Office of Public Finance
City Hall, Room 336
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

WWW.SFGOV.ORG

Basic Financial Statements

CITY AND COUNTY OF SAN FRANCISCO
Statement of Net Position
June 30, 2013
(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Treasure Island Development Authority
Assets and Deferred Outflows of Resources				
Assets:				
Current assets:				
Deposits and investments with City Treasury.....	\$ 2,110,054	\$ 1,806,112	\$ 3,916,166	\$ 6,429
Deposits and investments outside City Treasury.....	72,417	9,808	82,225	-
Receivables (net of allowance for uncollectible amounts of \$193,814 for the primary government):				
Property taxes and penalties.....	56,771	-	56,771	-
Other local taxes.....	238,282	-	238,282	-
Federal and state grants and subventions.....	306,498	139,951	446,449	-
Charges for services.....	53,402	230,425	283,827	834
Interest and other.....	5,152	110,834	115,986	2
Due from component unit.....	2,636	200	2,836	-
Inventories.....	-	78,225	78,225	-
Deferred charges and other assets.....	18,183	6,087	24,270	-
Restricted assets:				
Deposits and investments with City Treasury.....	-	160,179	160,179	-
Deposits and investments outside City Treasury.....	55,337	165,919	221,256	-
Grants and other receivables.....	-	13,772	13,772	-
Total current assets.....	2,918,732	2,721,512	5,640,244	7,265
Noncurrent assets:				
Loans receivable (net of allowance for uncollectible amounts of \$945,031).....	70,326	-	70,326	-
Advances to component units.....	30,403	3,427	33,830	-
Deferred charges and other assets.....	25,963	66,776	92,739	-
Restricted assets:				
Deposits and investments with City Treasury.....	-	1,449,790	1,449,790	-
Deposits and investments outside City Treasury.....	4,777	596,558	601,335	-
Grants and other receivables.....	-	70,145	70,145	-
Capital assets:				
Land and other assets not being depreciated.....	1,127,701	2,837,693	3,965,394	-
Facilities, infrastructure, and equipment, net of depreciation.....	2,916,947	10,003,198	12,920,145	-
Total capital assets.....	4,044,648	12,840,891	16,885,539	-
Total noncurrent assets.....	4,176,117	15,027,587	19,203,704	-
Total assets.....	7,094,849	17,749,099	24,843,948	7,265
Deferred outflows of resources for accumulated decreases in fair value of hedging derivatives.....	-	64,743	64,743	-
Total assets and deferred outflows of resources.....	\$ 7,094,849	\$ 17,813,842	\$ 24,908,691	\$ 7,265

The notes to the financial statements are an integral part of this statement.



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CITY AND COUNTY OF SAN FRANCISCO
Statement of Net Position (Continued)
 June 30, 2013
 (In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Treasure Island Development Authority
Liabilities				
Current liabilities:				
Accounts payable.....	\$ 307,421	\$ 212,498	\$ 519,919	\$ 443
Accrued payroll.....	133,289	103,099	236,388	-
Accrued vacation and sick leave pay.....	78,428	55,019	133,447	-
Accrued workers' compensation.....	39,759	24,002	63,761	-
Estimated claims payable.....	37,374	24,284	61,658	-
Bonds, loans, capital leases, and other payables.....	402,928	635,557	1,038,485	-
Capital lease payable to other governmental agency.....	870	-	870	-
Accrued interest payable.....	12,784	51,380	64,164	-
Unearned grant and subvention revenues.....	13,324	-	13,324	-
Due to primary government.....	-	-	-	420
Due to component unit.....	280	-	280	-
Internal balances.....	(10,524)	10,524	-	-
Deferred credits and other liabilities.....	317,382	436,740	754,122	1,016
Liabilities payable from restricted assets:				
Bonds, loans, capital leases, and other payables.....	-	207,708	207,708	-
Accrued interest payable.....	-	28,158	28,158	-
Other.....	-	224,549	224,549	-
Total current liabilities.....	1,333,315	2,013,518	3,346,833	1,879
Noncurrent liabilities:				
Accrued vacation and sick leave pay.....	73,739	44,415	118,154	-
Accrued workers' compensation.....	189,573	124,442	314,015	-
Other postemployment benefits obligation.....	899,970	658,008	1,557,978	-
Estimated claims payable.....	73,627	39,297	112,924	-
Bonds, loans, capital leases, and other payables.....	2,693,597	9,067,306	11,760,903	-
Advances from primary government.....	-	-	-	13,763
Capital lease payable to other governmental agency.....	8,507	-	8,507	-
Deferred credits and other liabilities.....	2,362	111,416	113,778	-
Derivative instruments liabilities.....	-	81,338	81,338	-
Total noncurrent liabilities.....	3,941,375	10,126,222	14,067,597	13,763
Total liabilities.....	5,274,690	12,139,740	17,414,430	15,642
Net Position				
Net investment in capital assets, Note 2(k).....	2,275,963	4,691,579	6,967,499	-
Restricted for:				
Reserve for rainy day.....	26,339	-	26,339	-
Debt service.....	98,754	58,970	157,724	-
Capital projects, Note 2(k).....	154,502	299,942	356,002	-
Community development.....	109,423	-	109,423	-
Transportation Authority activities.....	10,924	-	10,924	-
Building inspection programs.....	71,131	-	71,131	-
Children and families.....	56,170	-	56,170	-
Culture and recreation.....	66,065	-	66,065	-
Grants.....	71,202	-	71,202	-
Other purposes.....	21,706	13,046	34,752	-
Total restricted.....	686,216	371,958	959,732	-
Unrestricted (deficit), Note 2(k).....	(1,142,020)	610,565	(57,970)	(8,377)
Total net position (deficit).....	\$ 1,820,159	\$ 5,674,102	\$ 7,494,261	\$ (8,377)

The notes to the financial statements are an integral part of this statement.

CITY AND COUNTY OF SAN FRANCISCO
Statement of Activities
 Year Ended June 30, 2013
 (In Thousands)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							
	Program Revenues				Primary Government			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Treasure Island Development Authority
Primary government:								
Governmental activities:								
Public protection.....	\$ 1,236,922	\$ 60,190	\$ 183,641	\$ -	\$ (993,091)	\$ -	\$ (993,091)	\$ -
Public works, transportation and commerce.....	189,124	105,981	42,450	24,024	(16,869)	-	(16,869)	-
Human welfare and neighborhood development.....	946,562	69,597	562,327	-	(314,238)	-	(314,238)	-
Community health.....	751,491	60,856	282,121	3,896	(404,618)	-	(404,618)	-
Culture and recreation.....	338,042	93,612	2,014	1,798	(240,618)	-	(240,618)	-
General administration and finance.....	249,271	76,903	8,998	-	(163,370)	-	(163,370)	-
General City responsibilities.....	83,895	50,121	4,603	-	(29,171)	-	(29,171)	-
Unallocated interest on long-term debt.....	107,750	-	-	-	(107,750)	-	(107,750)	-
Total governmental activities.....	3,903,097	517,660	1,086,154	29,718	(2,269,565)	-	(2,269,565)	-
Business-type activities:								
Airport.....	756,961	726,359	-	65,969	-	35,355	35,355	-
Transportation.....	1,026,726	494,805	144,450	178,218	-	(209,253)	(209,253)	-
Port.....	81,422	80,202	1,647	7,577	-	8,004	8,004	-
Water.....	445,804	721,470	4,593	-	-	280,259	280,259	-
Power.....	129,790	133,927	373	-	-	4,510	4,510	-
Hospitals.....	993,687	868,244	54,269	-	-	(70,174)	(70,174)	-
Sewer.....	223,727	252,554	19,050	-	-	47,877	47,877	-
Market.....	1,231	1,715	-	-	-	484	484	-
Total business-type activities.....	3,658,348	3,279,275	224,382	251,753	-	97,062	97,062	-
Total primary government.....	\$ 7,561,445	\$ 3,796,935	\$ 1,310,536	\$ 281,471	(2,269,565)	97,062	(2,172,503)	-
Component unit:								
Treasure Island Development Authority.....	\$ 7,437	\$ 8,454	\$ -	\$ -	-	-	-	\$ 1,017
General Revenues:								
Taxes:								
Property taxes.....					1,415,068	-	1,415,068	-
Business taxes.....					480,131	-	480,131	-
Sales and use tax.....					208,025	-	208,025	-
Hotel room tax.....					238,762	-	238,762	-
Utility users tax.....					91,871	-	91,871	-
Other local taxes.....					359,808	-	359,808	-
Interest and investment income.....					7,862	1,009	8,871	10
Other.....					52,865	61,737	114,602	-
Transfers - internal activities of primary government.....					(483,028)	483,028	-	-
Total general revenues and transfers.....					2,371,384	546,774	2,918,158	10
Extraordinary loss from dissolution of the Redevelopment Agency.....					(201,670)	-	(201,670)	-
Change in net position.....					(99,851)	642,836	542,985	1,027
Net position - beginning.....					1,920,010	5,031,266	6,951,276	(9,404)
Net position - ending.....					\$ 1,820,159	\$ 5,674,102	\$ 7,494,261	\$ (6,377)

The notes to the financial statements are an integral part of this statement.

CITY AND COUNTY OF SAN FRANCISCO
Balance Sheet
Governmental Funds
June 30, 2013
(with comparative financial information as of June 30, 2012)
(In Thousands)

City and County of San Francisco
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2013
(In Thousands)

	General Fund		Other Governmental Funds		Total Governmental Funds	
	2013	2012	2013	2012	2013	2012
Assets						
Deposits and investments with City Treasury.....	\$ 720,132	\$ 530,443	\$ 1,357,654	\$ 1,323,276	\$ 2,077,686	\$ 1,853,719
Deposits and investments outside City Treasury.....	1,004	635	71,413	80,613	72,417	81,248
Receivables (net of allowance for uncollectible amounts of \$149,635 in 2013; \$128,739 in 2012):						
Property taxes and penalties.....	47,791	47,374	8,980	8,454	56,771	55,828
Other local taxes.....	223,091	211,788	15,191	16,246	238,282	228,034
Federal and state grants and subventions.....	197,190	186,838	109,308	139,676	306,498	326,514
Charges for services.....	41,864	43,435	11,538	16,326	53,402	59,761
Interest and other.....	2,318	808	2,071	6,288	4,389	7,096
Due from other funds.....	11,753	47,281	29,490	5,149	41,213	52,430
Due from component unit.....	2,179	1,786	457	879	2,636	2,665
Advances to component unit.....	20,067	16,551	10,336	9,725	30,403	26,276
Loans receivable (net of allowance for uncollectible amounts of \$945,031 in 2013; \$559,893 in 2012)	157	157	70,169	66,973	70,326	67,130
Deferred charges and other assets.....	4,473	3,829	12,404	12,008	16,877	15,837
Total assets.....	\$ 1,272,019	\$ 1,090,925	\$ 1,698,881	\$ 1,685,613	\$ 2,970,900	\$ 2,776,538
Liabilities and Fund Balances						
Liabilities:						
Accounts payable.....	\$ 152,649	\$ 108,407	\$ 149,246	\$ 145,675	\$ 301,895	\$ 254,082
Accrued payroll.....	107,889	99,721	23,009	22,637	130,898	122,358
Deferred tax, grant and subvention revenues.....	146,221	113,684	44,305	81,359	190,527	195,043
Due to other funds.....	870	1,212	27,856	49,664	28,726	50,876
Due to component unit.....	-	-	-	280	280	-
Deferred credits and other liabilities.....	323,519	312,176	124,948	108,088	448,467	420,264
Bonds, loans, capital leases, and other payables.....	-	-	201,546	196,834	201,546	196,834
Total liabilities.....	731,148	635,200	571,191	604,257	1,302,339	1,239,457
Fund balances:						
Nonspendable.....	23,854	19,598	274	1,104	24,128	20,702
Restricted.....	26,339	34,109	1,191,169	1,189,102	1,217,528	1,223,211
Committed.....	137,487	79,276	-	-	137,487	79,276
Assigned.....	353,191	305,413	30,759	28,006	383,950	333,419
Unassigned.....	-	17,329	(94,532)	(136,896)	(94,532)	(119,527)
Total fund balances.....	\$40,871	455,725	1,127,690	1,081,356	1,668,561	1,537,081
Total liabilities and fund balances.....	\$ 1,272,019	\$ 1,090,925	\$ 1,698,881	\$ 1,685,613	\$ 2,970,900	\$ 2,776,538

The notes to the financial statements are an integral part of this statement.

Fund balances - total governmental funds	\$ 1,668,561
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,038,728
Bond issue costs are not financial resources and, therefore, are not reported in the funds.	19,128
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(4,011,220)
Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due.	(11,134)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures. Those assets are offset by deferred revenue in the funds.	306,501
Internal service funds are used by management to charge the costs of capital lease financing, equipment maintenance services, printing and mailing services, and telecommunications and information systems to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	(190,405)
Net position of governmental activities	\$ 1,820,159
The notes to the financial statements are an integral part of this statement.	

CITY AND COUNTY OF SAN FRANCISCO
Statement of Revenues, Expenditures and Changes
in Fund Balances
Governmental Funds
Year Ended June 30, 2013
(with comparative total financial information for the year ended June 30, 2012)
(In Thousands)

	General Fund		Other Governmental Funds		Total Governmental Funds	
	2013	2012	2013	2012	2013	2012
Revenues:						
Property taxes.....	\$ 1,122,008	\$ 1,056,143	\$ 299,756	\$ 296,714	\$ 1,421,764	\$ 1,352,857
Business taxes.....	479,627	435,316	504	2,362	480,131	437,678
Sales and use tax.....	122,271	117,071	85,754	81,165	208,025	198,236
Hotel room tax.....	182,396	188,685	56,386	50,902	238,782	239,567
Utility users tax.....	91,871	91,676	-	-	91,871	91,676
Other local taxes.....	359,806	353,889	-	-	359,806	353,889
License, permits and franchises.....	26,273	25,022	14,528	14,748	40,901	39,770
Fines, forfeitures and penalties.....	6,228	8,444	43,615	21,646	49,841	30,090
Interest and investment income.....	2,125	10,262	5,364	21,109	7,489	31,371
Rents and concessions.....	35,273	24,932	63,497	64,251	98,770	89,183
Intergovernmental:						
Federal.....	174,753	198,642	246,022	222,332	420,775	420,974
State.....	542,800	480,166	113,341	108,366	656,141	588,532
Other.....	3,072	-	38,717	33,181	41,789	33,181
Charges for services.....	184,391	145,797	131,668	119,059	296,059	264,856
Other.....	14,142	17,090	66,872	66,544	81,014	83,834
Total revenues.....	3,327,036	3,153,115	1,166,124	1,102,379	4,493,160	4,255,494
Expenditures:						
Current:						
Public protection.....	1,057,451	991,275	88,433	87,928	1,145,884	1,079,203
Public works, transportation and commerce.....	68,014	52,815	155,204	198,064	223,218	250,879
Human welfare and neighborhood development.....	660,657	626,194	284,449	292,220	945,106	916,414
Community health.....	634,701	545,962	100,035	107,301	734,736	653,263
Culture and recreation.....	105,870	100,246	222,924	210,910	328,794	311,156
General administration and finance.....	186,342	182,898	24,796	20,259	211,138	203,157
General City responsibilities.....	81,657	96,132	118	18	81,775	96,150
Debt service:						
Principal retirement.....	-	-	154,542	167,465	154,542	167,465
Interest and fiscal charges.....	-	-	108,189	103,706	108,189	103,706
Bond issuance costs.....	-	-	2,913	5,386	2,913	5,386
Capital outlay.....	-	-	410,994	270,094	410,994	270,094
Total expenditures.....	2,794,692	2,595,522	1,552,597	1,463,351	4,347,289	4,058,873
Excess (deficiency) of revenues over (under) expenditures.....	532,344	557,593	(386,473)	(360,972)	145,871	196,621
Other financing sources (uses):						
Transfers in.....	195,272	120,449	252,462	215,151	447,734	335,600
Transfers out.....	(646,912)	(553,190)	(283,881)	(189,529)	(930,793)	(742,719)
Issuance of bonds and loans:						
Face value of bonds issued.....	-	-	557,490	804,090	557,490	804,090
Face value of loans issued.....	-	-	5,890	4,359	5,890	4,359
Premium on issuance of bonds.....	-	-	64,469	89,336	64,469	89,336
Payment to refunded bond escrow agent.....	-	-	-	(487,390)	-	(487,390)
Other financing sources-capital leases.....	4,442	3,682	9,028	8,622	13,470	12,304
Total other financing sources (uses).....	(447,198)	(429,059)	605,458	444,639	158,260	15,580
Extraordinary gain/(loss) from dissolution of the Redevelopment Agency.....	-	(815)	(172,651)	198,129	(172,651)	197,314
Net change in fund balances.....	85,146	127,719	46,334	281,796	131,480	409,515
Fund balances at beginning of year.....	455,725	328,006	1,081,356	799,560	1,537,081	1,127,566
Fund balances at end of year.....	\$ 540,871	\$ 455,725	\$ 1,127,690	\$ 1,081,356	\$ 1,668,561	\$ 1,537,081

The notes to the financial statements are an integral part of this statement.

City and County of San Francisco
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2013
(In Thousands)

Net change in fund balances - total governmental funds \$ 131,480

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and loss on disposal of capital assets in the current period plus extraordinary loss on capital assets from dissolution of the Redevelopment Agency. 355,953

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the amount by which the increase in certain liabilities reported in the statement of net position of the previous year exceeded expenses reported in the statement of activities that do not require the use of current financial resources. (145,009)

Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (6,696)

Some other revenues that do not provide current financial resources are not reported as revenues in the governmental funds but are recognized in the statement of activities. (4,894)

Governmental funds report expenditures pertaining to the establishment of certain deferred credits related to long-term loans made. These deferred credits are not reported on the statement of net position and, therefore, the corresponding expense is not reported on the statement of activities. 15,217

Lease payments on the Moscone Convention Center (including both principal and interest) are reported as expenditures in the governmental funds when paid. For the City as a whole, however, the principal portion of the payments serves to reduce the liability in the statement of net position. This is the amount of property rent payments expended in the governmental funds that were reclassified as capital lease principal and interest payments in the current period. 14,560

Bond issue costs are expended in the governmental funds when paid and are capitalized and amortized in the statement of activities. This is the amount by which current year bond issue costs exceed amortization expense in the current period. 1,755

The issuance of long-term debt and capital leases provides current financial resources to governmental funds, while the repayment of the principal of long-term debt and capital leases consume the current financial resources of governmental funds. These transactions, however, have no effect on net position. This is the amount by which bond and other debt proceeds exceeded principal retirement in the current period. (408,838)

Bond premiums are reported in the governmental funds when the bonds are issued, and are capitalized and amortized in the statement of net position. This is the amount of bond premiums capitalized during the current period. (64,469)

Interest expense in the statement of activities differs from the amount reported in the governmental funds because of additional accrued and accreted interest; amortization of bond discounts, premiums and refunding losses. 6,382

The net revenues of the activities of internal service funds are reported with governmental activities. 4,708
Change in net position of governmental activities \$ (99,851)

The notes to the financial statements are an integral part of this statement.

CITY AND COUNTY OF SAN FRANCISCO
Budgetary Comparison Statement - General Fund
 Year Ended June 30, 2013
 (In Thousands)

CITY AND COUNTY OF SAN FRANCISCO
Budgetary Comparison Statement - General Fund (Continued)
 Year Ended June 30, 2013
 (In Thousands)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
Budgetary Fund Balance, July 1	\$ 120,654	\$ 557,097	\$ 557,097	\$ -
Resources (Inflows):				
Property taxes.....	1,078,083	1,078,083	1,114,078	35,995
Business taxes.....	452,806	452,806	479,627	26,821
Other local taxes:				
Sales tax.....	121,736	121,736	122,271	535
Hotel room tax.....	193,956	193,956	182,396	(11,570)
Utility users tax.....	91,800	91,800	91,871	(29)
Parking tax.....	76,530	76,530	81,645	5,115
Real property transfer tax.....	249,163	249,163	278,163	29,000
Licenses, permits, and franchises:				
Licenses and permits.....	9,482	9,462	10,130	668
Franchise tax.....	15,870	15,870	16,143	273
Fines, forfeitures, and penalties.....	7,174	7,194	6,226	(968)
Interest and investment income.....	8,776	6,776	10,335	3,559
Rents and concessions:				
Garages - Recreation and Park.....	7,286	7,286	20,081	12,795
Rents and concessions - Recreation and Park.....	12,131	12,131	13,280	1,159
Other rents and concessions.....	2,007	2,007	3,014	1,007
Intergovernmental:				
Federal grants and subventions.....	198,844	200,761	197,145	(3,616)
State subventions:				
Social service subventions.....	61,415	61,416	86,186	24,770
Health / mental health subventions.....	135,285	137,858	112,355	(25,503)
Health and welfare realignment.....	210,937	210,937	233,402	24,465
Public safety sales tax.....	78,967	78,967	83,238	4,271
Motor vehicle in-lieu - county.....	805	805	805	-
Other grants and subventions.....	28,932	28,552	32,826	4,274
Allowance for state revenue reduction.....	(15,000)	-	-	-
Other.....	-	2,671	3,072	401
Charges for services:				
General government service charges.....	50,095	53,150	58,384	5,234
Public safety service charges.....	24,444	23,433	27,886	4,453
Recreation charges - Recreation and Park.....	13,907	13,913	17,101	3,188
Medical, MediCare and health service charges.....	78,317	78,487	61,137	(17,330)
Other financing sources:				
Transfers from other funds.....	155,850	195,388	195,061	(327)
Repayment of loan from Component Unit.....	627	627	-	(627)
Other resources (Inflows).....	17,640	24,844	14,645	(10,199)
Subtotal - Resources (Inflows)	3,386,055	3,436,699	3,554,513	117,814
Total amounts available for appropriation.....	3,485,709	3,993,796	4,111,610	(117,814)

The notes to the financial statements are an integral part of this statement.

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
Charges to Appropriations (Outflows):				
Public Protection				
Adult Probation.....	\$ 22,514	\$ 21,394	\$ 20,830	\$ 564
District Attorney.....	37,029	37,065	36,763	322
Emergency Communications.....	40,321	43,097	43,076	21
Fire Department.....	297,706	297,022	296,587	436
Juvenile Probation.....	34,482	30,617	29,273	1,344
Police Department.....	417,610	430,432	430,426	6
Public Defender.....	26,651	27,356	27,338	18
Sheriff.....	147,315	138,519	138,481	38
Superior Court.....	32,848	32,802	32,683	119
Subtotal - Public Protection	1,056,476	1,058,324	1,055,457	2,867
Public Works, Transportation and Commerce				
Board of Appeals.....	932	918	861	57
Business and Economic Development.....	28,898	17,048	17,046	-
General Services Agency - Public Works.....	37,699	49,632	49,062	570
Health, Hetchy.....	-	398	385	13
Municipal Transportation Agency.....	-	357	357	-
Subtotal - Public Works, Transportation and Commerce	67,529	68,351	67,711	640
Human Welfare and Neighborhood Development				
Children, Youth and Their Families.....	27,760	26,696	25,567	1,119
Commission on the Status of Women.....	3,593	3,964	3,960	24
County Education Office.....	116	116	116	-
Environment.....	-	153	153	-
Human Rights Commission.....	1,216	1,210	992	218
Human Services.....	637,690	633,354	623,927	9,427
Mayor - Housing/Neighborhoods.....	3,461	5,455	5,011	444
Subtotal - Human Welfare and Neighborhood Development	673,836	670,958	659,726	11,232
Community Health				
Public Health.....	609,892	635,880	634,552	1,408
Culture and Recreation				
Academy of Sciences.....	4,027	4,027	3,975	52
Art Commission.....	9,700	8,732	8,731	1
Asian Art Museum.....	7,831	7,538	7,477	61
Fine Arts Museum.....	12,865	12,637	12,203	434
Law Library.....	738	736	648	86
Recreation and Park Commission.....	75,905	71,910	71,910	-
Subtotal - Culture and Recreation	111,066	105,580	104,944	636

The notes to the financial statements are an integral part of this statement.

CITY AND COUNTY OF SAN FRANCISCO
Statement of Net Position - Proprietary Funds
 June 30, 2013
 (with comparative financial information as of June 30, 2012)
 (In Thousands)

	Business-type Activities - Enterprise Funds										Total		Governmental Activities - Internal Service Funds	
	Major Funds							Other Fund			2013	2012	2013	2012
	San Francisco International Airport	San Francisco Water Enterprise	Hetch Hetchy Water and Power	Municipal Transportation Agency	General Hospital Medical Center	San Francisco Westwater Enterprise	Port of San Francisco	Laguna Honda Hospital	San Francisco Market Corporation					
Assets and Deferred Outflows of Resources														
Assets:														
Current Assets:														
Deposits and Investments with City Treasury.....	\$ 364,667	\$ 322,090	\$ 196,283	\$ 665,860	\$ 62,135	\$ 91,400	\$ 80,366	\$ 23,291	\$ -	\$ 1,806,112	\$ 1,284,156	\$ 32,368	\$ 33,639	
Deposits and Investments outside City Treasury.....	10	138	10	3,735	10	161	5	2	5,737	9,608	10,087	-	10	
Receivables (net of allowance for uncollectible amounts of \$44,179 and \$44,315 in 2013 and 2012, respectively):														
Federal and state grants and subventions.....	-	2,345	142	96,007	108	18,439	1,364	21,546	-	139,951	94,275	-	-	
Charges for services.....	32,495	49,717	11,622	16,262	62,806	34,426	2,655	20,422	90	230,425	237,630	-	119	
Interest and other.....	939	5,164	77	6,351	91,361	1,035	1,834	73	-	110,894	65,897	763	843	
Capital lease receivable.....	-	-	-	-	-	-	-	-	-	-	-	22,545	20,813	
Due from other funds.....	-	288	12,790	6,462	-	86	435	-	-	-	20,043	32,174	-	
Due from component unit.....	-	-	200	-	-	-	-	-	-	-	200	200	-	
Inventories.....	87	7,564	336	58,966	7,727	3,202	1,192	1,131	-	78,225	75,700	-	-	
Deferred charges and other assets.....	877	-	3,712	333	-	-	147	989	29	6,087	7,699	-	-	
Restricted assets:														
Deposits and Investments with City Treasury.....	89,816	-	-	-	-	-	43,234	27,129	-	160,179	137,632	-	-	
Deposits and Investments outside City Treasury.....	55,416	60,111	1,814	-	-	40,394	3,258	4,780	146	165,919	189,098	55,337	61,713	
Grants and other receivables.....	13,772	-	-	-	-	-	-	-	-	13,772	12,916	-	-	
Total current assets.....	558,069	451,397	226,986	651,998	224,147	189,145	134,490	99,363	5,942	2,741,555	2,167,444	111,013	116,937	
Noncurrent assets:														
Deferred charges and other assets.....	26,329	31,966	300	788	-	4,133	1,853	1,407	-	66,776	81,217	4,535	4,655	
Capital lease receivable.....	-	-	-	-	-	-	-	-	-	-	-	239,968	252,927	
Advances to component unit.....	-	-	3,427	-	-	-	-	-	-	-	3,427	3,627	-	
Restricted assets:														
Deposits and Investments with City Treasury.....	84,561	1,090,566	14,908	8,316	-	251,439	-	-	-	1,449,790	1,746,544	-	-	
Deposits and Investments outside City Treasury.....	300,318	270,709	708	5,530	5,162	-	-	-	13,971	596,558	688,881	4,777	4,816	
Grants and other receivables.....	38,118	5,963	101	3,138	-	7,813	-	-	15,014	70,145	25,653	-	-	
Capital assets:														
Land and other assets not being depreciated.....	230,352	1,550,675	93,737	585,622	43,170	215,494	115,354	-	3,289	2,837,693	2,386,005	-	-	
Facilities, infrastructure, and equipment, net of depreciation.....	3,490,439	2,308,253	255,173	1,807,080	37,175	1,445,349	283,678	592,989	3,082	10,003,198	9,494,768	5,920	5,471	
Total capital assets.....	3,720,791	3,858,928	349,910	2,192,682	80,345	1,660,843	409,032	562,989	6,371	12,840,891	11,880,773	5,920	5,471	
Total noncurrent assets.....	4,170,115	5,256,132	388,354	2,210,454	85,507	1,924,228	410,885	593,381	6,531	15,027,587	14,426,685	265,230	267,869	
Total assets.....	4,728,204	5,709,529	595,340	3,062,450	309,654	2,113,373	545,375	692,744	12,473	17,769,142	16,594,139	386,243	384,806	
Deferred outflows of resources for accumulated decreases in fair value of hedging derivatives.....	64,743	-	-	-	-	-	-	-	-	64,743	99,979	-	-	
Total assets and deferred outflows of resources.....	4,792,947	5,709,529	595,340	3,062,450	309,654	2,113,373	545,375	692,744	12,473	17,833,885	16,693,118	386,243	384,806	

The notes to the financial statements are an integral part of this statement.

CITY AND COUNTY OF SAN FRANCISCO
Budgetary Comparison Statement - General Fund (Continued)
 Year Ended June 30, 2013
 (In Thousands)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
General Administration and Finance				
Assessor/Recorder.....	\$ 17,774	\$ 17,446	\$ 17,419	\$ 27
Board of Supervisors.....	12,247	12,137	11,549	598
City Attorney.....	8,738	11,279	11,279	-
City Planning.....	25,534	23,984	23,984	-
Civil Service.....	549	548	536	12
Controller.....	11,816	12,807	12,092	615
Elections.....	11,607	11,470	10,754	716
Ethics Commission.....	4,155	3,420	3,415	5
General Services Agency - Administrative Services.....	62,793	55,421	55,062	339
General Services Agency - Telecomm and Info Services.....	1,589	2,212	2,027	185
Health Services System.....	167	423	412	11
Human Resources.....	9,979	11,989	11,941	28
Information Services.....	4,584	4,724	4,724	-
Police Services.....	22,709	21,838	20,446	1,383
Treasurer/Tax Collector.....	154,524	150,151	155,342	3,802
Subtotal - General Administration and Finance	103,613	86,527	82,223	4,304
General City Responsibilities				
Other Financing Uses.....	2,214	646,016	645,018	1,011
Debt Service.....	51,755	4,191	4,191	-
Transfers to other funds.....	3,465,709	3,465,060	3,438,973	26,087
Budgetary reserves and designations.....	-	-	674,637	(674,637)
Total charges to appropriations.....	\$ -	\$ 527,736	\$ 674,637	\$ (146,901)
Total Sources, less Current Year Uses.....	\$ -	\$ 527,736	\$ 674,637	\$ (146,901)
Budgetary fund balance, June 30 before reserves and designations			\$ 674,637	
Reserves and designations made from budgetary fund balance, June 30			(54,197)	
Net Available Budgetary Fund Balance, June 30			\$ 240,440	
Sources/inflows of resources				
Actual amounts (budgetary basis) "available for appropriation".....			\$ 4,111,610	
Difference - budget to GAAP:				
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.....			(57,097)	
Property tax revenue - Treas. Plan net change from prior year.....			7,380	
Change in net general fund (GAAP).....			(7,976)	
Change in net general fund (GAAP).....			(6,027)	
Change in net general fund (GAAP).....			582	
Interest earnings from other funds assigned to General Fund as interest adjustment.....			(31,670)	
Grants, subventions and other receivables received after 120-day recognition period.....			(1,416)	
Pre-paid lease revenue, Civic Center Garage.....			(185,051)	
Transfers from other funds are in inflows of budgetary resources but are not revenues for financial reporting purposes.....			(185,051)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - General Fund.....			\$ 3,327,036	
Uses/outflows of resources				
Actual amounts (budgetary basis) "total charges to appropriations".....			\$ 3,438,973	
Difference - budget to GAAP:				
Capital asset purchases funded under capital leases with Finance Corporation and other vendors.....			4,442	
Recognition of expenditures for advances and imprest cash.....			(705)	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.....			(6,461,018)	
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - General Fund.....			\$ 2,704,692	

The notes to the financial statements are an integral part of this statement.

CITY AND COUNTY OF SAN FRANCISCO
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2013
(with comparative total financial information for the year ended June 30, 2012)
(In Thousands)

	Business-type Activities - Enterprise Funds										Total		Governmental Activities - Internal Service Funds	
	Major Funds								Other Fund					
	San Francisco International Airport	San Francisco Water Enterprise	Hetch Hetchy Water and Power	Municipal Transportation Agency	General Hospital Medical Center	San Francisco Wastewater Enterprise	Port of San Francisco	Laguna Honda Hospital	San Francisco Market Corporation			2013	2012	2013
Operating revenues:														
Aviation.....	\$ 413,918	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 413,918	\$ 374,767	\$ -	\$ -
Water and power service.....	-	700,513	133,682	-	-	-	-	-	-	-	834,195	451,235	-	-
Passenger fees.....	-	-	-	218,939	-	-	-	-	-	-	218,939	200,972	-	-
Net patient service revenue.....	-	-	-	-	728,711	-	-	-	-	-	661,231	733,847	-	-
Sewer service.....	-	-	-	-	-	235,479	-	-	-	132,520	235,479	233,628	-	-
Rents and concessions.....	129,545	9,599	245	7,547	2,695	-	58,116	-	-	-	207,748	199,313	90	-
Parking and transportation.....	113,551	-	-	212,732	-	-	17,774	-	-	-	344,057	230,719	-	-
Other charges for services.....	-	-	-	17,877	-	-	-	-	-	-	19,592	3,905	106,662	97,288
Other revenues.....	69,344	11,358	-	37,710	3,091	17,075	4,312	1,226	-	-	144,118	124,973	-	-
Total operating revenues.....	726,358	721,470	133,927	494,805	734,498	252,554	80,202	133,746	1,715	3,279,275	2,553,359	106,772	97,266	
Operating expenses:														
Personnel services.....	239,194	119,151	46,621	606,707	454,299	84,155	32,894	177,729	270	1,761,020	1,716,401	44,661	43,465	
Contractual services.....	62,939	12,619	5,645	109,755	184,777	13,418	6,630	7,643	665	404,691	359,903	34,854	29,727	
Light, heat and power.....	19,250	-	20,891	-	-	-	-	2,040	-	42,181	43,746	-	-	
Materials and supplies.....	14,038	13,074	3,002	86,750	73,061	10,481	1,548	16,826	6	216,786	210,373	19,098	15,041	
Depreciation and amortization.....	176,522	75,446	15,457	122,479	5,701	46,347	16,367	15,792	280	474,393	444,961	1,677	1,691	
General and administrative.....	2,807	25,563	29,636	37,088	1,218	19,716	3,818	-	9	119,657	134,564	509	385	
Services provided by other departments.....	14,576	57,684	6,708	57,038	39,081	34,141	17,221	6,181	-	234,630	216,967	6,403	5,331	
Other.....	32,132	-	-	4,928	-	-	(839)	-	1	35,865	29,458	967	704	
Total operating expenses.....	591,458	303,739	128,160	1,023,695	758,137	208,280	79,962	228,371	1,231	3,291,223	3,155,391	108,189	96,344	
Nonoperating revenues (expenses):	164,900	417,791	5,767	(929,080)	(23,639)	44,294	220	(92,625)	484	(11,948)	(603,032)	(1,417)	922	
Operating grants:														
Federal.....	-	4,593	373	11,387	-	19,050	1,469	-	-	36,672	33,157	-	-	
State / other.....	-	-	-	133,063	54,269	-	-	-	-	187,332	167,161	-	-	
Interest and investment income (loss).....	1,688	(281)	(205)	(623)	-	524	24	(120)	4	1,009	82,533	6,260	6,475	
Interest expense.....	(195,503)	(142,065)	(1,830)	(2,841)	(711)	(15,467)	(1,440)	(7,468)	-	(367,125)	(353,868)	(5,883)	(6,005)	
Other, net.....	3,230	31,001	1,718	4,813	-	5,270	275	15,552	(120)	81,737	287,779	1	124	
Total nonoperating revenues (expenses).....	(190,587)	(106,752)	254	145,799	53,558	9,377	328	7,964	(119)	(80,175)	216,761	278	594	
Income (loss) before capital contributions and transfers:														
Contributions and transfers.....	(25,687)	310,979	6,021	(383,281)	29,919	53,671	548	(84,661)	368	(92,123)	(386,271)	(1,139)	1,516	
Capital contributions.....	65,358	-	-	178,218	-	-	7,577	-	-	251,769	173,975	-	-	
Transfers in.....	-	68,375	-	379,631	138,356	919	19,565	89,306	-	694,352	552,441	177	29	
Transfers out.....	(36,454)	(2,891)	(196)	(3,811)	(153,478)	(31)	-	(14,277)	-	(211,146)	(301,353)	(324)	(1,216)	
Change in net position.....	3,807	374,463	5,825	170,957	14,798	54,559	27,690	(9,632)	368	642,636	38,792	(1,286)	329	
Net position (deficit) at beginning of year.....	290,612	358,495	512,652	2,095,480	(80,649)	1,100,353	335,476	417,509	11,338	5,031,266	4,992,474	9,936	9,607	
Net position (deficit) at end of year.....	\$ 294,419	\$ 732,958	\$ 518,477	\$ 2,266,437	\$ (75,850)	\$ 1,154,912	\$ 363,166	\$ 407,877	\$ 11,706	\$ 5,674,102	\$ 5,031,266	\$ 8,650	\$ 9,936	

The notes to the financial statements are an integral part of this statement.

CITY AND COUNTY OF SAN FRANCISCO
Statement of Net Position - Proprietary Funds (Continued)
June 30, 2013
(with comparative financial information as of June 30, 2012)
(In Thousands)

	Business-type Activities - Enterprise Funds										Total		Governmental Activities - Internal Service Funds	
	Major Funds								Other Fund					
	San Francisco International Airport	San Francisco Water Enterprise	Hetch Hetchy Water and Power	Municipal Transportation Agency	General Hospital Medical Center	San Francisco Wastewater Enterprise	Port of San Francisco	Laguna Honda Hospital	San Francisco Market Corporation			2013	2012	2013
Liabilities														
Current liabilities:														
Accounts payable.....	\$ 33,222	\$ 6,214	\$ 10,791	\$ 99,631	\$ 38,163	\$ 6,479	\$ 12,740	\$ 6,694	\$ 564	\$ 212,498	\$ 211,620	\$ 5,526	\$ 7,544	
Accrued payroll.....	13,571	9,421	3,069	34,107	24,949	5,716	2,096	10,139	-	103,059	100,384	2,391	2,323	
Accrued vacation and sick leave pay.....	8,167	6,044	1,761	17,207	12,027	3,176	1,239	5,366	-	55,019	53,308	1,408	1,475	
Accrued workers' compensation.....	1,121	1,364	418	14,366	3,433	748	390	2,162	-	24,002	25,230	290	183	
Estimated claims payable.....	755	2,976	1,152	15,301	-	2,768	1,332	-	-	24,284	20,849	-	-	
Due to other funds.....	-	40	-	33	1,196	2,006	27,290	-	-	30,567	30,907	1,983	2,821	
Deferred credits and other liabilities.....	51,923	21,833	122	234,566	83,159	2,161	14,768	28,005	203	436,740	325,979	60,114	65,684	
Accrued interest payable.....	-	37,251	229	948	116	10,190	628	1,818	-	51,390	45,467	1,650	1,758	
Bonds, loans, capital leases, and other payable.....	391,762	196,860	1,585	3,315	2,419	33,343	640	5,443	-	635,957	582,010	21,144	19,390	
Liabilities payable from restricted assets:														
Bonds, loans, capital leases, and other payables.....	207,708	-	-	-	-	-	-	-	-	207,708	35,842	-	-	
Accrued interest payable.....	28,158	-	-	-	-	-	-	-	-	28,158	28,837	-	-	
Other.....	59,832	133,884	1,262	1,070	-	27,757	-	744	-	224,548	180,626	-	-	
Total current liabilities.....	796,209	415,887	20,418	420,544	163,464	94,344	61,525	60,402	767	2,033,561	1,641,039	94,486	101,778	
Noncurrent liabilities														
Accrued vacation and sick leave pay.....	7,432	5,673	1,537	11,947	9,633	2,837	1,091	4,265	-	44,415	44,880	1,324	1,804	
Accrued workers' compensation.....	4,412	7,135	2,005	74,636	16,994	3,563	2,325	11,452	-	124,442	119,226	1,218	812	
Other postemployment benefits obligation.....	90,713	85,829	17,559	160,657	171,476	32,565	16,056	63,153	-	658,008	552,217	17,947	15,390	
Estimated claims payable.....	807	7,909	2,285	22,338	-	5,610	390	-	-	39,297	36,144	-	-	
Deferred credits and other liabilities.....	-	23,972	-	22,336	-	571	84,537	-	-	111,416	64,225	-	-	
Bonds, loans, capital leases, and other payables.....	3,517,917	4,430,166	33,058	83,357	21,937	818,051	36,325	145,595	-	9,067,306	9,067,262	242,718	255,896	
Derivative instruments liabilities.....	81,338	-	-	-	-	-	-	-	-	81,338	116,859	-	-	
Total noncurrent liabilities.....	3,702,319	4,560,694	56,444	375,489	222,400	894,117	120,684	224,465	-	10,126,222	10,020,813	263,107	273,692	
Total liabilities.....	4,498,528	4,976,571	76,863	796,033	385,864	958,461	182,209	284,867	767	12,159,783	11,661,852	357,593	374,870	
Net Position														
Net Investment in capital assets.....	(52,581)	398,190	323,437	2,125,062	61,123	1,080,681	319,829	429,467	6,371	4,891,579	4,538,990	5,566	4,652	
Restricted:														
Debt service.....	19,757	32,723	-	5,530	-	960	-	-	-	58,970	53,951	-	-	
Capital projects.....	139,881	103,616	7,762	-	-	2,931	27,139	18,523	-	299,942	176,570	-	-	
Other purposes.....	-	-	-	10,384	-	-	-	2,357	305	13,046	18,913	-	-	
Unrestricted (deficit).....	187,262	196,429	187,268	125,461	(138,973)	70,340	16,196	(42,470)	5,030	610,565	242,642	3,084	5,284	
Total net position (deficit).....	\$ 294,419	\$ 732,958	\$ 518,477	\$ 2,266,437	\$ (75,850)	\$ 1,154,912	\$ 363,166	\$ 407,877	\$ 11,706	\$ 5,674,102	\$ 5,031,266	\$ 8,650	\$ 9,936	

The notes to the financial statements are an integral part of this statement.

CITY AND COUNTY OF SAN FRANCISCO
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2013
 (with comparative total financial information for the year ended June 30, 2012)
 (In Thousands)

	Business-type Activities - Enterprise Funds									Other Fund		Governmental Activities - Internal Service Funds		
	San Francisco International Airport	San Francisco Water Enterprise	Helix Helichy Water and Power	Municipal Transportation Agency	General Hospital Medical Center	San Francisco Wastewater Enterprise	Port of San Francisco	Laguna Honda Hospital	San Francisco Market Corporation	Total	2013	2012	2013	2012
Reconciliation of operating income (less) to net cash provided by (used in) operating activities:														
Operating income (loss)	\$ 184,900	\$ 417,731	\$ 5,767	\$ (528,080)	\$ (23,639)	\$ 44,284	\$ 220	\$ (92,925)	\$ 484	\$ (11,948)	\$ (603,032)	\$ (1,417)	\$ 922	
Adjustments for non-cash and other activities:														
Depreciation and amortization	176,522	75,448	15,457	122,479	5,701	46,347	16,367	15,792	280	474,993	444,961	1,677	1,691	
Provision for uncollectibles	(811)	483	-	52	-	140	(295)	-	-	(431)	(2,450)	-	-	
Write-off of capital assets	-	2,392	1,562	-	-	5,621	-	-	-	9,575	12,397	-	-	
Other	4,393	1,691	898	33,132	-	978	-	-	-	41,053	111,525	1	124	
Changes in assets/liabilities:														
Receivables, net	8,423	36,226	(1,731)	(18,000)	(49,061)	(1,594)	656	5,135	(19)	(19,065)	(13,574)	22,591	17,044	
Due from other funds	-	(34)	831	-	271	(60)	274	-	-	1,262	(6,500)	-	-	
Inventories	26	318	(40)	(2,205)	(553)	63	(160)	28	-	(2,528)	(130)	-	-	
Deferred charges and other assets	269	-	1,228	200	(759)	(128)	(128)	-	(1)	905	(4,360)	-	-	
Accounts payable	4,290	(2,276)	(8,837)	15,990	5,911	(15,011)	(80)	947	106	1,040	19,068	(1,827)	1,749	
Accrued payroll	36	66	306	978	888	363	(243)	404	-	2,628	19,157	68	358	
Accrued vacation and sick leave pay	(30)	(926)	214	675	785	315	16	(82)	-	1,247	7,628	(347)	35	
Accrued workers' compensation	158	595	102	1,363	432	404	(92)	1,078	-	3,988	(3,730)	513	121	
Other postemployment benefits obligation	14,888	12,820	3,257	27,788	29,278	6,052	2,668	9,541	-	105,791	103,251	2,487	2,474	
Estimated claims payable	-	1,790	786	3,906	-	(160)	56	-	-	6,358	(3,210)	-	-	
Due to other funds	-	-	-	(3,698)	-	(132)	-	-	-	(3,830)	3,605	190	(72)	
Deferred credits and other liabilities	(6,700)	3,574	(979)	(2,153)	(3,973)	(3,309)	(4,782)	15,801	-	(3,495)	29,384	(12,282)	(15,395)	
Total adjustments	202,482	132,207	12,998	180,207	(10,541)	39,291	14,285	46,640	368	617,915	687,051	13,271	8,128	
Net cash provided by (used in) operating activities	\$ 367,382	\$ 549,938	\$ 18,765	\$ (348,873)	\$ (34,180)	\$ 83,585	\$ 14,505	\$ (45,985)	\$ 850	\$ 605,967	\$ 84,019	\$ 11,854	\$ 9,051	
Reconciliation of cash and cash equivalents to the statement of net position:														
Deposits and investments with City Treasury:														
Unrestricted	\$ 354,687	\$ 322,090	\$ 198,283	\$ 685,860	\$ 62,135	\$ 91,400	\$ 80,366	\$ 23,291	\$ -	\$ 1,806,112	\$ 1,284,196	\$ 32,368	\$ 33,639	
Restricted	174,377	1,090,566	14,908	8,316	-	251,438	43,234	27,129	-	1,606,969	1,684,176	-	-	
Deposits and investments outside of City Treasury:														
Unrestricted	10	136	10	3,735	10	161	5	2	5,737	9,908	10,067	-	10	
Restricted	355,734	330,620	2,922	5,192	5,192	40,394	3,228	18,751	308	792,477	877,879	60,114	66,526	
Total deposits and investments	884,808	1,743,814	213,723	693,441	67,307	383,394	126,893	69,173	6,043	4,188,368	4,066,378	92,482	100,178	
Less: Investments outside of City Treasury not meeting the definition of cash equivalents	(355,161)	(170,925)	(682)	-	-	(9,089)	(413)	(13,971)	(309)	(650,827)	(653,448)	(9,577)	(8,692)	
Cash and cash equivalents at end of year on statement of cash flows	\$ 539,647	\$ 1,572,689	\$ 212,781	\$ 683,441	\$ 67,307	\$ 374,305	\$ 126,480	\$ 55,202	\$ 5,737	\$ 3,637,539	\$ 3,402,930	\$ 82,905	\$ 90,286	
Non-cash capital and related financing activities:														
Acquisition of capital assets on accounts payable and capital lease	\$ 57,050	\$ 133,864	\$ 1,262	\$ -	\$ -	\$ 27,757	\$ 8,484	\$ 4,139	\$ 20	\$ 232,596	\$ 203,950	\$ 2,104	\$ 3,455	
In-kind contribution for pier demolition	-	-	-	-	-	-	-	22	-	22	4,100	-	-	
Tenant improvements financed by rent credits	-	-	-	-	-	-	45,670	-	-	45,670	-	-	-	
Net capitalization of interest	3,710	78,131	37	-	-	6,020	305	-	-	88,203	82,117	-	-	
Accrued fire insurance settlements	-	-	-	-	-	-	-	-	-	-	4,500	-	-	
Donated inventory	-	-	-	-	2,759	-	-	-	-	-	2,996	-	-	
Capital contributions and other noncash capital items	-	-	-	-	-	-	-	1,777	-	1,777	159,827	-	-	
Bond refunding	88,875	-	-	-	-	-	-	-	-	88,875	1,204,069	-	-	
Interfund loan	-	40	-	-	-	1,573	-	-	-	1,613	6,401	-	-	

The notes to the financial statements are an integral part of this statement.

CITY AND COUNTY OF SAN FRANCISCO
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2013
 (with comparative total financial information for the year ended June 30, 2012)
 (In Thousands)

	Business-type Activities - Enterprise Funds									Other Fund		Governmental Activities - Internal Service Funds		
	San Francisco International Airport	San Francisco Water Enterprise	Helix Helichy Water and Power	Municipal Transportation Agency	General Hospital Medical Center	San Francisco Wastewater Enterprise	Port of San Francisco	Laguna Honda Hospital	San Francisco Market Corporation	Total	2013	2012	2013	2012
Cash flows from operating activities:														
Cash received from customers, including cash deposits	\$ 744,328	\$ 753,474	\$ 136,798	\$ 511,133	\$ 679,040	\$ 247,832	\$ 15,169	\$ 152,883	\$ 1,695	\$ 3,241,970	\$ 2,849,440	\$ 133,734	\$ 118,566	
Cash received from tenants for rent	-	9,133	2,908	5,176	2,096	877	62,576	74	-	80,727	74,941	-	-	
Cash paid to employees for services	(224,141)	(104,394)	(42,234)	(570,251)	(423,137)	(75,353)	(30,471)	(186,790)	(270)	(1,837,141)	(1,688,200)	(41,960)	(40,480)	
Cash paid to suppliers for goods and services	(152,825)	(104,869)	(72,918)	(289,505)	(292,779)	(84,913)	(32,790)	(31,878)	(578)	(1,083,061)	(1,025,677)	(79,920)	(69,035)	
Cash paid for judgments and claims	-	(3,429)	(3,119)	(5,329)	-	(4,659)	-	-	-	(16,529)	(26,499)	-	-	
Net cash provided by (used in) operating activities	367,382	549,938	18,765	(348,873)	(34,180)	83,585	14,505	(45,985)	850	605,967	84,019	11,854	9,051	
Cash flows from noncapital financing activities:														
Operating grants	-	2,590	293	149,700	62,177	2,304	2,329	11	-	219,404	178,545	-	-	
Transfers in	-	80,894	-	310,481	138,356	919	1,310	89,278	-	801,329	454,624	177	29	
Transfers out	(96,464)	-	(195)	(3,901)	(153,476)	(31)	-	(8,312)	-	(203,980)	(185,242)	(324)	(1,216)	
Other noncapital financing increases	-	-	-	5,100	-	-	-	4,266	-	10,426	10,922	-	-	
Other noncapital financing decreases	(28,657)	-	-	-	(241)	-	-	-	-	(47,352)	(4,283)	-	-	
Net cash provided by (used in) noncapital financing activities	(65,121)	83,574	97	462,410	48,816	3,192	7,936	61,524	-	560,427	454,488	(147)	(1,187)	
Cash flows from capital and related financing activities:														
Capital grants and other taxes restricted for capital purposes	37,983	-	-	255,848	-	-	6,650	59	-	301,020	362,899	-	-	
Transfers in	-	2,500	-	68,440	-	-	18,255	27	-	90,222	47,768	-	-	
Transfers out	-	-	-	-	-	-	-	(4,865)	-	-	(4,865)	-	-	
Bond sale proceeds and loans received	-	26,295	-	70,153	-	590,179	-	-	-	678,627	1,630,942	11,828	10,150	
Proceeds from sale/transfer of capital assets	-	3,299	80	4	-	-	8	-	-	3,682	2,636	-	-	
Proceeds from commercial paper borrowings	170,075	-	-	-	-	85,000	-	-	-	255,075	34,950	-	-	
Proceeds from passenger facility charges	87,033	-	-	-	-	-	-	-	-	87,033	78,156	-	-	
Acquisition of capital assets	(181,029)	(638,189)	(27,239)	(220,397)	(13,745)	(163,300)	(62,597)	(30,410)	(628)	(1,347,530)	(1,276,778)	(1,998)	(629)	
Retirement of capital leases, bonds and loans	(152,959)	(168,271)	(1,277)	(43,765)	(2,349)	(329,819)	(805)	(5,213)	-	(705,856)	(973,212)	(22,970)	(17,548)	
Bond issue costs paid	-	(667)	-	(604)	-	(1,751)	-	-	-	(3,191)	(12,039)	(143)	(532)	
Interest paid on debt	(195,639)	(236,289)	(1,877)	(1,773)	(711)	(22,245)	(2,334)	(7,584)	-	(469,432)	(430,450)	(5,919)	(6,002)	
Other capital financing increases	-	26,051	925	-	1,776	4,292	36,187	-	-	69,231	64,003	-	-	
Other capital financing decreases	-	-	-	-	-	-	(6,230)	(669)	(120)	(8,339)	(5,428)	-	-	
Net cash provided by (used in) capital and related financing activities	(234,132)	(695,281)	(29,384)	126,887	(15,029)	162,816	(32,885)	(48,595)	(748)	(1,056,061)	42,944	(19,195)	(14,856)	
Cash flows from investing activities:														
Purchases of investments with trustees	(2,148,790)	(228,366)	(2,139)	-	-	(168,603)	-	(12,681)	-	(2,560,575)	(2,803,895)	(4,727)	-	
Proceeds from sale of investments with trustees	2,147,700	321,321	2,362	-	-	178,589	-	151	-	2,650,123	2,824,462	5,042	14,488	
Interest and investment income (loss)	15,378	(23)	(156)	(562)	-	861	77	(251)	4	15,328	84,447	293	598	
Other investing activities	-	-	-	-	-	-	-	-	-	-	(501)	-	(6)	
Net cash provided by (used in) investing activities	14,296	82,930	73	(562)	-	10,847	77	(12,791)	4	104,676	85,214	107	15,074	
Net increase (decrease) in cash and cash equivalents	82,407	(76,849)	(10,449)	239,842	(2,393)	260,140	(10,348)	(45,847)	106	234,609	666,645	(7,381)	8,080	
Cash and cash equivalents-beginning of year	457,240	1,651,538	223,210	443,599	69,700	114,185	128,796	101,049	5,631	3,402,930	2,736,285	80,286	82,206	
Cash and cash equivalents-end of year	\$ 539,647	\$ 1,572,689	\$ 212,781	\$ 683,441	\$ 67,307	\$ 374,305	\$ 128,480	\$ 55,202	\$ 5,737	\$ 3,637,539	\$ 3,402,930	\$ 82,905	\$ 90,286	

(Continued)

The notes to the financial statements are an integral part of this statement.

CITY AND COUNTY OF SAN FRANCISCO
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013
(In Thousands)

	Pension, Other Employee and Other Post- Employment Benefit Trust Funds	Investment Trust Fund	Private- Purpose Trust Fund	Agency Funds
Assets				
Deposits and investments with City Treasury.....	\$ 173,164	\$ 329,891	\$ 190,781	\$ 155,244
Deposits and investments outside City Treasury:				
Cash and deposits.....	60,674	105	-	145
Short-term investments.....	572,296	-	170,160	-
Alternative investments.....	2,129,578	-	-	-
Debt securities.....	4,290,577	-	-	-
Equity securities.....	8,821,434	-	-	-
Real estate.....	1,430,711	-	-	-
Foreign currency contracts, net.....	(7,403)	-	-	-
Invested in securities lending collateral.....	1,004,268	-	-	-
Receivables:				
Employer and employee contributions.....	78,714	-	-	59,737
Brokers, general partners and others.....	315,076	-	-	-
Federal and state grants and subventions.....	-	-	3,541	-
Due from primary government.....	-	-	280	-
Interest and other.....	40,165	154	15,047	174,324
Deferred charges and other assets.....	-	-	13,432	34,538
Capital assets (net of accumulated depreciation).....	-	-	201,682	-
Total assets.....	18,709,712	330,150	594,923	423,988
Liabilities				
Accounts payable.....	34,331	2,174	11,740	\$ 23,796
Estimated claims payable.....	25,593	-	-	-
Due to primary government.....	-	-	2,416	-
Agency obligations.....	-	-	-	400,192
Bond interest payable.....	-	-	21,351	-
Payable to brokers.....	445,447	-	-	-
Deferred Retirement Option Program liabilities.....	20,502	-	-	-
Payable to borrowers of securities.....	1,005,161	-	-	-
Deferred credits and other liabilities.....	58,598	-	1,808	-
Advances from primary government.....	-	-	20,067	-
Long-term obligations.....	-	-	994,532	-
Total liabilities.....	1,589,630	2,174	1,051,914	423,988
Net Position				
Agency funds.....	-	-	-	-
Held in trust for:				
Pension and other employee benefits.....	17,120,082	-	-	-
External pool participants.....	-	327,976	-	-
Redevelopment dissolution.....	-	-	(456,991)	-
Total net position (deficit).....	\$ 17,120,082	\$ 327,976	\$ (456,991)	\$ -

The notes to the financial statements are an integral part of this statement

CITY AND COUNTY OF SAN FRANCISCO
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2013
(In Thousands)

	Pension, Other Employee and Other Post- Employment Benefit Trust Funds	Investment Trust Fund	Private- Purpose Trust Fund
Additions:			
Redevelopment property tax revenue.....	\$ -	\$ -	\$ 113,988
Charges for services.....	-	-	16,046
Contributions:			
Employees' contributions.....	395,605	-	-
Employer contributions.....	1,077,409	-	-
Contributions to pooled investments.....	-	2,634,596	-
Total contributions.....	1,463,014	2,634,596	130,034
Investment income:			
Interest.....	182,934	836	2,275
Dividends.....	188,644	-	-
Net appreciation in fair value of investments.....	1,728,784	-	-
Securities lending income.....	5,096	-	-
Total investment income.....	2,105,458	836	2,275
Less investment expenses:			
Securities lending borrower rebates and expenses.....	523	-	-
Other investment expenses.....	(41,654)	-	-
Total investment expenses.....	(41,131)	-	-
Other additions.....	-	-	20,643
Total additions, net.....	3,527,341	2,635,432	152,952
Deductions:			
Neighborhood development.....	-	-	70,506
Depreciation.....	-	-	5,506
Interest on debt.....	-	-	59,889
Benefit payments.....	1,747,146	-	-
Refunds of contributions.....	9,453	-	-
Distribution from pooled investments.....	-	2,630,822	-
Administrative expenses.....	15,593	-	-
Total deductions.....	1,772,192	2,630,822	135,901
Extraordinary gain from dissolution of the Redevelopment Agency.....	-	-	190,131
Change in net position.....	1,755,149	4,610	207,182
Net position (deficit) at beginning of year.....	15,364,933	323,366	(664,173)
Net position (deficit) at end of year.....	\$ 17,120,082	\$ 327,976	\$ (456,991)

The notes to the financial statements are an integral part of this statement.

CITY AND COUNTY OF SAN FRANCISCO

Notes to Basic Financial Statements
June 30, 2013
(Dollars in Thousands)

(1) THE FINANCIAL REPORTING ENTITY

San Francisco is a city and county chartered by the State of California and as such can exercise the powers as both a city and a county under state law. As required by generally accepted accounting principles, the accompanying financial statements present the City and County of San Francisco (the City or primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operations or financial relationships with the City.

As a government agency, the City is exempt from both federal income taxes and California State franchise taxes.

Blended Component Units

Following is a description of those legally separate component units for which the City is financially accountable that are blended with the primary government because of their individual governance or financial relationships to the City.

San Francisco County Transportation Authority (SFCTA) – The voters of the City created SFCTA in 1989 to impose a voter-approved sales and use tax of one-half of one percent, for a period not to exceed 20 years, to fund essential traffic and transportation projects. In 2003, the voters approved Proposition K, extending the city-wide one-half of one percent sales tax with a new 30 year plan. A board consisting of the eleven members of the City's Board of Supervisors serving ex officio governs the SFCTA. The SFCTA is reported in a special revenue fund in the City's basic financial statements. Financial statements for the SFCTA can be obtained from their finance and administrative offices at 1455 Market Street, 22nd Floor, San Francisco, CA 94103.

San Francisco City and County Finance Corporation (The Finance Corporation) – The Finance Corporation was created in 1990 by a vote of the electorate to allow the City to lease-purchase \$20 million (plus 5% per year growth) of equipment using tax-exempt obligations. Although legally separate from the City, the Finance Corporation is reported as if it were part of the primary government because its sole purpose is to provide lease financing to the City. The Finance Corporation is governed by a three-member board of directors approved by the Mayor and the Board of Supervisors. The Finance Corporation is reported as an internal service fund. Financial statements for the Finance Corporation can be obtained from their administrative offices at City Hall, Room 336, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

San Francisco Parking Authority (The Parking Authority) – The Parking Authority was created in October 1949 to provide services exclusively to the City. In accordance with Proposition D authorized by the City's electorate in November 1988, a City Charter amendment created the Parking and Traffic Commission (PTC). The PTC consists of five commissioners appointed by the Mayor. Upon creation of the PTC, the responsibility to oversee the City's off-street parking operations was transferred from the Parking Authority to the PTC. The staff and fiscal operations of the Parking Authority were also incorporated into the PTC. Beginning on July 1, 2002, the responsibility for overseeing the operations of the PTC became the responsibility of the Municipal Transportation Agency (MTA) pursuant to Proposition E, which was passed by the voters in November 1999. Separate financial statements are not prepared for the Parking Authority. Further information about the Parking Authority can be obtained from the MTA administrative offices at 1 South Van Ness Avenue, 7th Floor, San Francisco, CA 94102.

Discretely Presented Component Unit

Treasure Island Development Authority (The TIDA) – The TIDA is a nonprofit public benefit corporation. The TIDA was authorized in accordance with the Treasure Island Conversion Act of 1997. Seven commissioners who are appointed by the Mayor, subject to confirmation by the City's Board of Supervisors, govern the TIDA. The specific purpose of the TIDA is to promote the planning,

CITY AND COUNTY OF SAN FRANCISCO

Notes to Basic Financial Statements (continued)
June 30, 2013
(Dollars in Thousands)

redevelopment, reconstruction, rehabilitation, reuse, and conversion of the property known as Naval Station Treasure Island for the public interest, convenience, welfare, and common benefit of the inhabitants of the City. The TIDA has adopted as its mission the creation of affordable housing and economic development opportunities on Treasure Island.

The TIDA's governing body is not substantively the same as that of the City and does not provide services entirely or almost entirely to the City. The TIDA is reported in a separate column to emphasize that it is legally separate from the City. The City is financially accountable for the TIDA through the appointment of the TIDA's Board and the ability of the City to approve the TIDA's budget. Disclosures related to the TIDA, where significant, are separately identified throughout these notes. Separate financial statements are not prepared for TIDA. Further information about TIDA can be obtained from their administrative offices at 410 Palm Avenue, Building 1, Room 223, Treasure Island, San Francisco, CA 94130.

Fiduciary Component Unit

Successor Agency to the Redevelopment Agency of the City and County of San Francisco (Successor Agency) – The Successor Agency was created on February 1, 2012 to serve as a custodian for the assets and to wind down the affairs of the former San Francisco Redevelopment Agency pursuant to California Redevelopment Dissolution Law. The Successor Agency is governed by the Successor Agency Commission, commonly known as the Commission on Community Investment and Infrastructure, and is a separate public entity from the City. The Commission has five members, which serve at the pleasure of the City's Mayor and are subject to confirmation by the Board of Supervisors. The City is financially accountable for the Successor Agency through the appointment of the Commission and a requirement that the Board of Supervisors approve the Successor Agency's annual budget.

The financial statements present the Successor Agency and its component units, entities for which the Successor Agency is considered to be financially accountable. The City and County of San Francisco Redevelopment Financing Authority (Financing Authority) is a joint powers authority formed between the former Agency and the City to facilitate the long-term financing of the former Agency activities. The Financing Authority is included as a blended component unit in the Successor Agency's financial statements because the Financing Authority provides services entirely to the Successor Agency.

Per Redevelopment Dissolution Law, certain actions of the Successor Agency are also subject to the direction of an Oversight Board. The Oversight Board is comprised of seven-member representatives from local government bodies: four City representatives appointed by the Mayor of the City subject to confirmation by the Board of Supervisors of the City; the Vice Chancellor of the San Francisco Community College District; the Board member of the Bay Area Rapid Transit District; and the Executive Director of Policy and Operations of the San Francisco Unified School District.

In general, the Successor Agency's assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). In future fiscal years, the Successor Agency will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former Agency until all enforceable obligations of the former Agency have been paid in full and all assets have been liquidated. Based upon the nature of the Successor Agency's custodial role, the Successor Agency is reported in a fiduciary fund (private-purpose trust fund). Complete financial statements can be obtained from the Successor Agency's finance department at 1 South Van Ness Avenue, 5th Floor, San Francisco, CA 94103.

Non-Disclosed Organizations

There are other governmental agencies that provide services within the City. These entities have independent governing boards and the City is not financially accountable for them. The City's basic financial statements, except for certain cash held by the City as an agent, do not reflect operations of the San Francisco Airport Improvement Corporation, San Francisco Health Authority, San Francisco

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Housing Authority, San Francisco Unified School District and San Francisco Community College District. The City is represented in two regional agencies, the Bay Area Rapid Transit District and the Bay Area Air Quality Management District, both of which are also excluded from the City's reporting entity.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The basic financial statements include certain prior year summarized comparative information. This information is presented only to facilitate financial analysis.

(b) Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds, however, report only assets and liabilities and cannot be said to have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenues are considered to be available if they are generally collected within 120 days of the end of the current fiscal period. It is the City's policy to submit reimbursement and claim requests for federal and state grant revenues within 30 days of the end of the program cycle and payment is generally received within the first or second quarter of the following fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to vacation, sick leave, claims and judgments, are recorded only when payment is due.

Property taxes, other local taxes, grants and subventions, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as

CITY AND COUNTY OF SAN FRANCISCO

Notes to Basic Financial Statements (continued)

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revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental fund:

- The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the City except those required to be accounted for in another fund.

The City reports the following major proprietary (enterprise) funds:

- The **San Francisco International Airport Fund** accounts for the activities of the City-owned commercial service airport in the San Francisco Bay Area.
- The **San Francisco Water Enterprise Fund** accounts for the activities of the San Francisco Water Enterprise (Water Enterprise). The Water Enterprise is engaged in the distribution of water to the City and certain suburban areas.
- The **Hetch Hetchy Water and Power Enterprise Fund** accounts for the activities of Hetch Hetchy Water and Power Department (Hetch Hetchy). The department is engaged in the collection and conveyance of approximately 85% of the City's water supply and in the generation and transmission of electricity.
- The **Municipal Transportation Agency Fund** accounts for the activities of the Municipal Transportation Agency (MTA). The MTA was established by Proposition E, passed by the City's voters in November 1999. The MTA includes the San Francisco Municipal Railway (MUNI), San Francisco Municipal Railway Improvement Corporation (SFMRIC), and the operations of the Sustainable Streets (previously named as Department of Parking and Traffic), which includes the Parking Authority. MUNI was established in 1912 and is responsible for the operations of the City's public transportation system. SFMRIC is a nonprofit corporation established to provide capital financial assistance for the modernization of MUNI by acquiring, constructing, and financing improvements to the City's public transportation system. Sustainable Streets is responsible for proposing and implementing street and traffic changes and oversees the City's off-street parking operations. Sustainable Streets is a separate department of the MTA. The parking garages fund accounts for the activities of various non-profit corporations formed by the Parking Authority to provide financial and other assistance to the City to acquire land, construct facilities, and manage various parking facilities.
- The **San Francisco General Hospital Medical Center Fund** accounts for the activities of the San Francisco General Hospital Medical Center (SFGH), a City-owned acute care hospital.
- The **San Francisco Wastewater Enterprise Fund** was created after the San Francisco voters approved a proposition in 1976, authorizing the City to issue \$240 million in bonds for the purpose of acquiring, construction, improving, and financing improvements to the City's municipal sewage treatment and disposal system.
- The **Port of San Francisco Fund** accounts for the operation, development, and maintenance of seven and one-half miles of waterfront property of the Port of San Francisco (Port). This was established in 1969 after the San Francisco voters approved a proposition to accept the transfer of the Harbor of San Francisco from the State of California.
- The **Laguna Honda Hospital Fund** accounts for the activities of Laguna Honda Hospital (LHH), the City-owned skilled nursing facility, which specializes in serving elderly and disabled residents.

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Notes to Basic Financial Statements (continued)
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Additionally, the City reports the following fund types:

- The **Permanent Fund** accounts for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support specific programs.
- The **Internal Service Funds** account for the financing of goods or services provided by one City department to another City department on a cost-reimbursement basis. Internal Service Funds account for the activities of the equipment maintenance services, centralized printing and mailing services, centralized telecommunications and information services, and lease financing through the Finance Corporation.
- The **Pension, Other Employee and Other Postemployment Benefit Trust Funds** reflect the activities of the Employees' Retirement System, the Health Service System and the Retiree Health Care Trust Fund. The Retirement System accounts for employee contributions, City contributions, and the earnings and profits from investments. It also accounts for the disbursements made for employee retirement benefits, withdrawals, disability and death benefits as well as administrative expenses. The Health Service System accounts for contributions from active and retired employees and surviving spouses, City contributions, and the earnings and profits from investments. It also accounts for the disbursements to various health plans and health care providers for the medical expenses of beneficiaries. The Retiree Health Care Trust Fund currently accounts for employee contributions from active employees hired after January 9, 2009, related City contributions, and the earnings and profits from investments. No disbursements, other than to defray reasonable expenses of administering the trust, will be made before January 2015.
- The **Investment Trust Fund** accounts for the external portion of the Treasurer's Office investment pool. The funds of the San Francisco Community College District, San Francisco Unified School District, the Trial Courts of the State of California and the Transbay Joint Powers Authority are accounted for within the Investment Trust Fund.
- The **Private-Purpose Trust Fund** accounts for the custodial responsibilities that are assigned to the Successor Agency with the passage of the Redevelopment Dissolution Act.
- The **Agency Funds** account for the resources held by the City in a custodial capacity on behalf of the State of California, human welfare, community health, and transportation programs.

The City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements.

In general, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges to other City departments from the General Fund, Water Enterprise and Hetch Hetchy. These charges have not been eliminated because elimination would distort the direct costs and program revenues reported in the statement of activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges for customer services including: water, sewer and power charges, public transportation fees, airline fees and charges, parking fees, hospital patient service fees, commercial and industrial rents, printing services, vehicle maintenance fees, and telecommunication and information system support charges. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

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Notes to Basic Financial Statements (continued)
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(c) **Budgetary Data**

The City adopts two-year rolling budgets annually for all governmental funds on a substantially modified accrual basis of accounting except for capital project funds and certificates of participation and other debt service funds, which substantially adopt project length budgets.

The budget of the City is a detailed operating plan, which identifies estimated costs and results in relation to estimated revenues. The budget includes (1) the programs, projects, services, and activities to be provided during the fiscal year, (2) the estimated resources (inflows) available for appropriation, and (3) the estimated charges to appropriations. The budget represents a process through which policy decisions are deliberated, implemented, and controlled. The City Charter prohibits expending funds for which there is no legal appropriation.

The Administrative Code Chapter 3 outlines the City's general budgetary procedures, with Section 3.3 detailing the budget timeline. A summary of the key budgetary steps are summarized as follows:

Original Budget

- (1) Departments and Commissions conduct hearings to obtain public comment on their proposed annual budgets beginning in December and submit their budget proposals to the Controller's Office no later than February 21.
- (2) The Controller's Office consolidates the budget estimates and transmits them to the Mayor's Office no later than the first working day of March. Staff of the Mayor's Office analyze, review and refine the budget estimates before transmitting the Mayor's Proposed Budget to the Board of Supervisors.
- (3) By the first working day of May, the Mayor submits the Proposed Budget for selected departments to the Board of Supervisors. The selected departments are determined by the Controller in consultation with the Board President and the Mayor's Budget Director. Criteria for selecting the departments include (1) that they are not supported by the City's General Fund or (2) that they do not rely on the State's budget submission in May for their revenue sources.
- (4) By the first working day of June, the Mayor submits the complete Proposed Budget to the Board of Supervisors along with a draft of the Annual Appropriation Ordinance prepared by the Controller's Office.
- (5) Within five working days of the Mayor's proposed budget transmission to the Board of Supervisors, the Controller reviews the estimated revenues and assumptions in the Mayor's Proposed Budget and provides an opinion as to their accuracy and reasonableness. The Controller also may make a recommendation regarding prudent reserves given the Mayor's proposed resources and expenditures.
- (6) The designated Committee (usually the Budget Committee) of the Board of Supervisors conducts hearings, hears public comment, and reviews the Mayor's Proposed Budget. The Committee recommends an interim budget reflecting the Mayor's budget transmittal and, by June 30, the Board of Supervisors passes an interim appropriation and salary ordinances.
- (7) Not later than the last working day of July, the Board of Supervisors adopts the budget through passage of the Annual Appropriation Ordinance, the legal authority for enactment of the budget.

Final Budget

The final budgetary data presented in the basic financial statements reflects the following changes to the original budget:

- (1) Certain annual appropriations are budgeted on a project or program basis. If such projects or programs are not completed at the end of the fiscal year, unexpended appropriations, including encumbered funds, are carried forward to the following year. In certain circumstances, other programs and regular annual appropriations may be carried forward after appropriate approval.

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Annually appropriated funds, not authorized to be carried forward, lapse at the end of the fiscal year. Appropriations carried forward from the prior year are included in the final budgetary data.

- (2) Appropriations may be adjusted during the year with the approval of the Mayor and the Board of Supervisors, e.g. supplemental appropriations. Additionally, the Controller is authorized to make certain transfers of surplus appropriations within a department. Such adjustments are reflected in the final budgetary data.

The Annual Appropriation Ordinance adopts the budget at the character level of expenditure within departments. As described above, the Controller is authorized to make certain transfers of appropriations within departments. Accordingly, the legal level of budgetary control by the Board of Supervisors is the department level.

Budgetary data, as revised, is presented in the basic financial statements for the General Fund. Final budgetary data excludes the amount reserved for encumbrances for appropriate comparison to actual expenditures.

(d) Deposits and Investments

Investment in the Treasurer's Pool

The Treasurer invests on behalf of most funds of the City and external participants in accordance with the City's investment policy and the California State Government Code. The City Treasurer who reports on a monthly basis to the Board of Supervisors manages the Treasurer's pool. In addition, the function of the County Treasury Oversight Committee is to review and monitor the City's investment policy and to monitor compliance with the investment policy and reporting provisions of the law through an annual audit.

The Treasurer's investment pool consists of two components: 1) pooled deposits and investments and 2) dedicated investment funds. The dedicated investment funds represent restricted funds and relate to Successor Agency separately managed funds, bond issues of the Enterprise Funds, and the General Fund's cash reserve requirement. In addition to the Treasurer's investment pool, the City has other funds that are held by trustees. These funds are related to the issuance of bonds and certain loan programs of the City. The investments of the Employees' Retirement System are held by trustees (Note 5).

The San Francisco Unified School District (School District), San Francisco Community College District (Community College District), and the City are involuntary participants in the City's investment pool. As of June 30, 2013, involuntary participants accounted for approximately 98.8% of the pool. Voluntary participants accounted for 1.2% of the pool. Further, the School District, Community College District, the Trial Courts of the State of California and the Transbay Joint Powers Authority are external participants of the City's pool. At June 30, 2013, \$328.0 million was held on behalf of these external participants. The total percentage share of the City's pool that relates to these four external participants is 5.0%. Internal participants accounted for 95.0% of the pool.

Investment Valuation

Investments are carried at fair value, except for certain non-negotiable investments that are reported at cost because they are not transferable and have terms that are not affected by changes in market interest rates, such as collateralized certificates of deposits and public time deposits. The fair value of investments is determined monthly and is based on current market prices. The fair value of participants' position in the pool approximates the value of the pool shares. The method used to determine the value of participants' equity is based on the book value of the participants' percentage participation. In the event that a certain fund overdraws its share of pooled cash, the overdraft is covered by the General Fund and a payable to the General Fund is established in the City's basic financial statements.

Employees' Retirement System (Retirement System) – Investments are reported at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at

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estimated fair value derived from third-party pricing services. Purchases and sales of investments are recorded on a trade date basis.

The fair values of the Retirement System's real estate investments are based on net asset values provided by the investment managers. Partnership financial statements are audited annually as of December 31 and net asset values are adjusted monthly or quarterly for cash flows to/from the Retirement System, investment earnings and expenses, and changes in fair value. The Retirement System has established leverage limits for each investment style based on the risk/return profile of the underlying investments. The leverage limits for core and value-added real estate investments are 40% and 65%, respectively. The leverage limits for high return real estate investments depend on each specific offering. Outstanding mortgages for the Retirement System's real estate investments were \$1.51 billion including \$70.4 million in recourse debt at June 30, 2013. The underlying real estate holdings are valued periodically based on appraisals performed by independent appraisers in accordance with Uniform Standards of Professional Appraisal Practice (USPAP). Such fair value estimates involve subjective judgments of unrealized gains and losses, and the actual market price of the real estate can only be determined by negotiation between independent third-parties in a purchase and sale transaction.

Alternative investments represent the Retirement System's interest in limited partnerships. The fair values of alternative investments are based on net asset values provided by the general partners. Partnership financial statements are audited annually as of December 31 and net asset values are adjusted monthly or quarterly for cash flows to/from the Retirement System, investment earnings and changes in fair value. Such fair value estimates involve subjective judgments of unrealized gains and losses, and the actual market price of the investments can only be determined by negotiation between independent third-parties in a sales transaction.

The Charter and Retirement Board policies permit the Retirement System to use investments to enter into securities lending transactions – loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The collateral may consist of cash or non-cash; non-cash collateral is generally U.S. Treasuries or other U.S. government obligations. The Retirement System's securities custodian is the agent in lending the domestic securities for collateral of 102% and international securities for collateral of 105%. Contracts with the lending agent require them to indemnify the Retirement System if the borrowers fail to return the securities (and if the collateral were inadequate to replace the securities lent) or fail to pay the Retirement System for income distributions by the securities' issuers while the securities are on loan. Non-cash collateral cannot be pledged or sold unless the borrower defaults.

All securities loans can be terminated on demand by either the Retirement System or the borrower, although the average term of the loans as of June 30, 2013 was 70 days. For fiscal year 2013 all cash collateral received was invested in a separately managed account by the lending agent using investment guidelines developed and approved by the Retirement System. As of June 30, 2013, the weighted average maturity of the reinvested cash collateral account was 26 days. The term to maturity of the loaned securities is generally not matched with the term to maturity of the investment of the related collateral. Cash collateral may also be invested separately in term loans, in which case the maturity of the loaned securities matches the term of the loan.

Cash collateral invested in the separate account managed by the lending agent is reported at fair value. Payable to borrowers of securities in the statement of fiduciary net position represents the cash collateral received from borrowers. Additionally, the income and costs of securities lending transactions, such as borrower rebates and fees, are recorded respectively as revenues and expenses in the statement of changes in fiduciary net position.

San Francisco International Airport – The Airport has entered into certain derivative instruments, which it values at fair value, in accordance with GASB Statement No. 53 – *Accounting and Financial Reporting for Derivative Instruments*. The Airport applies hedge accounting for changes in the fair value of hedging derivative instruments, in accordance with GASB Statement No. 53 and GASB Statement No. 64 – *Derivative Instruments: Application of Hedge Accounting Termination Provisions*.

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an amendment of GASB Statement No. 53. Under hedge accounting, the changes in the fair value of hedging derivative instruments are reported as either deferred outflows of resources or deferred inflows of resources in the statement of net position.

Other funds – Non-pooled investments are also generally carried at fair value. However, money market investments (such as short-term, highly liquid debt instruments including commercial paper, bankers' acceptances, and U.S. Treasury and agency obligations) that have a remaining maturity at the time of purchase of one year or less and participating interest-earning investment contracts (such as negotiable certificates of deposit, repurchase agreements and guaranteed or bank investment contracts) are carried at amortized cost, which approximates fair value. The fair value of non-pooled investments is determined annually and is based on current market prices. The fair value of investments in open-end mutual funds is determined based on the fund's current share price.

Investment Income

Income from pooled investments is allocated at month-end to the individual funds or external participants based on the fund or participant's average daily cash balance in relation to total pooled investments. City management has determined that the investment income related to certain funds should be allocated to the General Fund. On a budget basis, the interest income is recorded in the General Fund. On a generally accepted accounting principles (GAAP) basis, the income is reported in the fund where the related investments reside. A transfer is then recorded to transfer an amount equal to the interest earnings to the General Fund. This is the case for certain other governmental funds, Internal Service, Investment Trust and Agency Funds.

It is the City's policy to charge interest at month-end to those funds that have a negative average daily cash balance. In certain instances, City management has determined that the interest expense related to the fund should be allocated to the General Fund. On a budget basis, the interest expense is recorded in the General Fund. On a GAAP basis, the interest expense is recorded in the fund and then a transfer from the General Fund for an amount equal to the interest expense is made to the fund. This is the case for certain other funds, MTA, LHH, SFGH, and the Internal Service Funds.

Income from non-pooled investments is recorded based on the specific investments held by the fund. The interest income is recorded in the fund that earned the interest.

(e) Loans Receivable

The Mayor's Office of Housing (MOH) and the Mayor's Office of Community Development (MOCD) administer several housing and small business subsidy programs and issue loans to qualified applicants. In addition, the Department of Building Inspection manages other receivables from organizations. Management has determined through policy that many of these loans may be forgiven or renegotiated and extended long into the future if certain terms and conditions of the loans are met. At June 30, 2013, it was determined that \$945.0 million of the \$1,015.3 million loan portfolio is not expected to be ultimately collected.

For the purposes of the fund financial statements, the governmental funds expenditures relating to long-term loans arising from loan subsidy programs are charged to operations upon funding and the loans are recorded, net of an estimated allowance for potentially uncollectible loans, with an offset to a deferred credit account. For purposes of the government-wide financial statements, long-term loans are not offset by deferred credit accounts.

(f) Inventories

Inventories recorded in the proprietary funds primarily consist of construction materials and maintenance supplies, as well as pharmaceutical supplies maintained by the hospitals. Generally, proprietary funds value inventory at cost or average cost and expense supply inventory as it is consumed. This is referred to as the consumption method of inventory accounting. The governmental fund types use the purchase method to account for supply inventories, which are not material. This method records items as expenditures when they are acquired.

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(g) Property Held for Resale

Property held for resale includes both residential and commercial property and is recorded as other assets at the lower of estimated cost or estimated conveyance value. Estimated conveyance value is management's estimate of net realizable value of each property parcel based on its current intended use. Property held for sale may, during the period it is held by the City, generate rental income, which is recognized as it becomes due and is considered collectible.

(h) Capital Assets

Capital assets, which include land, facilities and improvements, machinery and equipment, infrastructure assets, and intangible assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the private-purpose trust fund. Capital assets, except for intangible assets, are defined as assets with an initial individual cost of more than \$5 thousand and have an estimated life that extends beyond a single reporting period or more than a year. Intangible assets have a capitalization threshold of \$100 thousand. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Capital outlay is recorded as expenditures of the General Fund and other governmental funds and as assets in the government-wide financial statements to the extent the City's capitalization threshold is met. Interest incurred during the construction phase of the capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds of tax-exempt debt over the same period. Amortization of assets acquired under capital leases is included in depreciation and amortization. Facilities and improvements, infrastructure, machinery and equipment, easements, and intangible assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Facilities and improvements	15 to 175
Infrastructure	15 to 70
Machinery and equipment	2 to 75
Intangible assets	Varies with type

Works of art, historical treasures and zoological animals held for public exhibition, education, or research in furtherance of public service, rather than financial gain, are not capitalized. These items are protected, kept unencumbered, cared for, and preserved by the City. It is the City's policy to utilize proceeds from the sale of these items for the acquisition of other items for collection and display.

(i) Accrued Vacation and Sick Leave Pay

Vacation pay, which may be accumulated up to ten weeks depending on an employee's length of service, is payable upon termination. Sick leave may be accumulated up to six months. Unused amounts accumulated prior to December 6, 1978 are vested and payable upon termination of employment by retirement or disability caused by industrial accident or death.

The City accrues for all salary-related items in the government-wide and proprietary fund financial statements for which they are liable to make a payment directly and incrementally associated with payments made for compensated absences on termination. The City includes its share of social security and Medicare payments made on behalf of the employees in the accrual for vacation and sick leave pay.

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(j) Bond Issuance Costs, Premiums, Discounts and Interest Accretion

In the government-wide financial statements, the proprietary fund type and fiduciary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, proprietary fund or fiduciary fund statement of net position. San Francisco International Airport's bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. The remaining bond premiums, discounts, and issuance costs are calculated using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts as other financing sources and uses, respectively, and bond issuance costs as debt service expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received are reported as debt service expenditures.

Interest accreted on capital appreciation bonds is reported as accrued interest payable in the government-wide, proprietary fund and fiduciary fund financial statements.

(k) Fund Equity

Governmental Fund Balance

As prescribed by Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report fund balance in one of five classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. The five fund balance classifications are as follows:

- *Nonspendable* – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The not in spendable form criterion includes items that are not expected to be converted to cash, such as prepaid amounts, as well as certain long-term receivables that would otherwise be classified as unassigned.
- *Restricted* – includes amounts that can only be used for specific purposes due to constraints imposed by external resource providers, by the City's Charter, or by enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed* – includes amounts that can only be used for specific purposes pursuant to an ordinance passed by the Board of Supervisors and signed by the Mayor. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.
- *Assigned* – includes amounts that are not classified as nonspendable, restricted, or committed, but are intended to be used by the City for specific purposes. Intent is expressed by legislation or by action of the Board of Supervisors or the City Controller to which legislation has delegated the authority to assign amounts to be used for specific purposes.
- *Unassigned* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. Other governmental funds may only report a negative unassigned balance that was created after classification in one of the other four fund balance categories.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

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Fund balances for all the major and nonmajor governmental funds as of June 30, 2013, were distributed as follows:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Imprest Cash, Advances, and Long-Term			
Receivables.....	\$ 23,854	\$ 82	\$ 23,936
Gift Fund Principal.....	-	192	192
Total Nonspendable.....	23,854	274	24,128
Restricted			
Rainy Day.....	26,339	-	26,339
Public Protection.....	-	22,626	22,626
Public Works, Transportation & Commerce.....	-	105,966	105,966
Human Welfare & Neighborhood Development.....	-	169,343	169,343
Community Health.....	-	29,932	29,932
Culture & Recreation.....	-	98,903	98,903
General Administration & Finance.....	-	16,739	16,739
General City Responsibilities.....	-	775	775
Capital Projects.....	-	613,179	613,179
Debt Service.....	-	133,726	133,726
Total Restricted.....	26,339	1,191,189	1,217,528
Committed			
Budget Stabilization.....	121,580	-	121,580
Recreation and Parks Expenditure Savings.....	15,907	-	15,907
Total Committed.....	137,487	-	137,487
Assigned			
Public Protection.....	12,632	1,609	14,241
Public Works, Transportation & Commerce.....	12,166	14,324	26,490
Human Welfare & Neighborhood Development.....	26,377	4,736	31,113
Community Health.....	30,762	-	30,762
Culture & Recreation.....	3,437	3,147	6,584
General Administration & Finance.....	29,438	6,943	36,381
General City Responsibilities.....	29,962	-	29,962
Capital Projects.....	42,368	-	42,368
Litigation and Contingencies.....	30,254	-	30,254
Subsequent Year's Budget.....	135,795	-	135,795
Total Assigned.....	353,191	30,759	383,950
Unassigned.....	-	(94,532)	(94,532)
Total.....	\$ 540,871	\$ 1,127,690	\$ 1,668,561

CITY AND COUNTY OF SAN FRANCISCO

Notes to Basic Financial Statements (continued)
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General Fund Stabilization and Other Reserves

Rainy Day Reserve – The City maintains a "Rainy Day" or economic stabilization reserve under Charter Section 9.113.5. In any year when the City projects that total General Fund revenues for the upcoming budget year are going to be more than 5 percent higher than the General Fund revenues for the current year, the City automatically deposits one-half of the "excess revenues," in the Rainy Day Reserve. The total amount of money in the Rainy Day Reserve may not exceed 10 percent of the City's actual total General Fund revenues. The City may spend money from the Rainy Day Reserve for any lawful governmental purpose, but only in years when the City projects that total General Fund revenues for the upcoming year will be less than the current year's total General Fund revenues, i.e., years when the City expects to take in less money than it had taken in for the current year. In those years, the City may spend up to half the money in the Rainy Day Reserve, but no more than is necessary to bring the City's total available General Fund revenues up to the level of the current year. The City may also spend up to 25 percent of the balance of the Rainy Day Reserve to help the San Francisco Unified School District in years when certain conditions are met. The City does not expect to routinely spend money from the Rainy Day Reserve after evaluating its recent General Fund revenues trends and its Five-Year Financial Plan covering fiscal years 2013-14 through 2017-18.

Budget Stabilization Reserve – The City sets aside as an additional reserve 75 percent of (1) real estate transfer taxes in excess of the average collected over the previous five years, (2) proceeds from the sale of land and capital assets, and (3) ending unassigned General Fund balances. The City will be able to spend those funds in years in which revenues decline or grow by less than two percent, after using the amount legally available from the Rainy Day Reserve. The City, by a resolution of the Board of Supervisors adopted by a two-thirds' vote, may temporarily suspend these provisions following a natural disaster that has caused the Mayor or the Governor to declare an emergency, or for any other purpose. The City does not expect to routinely spend money from the Budget Stabilization Reserve after evaluating its recent General Fund revenues trends and its Five-Year Financial Plan covering fiscal years 2013-14 through 2017-18.

Recreation and Parks Expenditure Savings Reserve – The City maintains a Recreation and Parks Expenditure Savings Reserve under Charter Section 16.107, which sets aside and maintains such an amount, together with any interest earned thereon, in the reserve account, and any amount unspent or uncommitted at the end of the fiscal year shall be carried forward to the next fiscal year and, subject to the budgetary and fiscal limitations of the Charter, shall be appropriated then or thereafter for capital and/or facility maintenance improvements to park and recreation facilities and other one-time expenditures of the Park and Recreation Department.

Encumbrances

The City establishes encumbrances to record the amount of purchase orders, contracts, and other obligations, which have not yet been fulfilled, cancelled, or discharged. Encumbrances outstanding at year-end are recorded as part of restricted or assigned fund balance. At June 30, 2013, encumbrances recorded in the General Fund and nonmajor governmental funds were \$74.8 million and \$368.6 million, respectively.

Restricted Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- **Net Investment In Capital Assets** – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- **Restricted Net Position** – This category represents net position that has external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. At

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Notes to Basic Financial Statements (continued)
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June 30, 2013, the government-wide statement of net position reported restricted net position of \$686.2 million in governmental activities and \$372.0 million in business-type activities, of which \$10.6 million and \$10.4 million are restricted by enabling legislation in governmental activities and business-type activities, respectively.

- **Unrestricted Net Position** – This category represents net position of the City, not restricted for any project or other purpose.

The City issued general obligation bonds and certificates of participation for the purpose of rebuilding and improving Laguna Honda Hospital. General obligation bonds were also issued for the purpose of reconstructing and improving waterfront parks and facilities on Port property and for the retrofit and improvement work to ensure a reliable water supply (managed by the Water Enterprise) in an emergency or disaster and for certain street improvements managed by the MTA. These capital assets are reported in the City's business-type activities. However, the debt service will be paid with governmental revenues and as such these general obligation bonds and certificates of participation are reported with unrestricted net position in the City's governmental activities. In accordance with GASB guidance, the City reclassified \$373.5 million of unrestricted net position of governmental activities, of which \$275.1 million reduced net investment in capital assets and \$98.4 million reduced net position restricted for capital projects to reflect the total column of the primary government as a whole perspective.

Deficit Net Position/Fund Balances

The Senior Citizens' Program Fund had a deficit of \$28 as of June 30, 2013. The deficit relates to increases of deferred tax, grant and subvention revenues on various programs, which are expected to be collected beyond 120 days of the end of fiscal year 2013. In addition, the Court's Fund and the Culture and Recreation Fund had deficits of \$4.2 million and \$3.3 million, respectively, as of June 30, 2013, which are expected to be covered with future charges for services.

The San Francisco County Transportation Authority Fund had a \$67.9 million fund deficit as of June 30, 2013. This condition exists because the SFCTA uses short-term debt financing to accelerate the delivery of sales tax funded projects that are owned and operated by other agencies. The negative fund balance will be covered as future sales tax revenues are realized or when the SFCTA refinances the outstanding short-term debt to long-term debt.

The Moscone Convention Center Fund had a \$8.0 million deficit as of June 30, 2013. The deficit will be covered as hotel tax revenues are realized.

The Central Shops Internal Service Fund had a deficit in total net position of \$3.9 million as of June 30, 2013 mainly due to the other postemployment benefits liability accrued as per GASB Statement No. 45. The deficits are expected to be reduced in future years through anticipated rate increases or reductions in the operating expenses. The rates are reviewed and updated annually.

Prior to February 1, 2012, the California Redevelopment Law provided tax increment financing as a source of revenue to redevelopment agencies to fund redevelopment activities. Once a redevelopment area was adopted, the former Agency could only receive tax increment to the extent that it could show on an annual basis that it has incurred indebtedness that must be repaid with tax increment. Due to the nature of the redevelopment financing, the former Agency liabilities exceeded assets. Therefore, the former Agency historically carried a deficit, which was expected to be reduced as future tax increment revenues were received and used to reduce its outstanding long-term debt. This deficit was transferred to the Successor Agency on February 1, 2012. At June 30, 2013, the Successor Agency has a deficit of \$457.0 million, which will be eliminated with future redevelopment property tax revenues distributed from the Redevelopment Property Tax Trust Fund administered by the City's Controller.

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (continued)
June 30, 2013
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(l) Interfund Transfers

Interfund transfers are generally recorded as transfers in (out) except for certain types of transactions that are described below.

- Charges for services are recorded as revenues of the performing fund and expenditures of the requesting fund. Unbilled costs are recognized as an asset of the performing fund and a liability of the requesting fund at the end of the fiscal year.
- Reimbursements for expenditures, initially made by one fund, which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the fund that is reimbursed.

(m) Refunding of Debt

Gains or losses occurring from advance refundings, completed subsequent to June 30, 1993, are deferred and amortized into expense for both business-type activities and proprietary funds. For governmental activities and the private-purpose trust fund (former Agency), they are deferred and amortized into expense if they occurred subsequent to June 30, 2000.

(n) Pollution Remediation Obligations

Pollution remediation obligations are measured at their current value using a cost-accumulation approach, based on the pollution remediation outlays expected to be incurred to settle those obligations. Each obligation or obligating event is measured as the sum of probability-weighted amounts in a range of possible estimated amounts. Some estimates of ranges of possible cash flows may be limited to a few discrete scenarios or a single scenario, such as the amount specified in a contract for pollution remediation services.

(o) Cash Flows

Statements of cash flows are presented for proprietary fund types. Cash and cash equivalents include all unrestricted and restricted highly liquid investments with original purchase maturities of three months or less. Pooled cash and investments in the City's Treasury represent monies in a cash management pool and such accounts are similar in nature to demand deposits.

(p) Extraordinary Items

Extraordinary items are both 1) unusual in nature (possessing a high degree of abnormality and clearly unrelated to, or only incidentally related to, the ordinary and typical activities of the entity) and 2) infrequent in occurrence (not reasonably expected to recur in the foreseeable future, taking into account the environment in which the entity operates).

The dissolution of all redevelopment agencies in the State of California qualifies as an extraordinary item since this state-wide dissolution was both unusual and infrequent. Accordingly, the transfer of assets and liabilities in accordance with the Department of Finance's (DOF) guidance relating to the management of housing assets of the former Agency prior to DOF's Finding of Completion were recorded as an extraordinary item in the City's financial statements.

Accordingly, \$176.6 million of current assets, \$3.9 million of current liabilities, and \$29.0 million of capital assets related to the Retained Housing Obligations were returned to the Successor Agency effective July 1, 2012 and an extraordinary gain was recorded in the Successor Agency's financial statements and an extraordinary loss was recorded in the City's financial statements. Completed housing assets for which the Successor Agency has no remaining enforceable obligations remain with the City.

In addition, on May 17, 2013, the DOF determined that the results of the Successor Agency's "Low and Moderate Income Housing Fund" and "Other Funds and Accounts" Due Diligence Reviews show the Successor Agency has \$10.6 million and \$1.0 million, respectively, of funds including interest accumulated, available to the Trust Fund for distribution to the taxing entities. The Successor Agency included these distributions as offsets to the extraordinary gain above.

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Notes to Basic Financial Statements (continued)
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The components of the extraordinary loss recognized are as follows:

Governmental Funds/Governmental Activities:	
Transfers out of the former Agency's housing noncapital assets:	
Cash and investments	\$ (175,957)
Other current assets	(648)
Transfers out of the former Agency's housing related liabilities	<u>3,954</u>
Governmental Fund's extraordinary loss from dissolution of the Redevelopment Agency	 (172,651)
Transfers out of the former Agency's housing capital assets	<u>(29,019)</u>
Governmental Activities' extraordinary loss from dissolution of the Redevelopment Agency	 <u>\$ (201,670)</u>

(q) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(r) Reclassifications

Certain amounts, presented as 2011-12 Summarized Comparative Financial Information in the basic financial statements, have been reclassified for comparative purposes, to conform to the presentation in the 2012-13 basic financial statements.

(s) Effects of New Pronouncements

During fiscal year 2013, the City implemented the following accounting standards:

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This statement addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. Common examples of SCAs include long-term arrangements between a transferor (a government) and an operator (governmental or nongovernmental entity) in which the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and the operator collects and is compensated by fees from third parties. Application of this statement is effective for the City's fiscal year ended June 30, 2013. The implementation of this statement did not have a significant impact on the City for the fiscal year ended June 30, 2013.

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*, is designed to improve financial reporting for governmental entities by amending the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, to better meet the needs of users and address reporting entity issues that have come to light since these statements were issued in 1991 and 1999, respectively. GASB Statement No. 61 improves the information presented about the financial reporting entity, which is comprised of a primary government and related entities (component units) and amends the criteria for blending – reporting component units as if they were part of the primary government – in certain circumstances. Application of this statement is effective for the City's

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Notes to Basic Financial Statements (continued)
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fiscal year ended June 30, 2013. The implementation of this statement did not have a significant impact on the City for the fiscal year ended June 30, 2013.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. This statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. Application of this statement is effective for the City's fiscal year ended June 30, 2013. The implementation of this statement did not have a significant impact on the City for the fiscal year ended June 30, 2013.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This statement also amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. Application of this statement is effective for the City's fiscal year ended June 30, 2013. The implementation of this statement did not have a significant impact on the City for the fiscal year ended June 30, 2013.

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is intended to clarify the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The statement also recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Application of this statement is effective for the City's fiscal year ending June 30, 2014.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62*, to resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. This statement amends Statement No. 10, *Codification of Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund type. This statement also amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current servicing fee rate. Application of this statement is effective for the City's fiscal year ending June 30, 2014.

In June 2012, the GASB issued two new standards, GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25* and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* to improve the guidance for accounting and reporting on the pensions that governments provide to their employees.

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Notes to Basic Financial Statements (continued)
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Key changes include:

- Separating how the accounting and financial reporting is determined from how pensions are funded.
- Employers with defined benefit pension plans will recognize a net pension liability, as defined by the standard, in their government-wide, proprietary and fiduciary fund financial statements.
- Incorporating ad hoc cost-of-living adjustments and other ad hoc postemployment benefit changes into projections of benefit payments, if an employer's past practice and future expectations of granting them indicate they are essentially automatic.
- Using a discount rate that applies (a) the expected long-term rate of return on pension plan investments for which plan assets are expected to be available to make projected benefit payments, and (b) the yield or index rate on tax-exempt 20-year general obligation municipal bonds with an average rating of AA/Aa or higher to projected benefit payments for which plan assets are not expected to be available for long-term investment in a qualified trust.
- Adopting a single actuarial cost allocation method – entry age normal – rather than the current choice among six actuarial cost methods.
- Requiring more extensive note disclosures and required supplementary information.

The statements relate to accounting and financial reporting and do not apply to how governments approach the funding of their pension plans. At present, there generally is a close connection between the ways many governments fund pensions and how they account for and report information about them in financial statements. The statements would separate how the accounting and financial reporting is determined from how pensions are funded. Application of Statement 67 is effective for financial statements for the City's fiscal year ending June 30, 2014. Application of Statement 68 is effective for the City's fiscal year ending June 30, 2015.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. The statement establishes accounting and financial reporting standards for governments that combine or dispose of their operations. The new standard is effective for periods beginning after December 15, 2013. Application of this statement is effective for the City's fiscal year ending June 30, 2015.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The statement establishes accounting and financial reporting standards for governments that offer or receive financial guarantees that are nonexchange transactions. The new standard is effective for periods beginning after June 15, 2013. Application of this statement is effective for the City's fiscal year ending June 30, 2014.

(t) Restricted Assets

Certain proceeds of the City's enterprise and internal service fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because the use of the proceeds is limited by applicable bond covenants and resolutions. Restricted assets account for the principal and interest amounts accumulated to pay debt service, unspent bond proceeds, and amounts restricted for future capital projects.

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Notes to Basic Financial Statements (continued)
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(3) RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

(a) Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position

Total fund balances of the City's governmental funds, \$1,668,561, differs from net position of governmental activities, \$1,820,159, reported in the statement of net position. The difference primarily results from the long-term economic focus in the statement of net position versus the current financial resources focus in the governmental funds balance sheets.

	Total Governmental Funds	Long-term Assets, Liabilities(1)	Internal Service Funds(2)	Reclassi- fications and Eliminations	Statement of Net Position Totals
Assets					
Deposits and investments with City Treasury.....	\$ 2,077,686	\$ -	\$ 32,368	\$ -	\$ 2,110,054
Deposits and investments outside City Treasury....	72,417	-	60,114	-	132,531
Receivables, net					
Property taxes and penalties.....	56,771	-	-	-	56,771
Other local taxes.....	238,282	-	-	-	238,282
Federal and state grants and subventions.....	306,498	-	-	-	306,498
Charges for services.....	53,402	-	-	-	53,402
Interest and other.....	4,389	-	763	-	5,152
Due from other funds.....	41,213	-	-	(41,213)	-
Due from component unit.....	2,636	-	-	-	2,636
Advances to component units.....	30,403	-	-	-	30,403
Loans receivable, net.....	70,326	-	-	-	70,326
Capital assets, net.....	-	4,038,728	5,920	-	4,044,648
Deferred charges and other assets.....	18,877	19,128	8,141	-	44,146
Total assets.....	2,970,900	4,057,856	107,306	(41,213)	7,094,849
Liabilities					
Accounts payable.....	301,895	-	5,526	-	307,421
Accrued payroll.....	130,898	-	2,391	-	133,289
Accrued vacation and sick leave pay.....	-	149,435	2,732	-	152,167
Accrued workers' compensation.....	-	227,824	1,508	-	229,332
Other postemployment benefits obligation.....	-	882,123	17,847	-	899,970
Estimated claims payable.....	-	111,001	-	-	111,001
Accrued interest payable.....	-	11,134	1,650	-	12,784
Deferred tax, grant and subvention revenues.....	190,527	(177,203)	-	-	13,324
Due to other funds/internal balances.....	28,726	-	1,963	(41,213)	(10,524)
Due to component units.....	280	-	-	-	280
Deferred credits and other liabilities.....	448,467	(128,955)	232	-	319,744
Bonds, loans, capital leases, and other payables...	201,546	2,640,494	263,862	-	3,105,902
Total liabilities.....	1,302,339	3,715,853	297,711	(41,213)	5,274,690
Fund balances/net position					
Total fund balances/net position.....	1,668,561	342,003	(190,405)	-	1,820,159
Total liabilities and fund balances/net position...	\$ 2,970,900	\$4,057,856	\$ 107,306	\$ (41,213)	\$7,094,849

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- (1) When capital assets (land, infrastructure, buildings, equipment, and intangible assets) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets, net of accumulated depreciation, among the assets of the City as a whole.

Cost of capital assets	\$ 5,272,009
Accumulated depreciation	(1,233,281)
	<u>\$ 4,038,728</u>

Bond issuance costs are expensed in governmental funds when paid and are capitalized and amortized over the life of the corresponding bonds for purposes of the statement of net position. \$ 19,128

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.

Accrued vacation and sick leave pay	\$ (149,435)
Accrued workers' compensation.....	(227,824)
Other postemployment benefits obligation.....	(882,123)
Estimated claims payable.....	(111,001)
Bonds, loans, capital leases, and other payables	(2,640,494)
Deferred credits and other liabilities	(343)
	<u>\$ (4,011,220)</u>

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when paid. \$ (11,134)

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in fund balance.

Deferred tax, grant and subvention revenues	\$ 177,203
Deferred credits and other liabilities	129,298
	<u>\$ 306,501</u>

- (2) Internal service funds are used by management to charge the costs of certain activities, such as capital lease financing, equipment maintenance services, printing and mailing services, and telecommunications and information systems, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Net position before adjustments	\$ 8,650
Adjustments for internal balances with the San Francisco Finance Corporation:	
Capital lease receivables from other governmental and enterprise funds.....	(262,543)
Deferred charges and other assets	3,606
Deferred credits and other liabilities	59,882
	<u>\$ (190,405)</u>

In addition, intrafund receivables and payables among various internal service funds of \$198 are eliminated.

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Notes to Basic Financial Statements (continued)
June 30, 2013
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(b) Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The net change in fund balances for governmental funds, \$131,480, differs from the change in net position for governmental activities, \$(99,851), reported in the statement of activities. The differences arise primarily from the long-term economic focus in the statement of activities versus the current financial resources focus in the governmental funds. The effect of the differences is illustrated below.

	Total Governmental Funds	Long-term Revenues/Expenses (3)	Capital-related Items (4)	Internal Service Funds (5)	Long-term Debt Transactions (6)	Statement of Activities Totals
Revenues						
Property taxes	\$ 1,421,764	\$ (6,696)	\$ -	\$ -	\$ -	\$ 1,415,068
Business taxes	480,131	-	-	-	-	480,131
Sales and use tax	208,025	-	-	-	-	208,025
Hotel room tax	238,782	-	-	-	-	238,782
Utility users tax	91,871	-	-	-	-	91,871
Other local taxes	359,808	-	-	-	-	359,808
Licenses, permits and franchises	40,901	(117)	-	-	-	40,784
Fines, forfeitures and penalties	49,841	130	-	-	-	49,971
Interest and investment income	7,489	-	-	373	-	7,862
Rents and concessions	98,770	3,212	-	-	-	101,982
Intergovernmental:						
Federal	420,775	10,493	-	-	-	431,268
State	856,141	7,468	-	-	-	863,609
Other	41,789	(23,415)	-	-	-	18,374
Charges for services	296,059	(2,133)	-	-	-	293,926
Other revenues	81,014	(532)	6,000	1	-	86,483
Total revenues	4,493,160	(11,580)	6,000	374	-	4,487,944
Expenditures/Expenses						
Expenditures:						
Public protection	1,145,894	79,059	18,095	(6,116)	-	1,236,922
Public works, transportation and commerce	223,218	5,447	(37,413)	(2,128)	-	189,124
Human welfare and neighborhood development	945,106	1,280	349	(173)	-	946,562
Community health	734,736	17,080	(325)	-	-	751,491
Culture and recreation	328,794	10,124	30,984	(17,300)	(14,560)	338,042
General administration and finance	211,138	16,987	20,510	626	-	249,271
General City responsibilities	81,775	(195)	-	1,157	1,158	83,895
Debt service:						
Principal retirement	154,542	-	-	-	(154,542)	-
Interest and fiscal charges	108,189	-	-	5,983	(6,382)	107,790
Bond issuance costs	2,913	-	-	-	(2,913)	-
Capital outlay	410,894	-	(410,894)	-	-	-
Total expenditures/expenses	4,347,289	129,792	(378,794)	(17,951)	(177,239)	3,903,097
Other financing sources (uses)/changes in net position						
Net transfers (to) from other funds	(483,059)	-	178	(147)	-	(483,028)
Issuance of bonds and loans:						
Face value of bonds issued	557,490	-	-	-	(557,490)	-
Face value of loans issued	5,890	-	-	-	(5,890)	-
Premium on issuance of bonds	64,469	-	-	-	(64,469)	-
Other financing sources-capital leases	13,470	-	-	(13,470)	-	-
Total other financing sources (uses)/changes in net position	158,260	-	178	(13,617)	(627,849)	(483,028)
Extraordinary loss from dissolution of the Redevelopment Agency	(172,651)	-	(29,019)	-	-	(201,670)
Net change for the year	\$ 131,480	\$ (141,362)	\$355,953	\$ 4,708	\$ (450,610)	\$ (99,851)

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(3) Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered as available revenues in the governmental funds.

\$ (6,696)

Some other revenues that do not provide current financial resources are not reported as revenues in the governmental funds but are recognized in the statement of activities.

(4,894)
\$ (11,590)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Certain long-term liabilities reported in the prior year statement of net position were paid during the current period resulting in expenditures in the governmental funds. This is the amount by which the increase in long-term liabilities exceeded expenditures in funds that do not require the use of current financial resources.

\$ (145,009)

Some expenditures reported in the governmental funds pertain to the establishment of deferred credits on long-term loans since the loans are not considered "available" to pay current period expenditures. The deferred credits are not reported in the statement of net position and, therefore, the related expenditures are not reported in the statement of activities.

15,217
\$ (129,792)

(4) When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year and the loss on disposal of capital assets.

Capital expenditures	\$ 480,870
Depreciation expense	(98,677)
Loss on disposal of capital assets	(32)
Transfer of asset from enterprise fund	178
Write off construction of progress	(3,367)
Capital assets acquired by donation or funded by other revenues	6,000
Extraordinary loss from dissolution of the Redevelopment Agency	(29,019)
Difference	\$ 355,953

(5) Internal service funds are used by management to charge the costs of certain activities, such as capital lease financing, equipment maintenance, printing and mailing services, and telecommunications, to individual funds. The adjustments for internal service funds "close" those funds by charging additional amounts to participating governmental activities to completely cover the internal service funds' costs for the year.

\$ 4,708

(6) Lease payments on the Moscone Convention Center (note 8) are reported as a culture and recreation expenditure in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used. For the City as a whole, however, the principal payments reduce the liability in the statement of net position and do not result in an expense in the statement of activities. The City's capital lease obligation was reduced because principal payments were made to lessee.

Total property rent payments \$ 14,560

CITY AND COUNTY OF SAN FRANCISCO

Notes to Basic Financial Statements (continued)

June 30, 2013

(Dollars in Thousands)

Bond issuance costs are expended in governmental funds when paid, and are capitalized and amortized over the life of the corresponding bonds for purposes of the statement of activities.

Bond issuance costs.....	\$ 2,913
Amortization of bond issuance costs.....	(1,158)
Difference.....	\$ 1,755

Bond premiums are a source of funds in the governmental funds when the bonds are issued, but are capitalized in the statement of net position. This is the amount of premiums capitalized during the current period.

.....	\$ (64,469)
-------	-------------

Repayment of bond principal is reported as expenditures in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the City as a whole however, the principal payments reduce the liabilities in the statement of net position and do not result in expenses in the statement of activities. The City's bonded debt was reduced because principal payments were made to bond holders.

Principal payments made	\$ 154,542
-------------------------------	------------

Bond and loan proceeds and capital leases are reported as other financing sources in governmental funds and thus contribute to the change in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and do not affect the statement of activities. Proceeds were received from:

General obligation bonds.....	\$ (521,915)
Certificates of participation	(35,575)
Loans.....	(5,890)
.....	(563,380)
	\$ (408,838)

Interest expense in the statement of activities differs from the amount reported in governmental funds because (1) additional accrued and accreted interest was calculated for bonds, notes payable and capital leases, and (2) amortization of bond discounts, premiums and refunding losses are not expended within the fund statements.

Increase in accrued interest	\$ (1,222)
Interest payment on capital lease obligations on the Moscone Convention Center	(1,878)
Amortization of bond premiums, discounts and refunding losses	9,482
	\$ 6,382

CITY AND COUNTY OF SAN FRANCISCO

Notes to Basic Financial Statements (continued)

June 30, 2013

(Dollars in Thousands)

(4) BUDGETARY RESULTS RECONCILED TO RESULTS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Budgetary Results Reconciliation

The budgetary process is based upon accounting for certain transactions on a basis other than generally accepted accounting principles (GAAP). The results of operations are presented in the budget-to-actual comparison statement in accordance with the budgetary process (Budget basis) to provide a meaningful comparison with the budget.

The major differences between the Budget basis "actual" and GAAP basis are timing differences. Timing differences represent transactions that are accounted for in different periods for Budget basis and GAAP basis reporting. Certain revenues accrued on a Budget basis have been deferred for GAAP reporting. These primarily relate to the accounting for property tax revenues under the Teeter Plan (Note 6), revenues not meeting the 120-day availability period and other assets not available for budgetary appropriation.

The fund balance of the General Fund as of June 30, 2013 on a Budget basis is reconciled to the fund balance on a GAAP basis as follows:

Fund Balance - Budget Basis.....	\$ 674,637
Unrealized Gains/ (Losses) on Investments.....	(1,140)
Cumulative Excess Property Tax Revenues Recognized on a Budget Basis.....	(38,210)
Cumulative Excess Health, Human Services, Franchise and Other Revenues Recognized on a Budget Basis.....	(93,910)
Deferred amounts on loan receivables.....	(20,067)
Pre-paid lease revenue.....	(4,293)
Nonspendable Fund Balance (Assets Reserved for Not Available for Appropriation).....	23,854
Fund Balance - GAAP basis.....	\$ 540,871

General Fund budget basis fund balance as of June 30, 2013 is composed of the following:

Not available for appropriations:	
Restricted Fund Balance:	
Rainy Day - Economic Stabilization Reserve.....	\$ 23,329
Rainy Day - One Time Spending Account.....	3,010
Committed Fund Balance:	
Budget Stabilization Reserve.....	121,580
Recreation and Parks Expenditure Saving Reserve	15,907
Assigned for Encumbrances.....	74,815
Assigned for Appropriation Carryforward.....	112,327
Assigned for Subsequent Years' Budgets:	
Budget Savings Incentive Program City-wide.....	24,819
Salaries and benefits costs (MOU).....	6,338
Subtotal.....	\$ 382,125
Available for appropriations:	
Assigned for Litigation and Contingences.....	30,254
Assigned for General Reserve.....	21,818
Assigned balance subsequently appropriated as part of the General Fund budget for use in fiscal year 2013-14.....	122,689
Unassigned - Available for future appropriations.....	117,751
Subtotal.....	292,512
Fund Balance, June 30, 2013 - Budget basis.....	\$ 674,637

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (continued)
June 30, 2013
(Dollars in Thousands)

(5) DEPOSITS AND INVESTMENTS

(a) Cash, Deposits and Investments Presentation

Total City cash, deposits and investments, at fair value, are as follows:

	Primary Government			Total	Component Unit
	Governmental Activities	Business-type Activities	Fiduciary Funds		
Deposits and investments with					
City Treasury.....	\$ 2,110,054	\$ 1,806,112	\$ 849,080	\$ 4,765,246	\$ 6,429
Deposits and investments outside					
City Treasury.....	72,417	9,808	17,268,737	17,350,962	-
Restricted assets:					
Deposits and investments with					
City Treasury.....	-	1,609,969	-	1,609,969	-
Deposits and investments outside					
City Treasury.....	60,114	762,477	-	822,591	-
Invested securities lending collateral.....	-	-	1,004,266	1,004,266	-
Total deposits & investments	\$ 2,242,585	\$ 4,188,366	\$ 19,122,083	\$ 25,553,034	\$ 6,429
Cash and deposits.....				\$ 323,727	\$ -
Investments.....				25,229,307	6,429
Total deposits and investments.....				\$ 25,553,034	\$ 6,429

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code, the City's investment policy and the Retirement System's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision. The California Government Code requires that a financial institution secure deposits made by state or local governmental units not covered by Federal Deposit Insurance Corporation insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the type of collateral authorized in California Government Code, Section 53651 (a) through (i) of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. As of June 30, 2013, \$0.3 million of the business-type activities bank balances were exposed to custodial credit risk by not being insured or collateralized.

(b) Investment Policies

Treasurer's Pool

The City's investment policy addresses the Treasurer's safekeeping and custody practices with financial institutions in which the City deposits funds, types of permitted investment instruments, and the percentage of the portfolio which may be invested in certain instruments with longer terms to maturity. The objectives of the policy, in order of priority, are safety, liquidity, and earning a market rate of return on investments. The City has established a Treasury Oversight Committee (Oversight Committee) as defined in the City Administrative Code section 10.80-3, comprised of various City officials, representatives of agencies with large cash balances, and members of the public, to monitor and review the management of public funds maintained in the investment pool in accordance with Sections 27130 to 27137 of the California Government Code. The Treasurer prepares and submits an investment report to the Mayor, the Board of Supervisors, members of the Oversight Committee and the investment pool participants every month. The report covers the type of investments in the pool, maturity dates, par value, actual cost, and fair value.

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (continued)
June 30, 2013
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Although the California Government Code does not limit the amount of City funds that may be invested in federal agency instruments, the City's investment policy requires that investments in federal agencies should not exceed 85 percent of the total portfolio at the time of purchase. The investment policy also places maturity limits based on the type of security. Investments held by the Treasurer during the year did not include repurchase agreements or reverse repurchase agreements.

The table below identifies the investment types that are authorized by the City's investment policy dated October 2012. The table also identifies certain provisions of the City's investment policy that address interest rate risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasuries	5 years	100%	100%
Federal Agencies	5 years	85% *	100%
State and Local Government Agency Obligations	5 years	20%	5% *
Public Time Deposits	13 months *	None	None
Negotiable Certificates of Deposit	5 years	30%	None
Bankers Acceptances	180 days	40%	None
Commercial Paper	270 days	25% *	10% *
Medium Term Notes	24 months *	15% *	10%
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements / Securities Lending	45 days *	None	\$75 million *
Money Market Funds	N/A	None	N/A
State of California Local Agency Investment Fund (LAIF)	N/A	Statutory	None

* Represents restriction on which the City's investment policy is more restrictive than the California Government Code.

The Treasurer also holds for safekeeping bequests, trust funds, and lease deposits for other City departments. The bequests and trust funds consist of stocks and debentures. Those instruments are valued at par, cost, or fair value at the time of donation.

Other Funds

Other funds consist primarily of deposits and investments with trustees related to the issuance of bonds and to certain loan programs operated by the City. These funds are invested either in accordance with bond covenants and are pledged for payment of principal, interest, and specified capital improvements or in accordance with grant agreements and may be restricted for the issuance of loans.

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (continued)
June 30, 2013
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Employees' Retirement System

The Retirement System's investments are invested pursuant to investment policy guidelines as established by the Retirement Board. The objective of the policy is to maximize the expected return of the fund at an acceptable level of risk. The Retirement Board has established percentage guidelines for types of investments to ensure the portfolio is diversified.

Investment managers are required to diversify by issue, maturity, sector, coupon, and geography. Investment managers retained by the Retirement System follow specific investment guidelines and are evaluated against specific market benchmarks that represent their investment style. Any exemption from general guidelines requires approval from the Retirement Board. The Retirement System invests in securities with contractual cash flows, such as asset backed securities, commercial mortgage backed securities and collateralized mortgage obligations. The value, liquidity and related income of these securities are sensitive to changes in economic conditions, including real estate values, delinquencies or defaults, or both, and may be affected by shifts in the market's perception of the issuers and changes in interest rates.

The investment policy permits investments in domestic and international debt and equity securities; real estate; securities lending; foreign currency contracts, derivative instruments, and alternative investments, which include investments in a variety of commingled partnership vehicles.

The Retirement System is not directly involved in repurchase or reverse repurchase agreements. However, external investment managers retained by the Retirement System may employ repurchase arrangements if the securities purchased or sold comply with the manager's investment guidelines. The Retirement System monitors the investment activity of its investment managers to ensure compliance with guidelines. In addition, the Retirement System's securities lending cash collateral separate account is authorized to use repurchase arrangements. As of June 30, 2013, \$326 million (or 32.5% of cash collateral) consisted of such agreements.

(c) Investment Risks

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity to the fair values of the City's investments to market interest rate fluctuations is provided by the following tables, which shows the distribution of the City's investments by maturity. The Employees' Retirement System's interest rate risk information is discussed in section (e) of this note.

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	S & P Rating	Fair Value	Investment Maturities	
			Less than 1 year	1 to 5 years
Primary Government				
Investments in City Treasury:				
Pooled investments:				
U.S. Treasury Notes	AA+	\$ 857,756	\$ 25,118	\$ 832,638
U.S. Agencies - Coupon	NR - AA+	4,009,344	436,193	3,573,151
State/Local Agencies	A - AA+	140,255	83,424	56,831
Negotiable certificates of deposit	A+ - AA-	375,059	375,059	-
Public time deposits	NR	720	720	-
Corporate notes	A - AAA	404,752	158,255	246,497
Money market mutual funds	AAAm	360,047	360,047	-
Less: Treasure Island Development Authority Investments with City Treasury	n/a	(6,429)	(6,429)	-
Less: Employees' Retirement System Investments with City Treasury	n/a	(7,769)	-	(7,769)
Subtotal pooled investments		6,133,735	1,432,387	4,701,348
Separately managed account:				
SFRD A South Beach Harbor Revenue Bond	NR	4,500	-	4,500
Subtotal investments in City Treasury		6,138,235	\$ 1,432,387	\$ 4,705,848
Investments Outside City Treasury (Governmental and Business - Type)				
U.S. Treasury Bills	NR	223,291.00	\$ 223,291	\$ -
U.S. Treasury Notes	NR/AAA	81,346	46,240	35,106
U.S. Agencies - Coupon	AA+	141,776	53,150	88,626
U.S. Agencies - Discount	A-1+	124,074	124,074	-
Certificate of Deposit	NR	413	-	-
Money Market Mutual Funds	AAAm/AAA	465,518	465,518	-
Investment Derivative Instrument	NR	5,166	727	4,439
Subtotal investments outside City Treasury		1,041,584	\$ 913,413	\$ 128,171
Employees' Retirement System investments		18,049,488		
Total Primary Government		25,229,307		
Component Unit:				
Treasure Island Development Authority Investments with City Treasury	n/a	6,429	\$ 6,429	\$ -
Total Investments		\$ 25,235,736		

As of June 30, 2013, the investments in the City Treasury had a weighted average maturity of 880 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Standard & Poor's rating for each of the investment types are shown in the table above.

Custodial Credit Risk for Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk

CITY AND COUNTY OF SAN FRANCISCO

Notes to Basic Financial Statements (continued)
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for investments; however, it is the practice of the City Treasurer that all investments are insured, registered or held by the Treasurer's custodial agent in the City's name. The governmental and business-type activities also have investments with trustees related to the issuance of bonds that are uninsured, unregistered and held by the counterparty's trust departments but not in the City's name. These amounts are included in the investments outside City Treasury shown in the table above.

Concentration of Credit Risk

The City's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code and/or its investment policy. U.S. Treasury and agency securities explicitly guaranteed by the U.S. government are not subject to single issuer limitation.

As of June 30, 2013, the City Treasurer has investments in U.S. Agencies that represent 5% or more of the total Pool in the following:

Federal National Mortgage Association.....	19.4%
Federal Home Loan Bank.....	17.9%
Federal Farm Credit Bank.....	11.6%
Federal Home Loan Mortgage Corporation.....	10.0%
Federal Agriculture Mortgage Corporation.....	6.4%

In addition, the following major funds hold investments with trustees that represent 5% or more of the funds' investments outside City Treasury as of June 30, 2013:

Airport:	
Federal National Mortgage Association.....	34.9%
Water Enterprise:	
Federal Home Loan Mortgage Corporation.....	23.2%
Federal Farm Credit Bank.....	8.6%
Hetch Hetchy:	
Federal Home Loan Bank.....	38.1%
Wastewater Enterprise:	
Federal Home Loan Mortgage Corporation.....	17.6%

Airport's Forward Purchase and Sale Agreements

Objective and Terms – The Airport's Senior Trustee invests a portion of the Airport's debt service fund deposits and debt service reserve funds in investments delivered in accordance with two Forward Purchase and Sale Agreements (FPSAs) that are intended to produce guaranteed earnings rates of 4.329% - 4.349%, depending on the agreement. The two FPSAs are 10-year agreements that expire between November 2013 and November 2014. The Airport had a third FPSA (with Citigroup Financial Products, Inc.) that expired on May 1, 2013. The reserve funds that were invested in the Citigroup FPSA have not been reinvested in a new FPSA.

Under each FPSA, the Senior Trustee purchases a predetermined amount and type of investment security from the provider at prices that will result in the guaranteed fixed rate of return. Under the FPSA with Morgan Stanley Capital Services, the Senior Trustee is required to purchase between \$10.9 million and \$23.5 million of investment securities every month for the debt service fund, depending on the amount of deposits into the fund. Of the \$257.2 million principal amount of investments purchased during the fiscal year ended June 30, 2013, \$235.4 million have matured and the proceeds thereof have been used to pay debt service on the Airport's bonds, leaving \$21.8 million invested as of June 30, 2013. Under the FPSA with Merrill Lynch Capital Services, the Senior Trustee is required to purchase \$100.0 million of investment securities every six months, maturing on the following May 1 or November 1, as applicable, for the bond reserve fund. The amounts of unmatu-

CITY AND COUNTY OF SAN FRANCISCO

Notes to Basic Financial Statements (continued)
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investment securities purchased under the two FPSAs and held by the Senior Trustee as of June 30, 2013, are shown in the following table:

Provider	Purpose	Amount	Fixed Rate	Start Date	End Date
Merrill Lynch Capital Services	Reserve Funds	\$100,000	4.329%	12/10/2004	11/1/2014
Morgan Stanley Capital Services	Debt Service	21,862	4.349%	1/29/2004	11/1/2013

¹ The amount invested varies depending on principal and interest deposits on the outstanding bonds.

All investments under the FPSAs are made with the intention that securities will be held to maturity, and all are invested only in specified eligible securities pursuant to the California Government Code and as defined by the Airport's 1991 Master Resolution. These investments are scheduled to mature on or before each debt service payment date on the associated bonds.

If necessary, the Airport may direct the Senior Trustee to sell the securities at any time prior to their maturity in the open market and use the proceeds of such sale for the permitted purposes of the applicable fund. The securities are recorded at their fair value as of June 30, 2013, and not at the guaranteed rate of return of the FPSA under which the investments were delivered. As of June 30, 2013, the accrued interest was recorded in the interest receivable account.

The Airport accounted for and disclosed the FPSAs as investment derivatives in accordance with GASB 53 as of and for the year ended June 30, 2013.

Fair Value – The fair value of each FPSA takes into consideration the prevailing interest rate environment and the specific terms and conditions of the FPSA. All fair values were estimated using the zero-coupon discounting method. This method calculates the future earnings under each FPSA, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve and compared to the future earnings at the guaranteed rate, also discounted using the spot rates implied by the current yield curve.

As of June 30, 2013, the fair values of the FPSAs are as follows:

Provider	June 30, 2013
Merrill Lynch Capital Services	\$ 4,439
Morgan Stanley Capital Services	727
Total FPSAs	\$ 5,166

Credit Risk – The provider under each FPSA sells the specified investment securities to the Senior Trustee on a "delivery-versus-payment" basis. Therefore, at any given time, the Senior Trustee holds either cash or the delivered investments. The Airport has received bankruptcy opinions of counsel of the respective providers to the effect that, subject to customary qualifications, investment securities purchased by the Senior Trustee would not constitute part of the bankruptcy estate of the provider. Thus, the Airport believes that the principal amounts invested in accordance with the FPSAs are not at risk in the event of the bankruptcy or insolvency of the respective providers. In the event a provider fails to perform, the Airport can invest its funds in alternative investments available at that time, which would likely produce a different rate of return. If an FPSA is terminated, the Airport would receive or pay a termination amount approximately equivalent to the fair value of the FPSA at that time, depending on market conditions. As of June 30, 2013, the fair value of each FPSA was positive to the Airport as shown above.

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (continued)
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The providers and guarantors of the FPSAs and their credit ratings are as follows:

<u>Provider</u>	<u>Guarantor</u>	<u>Guarantor Credit Ratings June 30, 2013 (Moody's/S&P)</u>
Merrill Lynch Capital Services	Merrill Lynch & Company	Baa2/A-
Morgan Stanley Capital Services	Morgan Stanley	Baa1/A-

Termination Risk – Under the terms of the FPSAs, if an investment provider is downgraded below "A-" by Standard & Poor's or "A3" by Moody's, a "Downgrade Event" occurs, and the provider must take corrective action by either assigning the FPSA to a more highly rated investment provider, obtaining a guaranty from a more highly rated guarantor, or collateralizing its obligations under the FPSA. If the provider fails to cure the Downgrade Event within 10 business days, the Airport has a 45-day option to terminate the FPSA and make or receive a cash payment, depending on the then market value of the FPSA. The downgrade of any FPSA provider increases the risk to the Airport that the provider will not perform under the FPSA.

Merrill Lynch & Co. was downgraded by Moody's on September 21, 2011 to "Baa1" (and subsequently to "Baa2") resulting in a Downgrade Event. Consequently, Merrill Lynch Capital Services (MLCS) entered into a collateral agreement in January 2012 with the Senior Trustee for the benefit of the Airport to post collateral equal to 105% of the fair value (or "termination amount") calculated on a weekly basis to secure MLCS' obligations under the FPSA. The collateral delivered by MLCS is held by U.S. Bank National Association, as custodian (the Custodian). If an event of default by MLCS occurs under the FPSA and the FPSA is terminated, the Senior Trustee is entitled to instruct the Custodian to transfer the collateral to the Senior Trustee or to liquidate the collateral and transfer the proceeds to the Senior Trustee.

Morgan Stanley was downgraded by Moody's to "Baa1" on June 21, 2012, resulting in a Downgrade Event. The Airport and Morgan Stanley continue to negotiate an appropriate cure to this Downgrade Event.

(d) Treasurer's Pool

The following represents a condensed statement of net position and changes in net position for the Treasurer's Pool as of June 30, 2013:

Statement of Net Position

Net position held in trust for all pool participants.....	\$ 6,381,644
Equity of internal pool participants.....	\$ 5,956,466
Equity of separately managed account participant.....	97,202
Equity of external pool participants.....	327,976
Total equity.....	\$ 6,381,644

Statement of Changes in Net Position

Net position at July 1, 2012.....	\$ 5,707,347
Net change in investments by pool participants.....	674,297
Net position at June 30, 2013.....	\$ 6,381,644

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The following provides a summary of key investment information for the Treasurer's Pool as of June 30, 2013:

<u>Type of Investment</u>	<u>Rates</u>	<u>Maturities</u>	<u>Par Value</u>	<u>Carrying Value</u>
Pooled Investments:				
US government securities.....	0.48% - 2.00%	01/15/14 - 04/30/18	\$ 860,000	\$ 857,756
US Agencies - Coupon.....	0.10% - 2.31%	09/03/13 - 05/22/18	3,997,493	4,009,344
State and local agencies.....	0.32% - 1.04%	07/26/13 - 08/01/16	137,485	140,255
Negotiable certificates of deposits.....	0.12% - 0.38%	07/01/13 - 06/24/14	375,000	375,059
Public time deposits.....	0.47% - 0.49%	02/07/14 - 04/09/14	720	720
Corporate notes.....	0.27% - 0.66%	09/20/13 - 04/08/15	403,405	404,752
Money market mutual funds.....	0.01% - 0.05%	07/01/13 - 07/01/13	360,047	360,047
			<u>\$ 6,134,150</u>	<u>6,147,933</u>
Segregated account:				
Local agencies.....	3.50%	12/1/2016	\$ 4,500	4,500
Carrying amount of deposits with Treasurer.....				229,211
Total cash and investments with Treasurer.....				<u>\$ 6,381,644</u>

(e) Retirement System Investments

The Retirement System's investments as of June 30, 2013 are summarized as follows:

Fixed Income Investments:	
Short-term bills and notes	\$ 572,556
Investments with City Treasury	7,769
Debt securities:	
U.S. Government and agencies	966,411
Other debt securities	<u>3,324,166</u>
Subtotal debt securities	<u>4,290,577</u>
Total fixed income investments	<u>4,870,902</u>
Equity securities:	
Domestic	4,576,833
International	<u>4,044,601</u>
Total equity securities	<u>8,621,434</u>
Real estate holdings	1,430,711
Alternative investments	2,129,578
Foreign currency contracts, net	(7,403)
Investment in lending agent's short-term investment pool	<u>1,004,266</u>
Total Retirement System Investments	<u>\$ 18,049,488</u>

CITY AND COUNTY OF SAN FRANCISCO
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Interest Rate Risk

The Retirement System does not have a specific policy to manage interest rate risk.

Below is a table depicting the segmented time distribution for fixed income investments based upon the expected maturity (in years) as of June 30, 2013:

Investment Type	Fair Value	Maturities			
		Less than 1 year	1-5 years	6-10 years	10+ years
Asset Backed Securities	\$ 194,581	\$ 305	\$ 97,482	\$ 9,221	\$ 87,573
Bank Loans	22,143	6,320	15,311	512	-
City Investment Pool	7,769	-	7,769	-	-
Collateralized Bonds	17,250	-	379	-	16,871
Commercial Mortgage-Backed	594,746	2,271	81,163	23,140	488,172
Commercial Paper	3,765	3,765	-	-	-
Commingled and other fixed income funds	349,205	363,520	17	-	(14,332)
Corporate Bonds	1,587,605	577,150	357,728	475,067	177,660
Corporate Convertible Bonds	266,206	29,450	135,058	23,711	77,987
Government Agencies	301,281	276,122	17,776	6,682	701
Government Bonds	400,662	33,432	250,480	45,513	71,237
Government Mortgage-Backed Securities	352,028	103,855	3,982	6,797	235,394
Index Linked Government Bonds	3,071	-	-	-	3,071
Foreign Currencies and Cash Equivalents	248,745	248,745	-	-	-
Mortgages	49	-	49	-	-
Municipal/Provincial Bonds	56,315	4,772	8,559	5,654	37,330
Non-Government Backed Collateralized Mortgage Obligations	146,053	-	7,459	2,240	136,354
Options	(261)	(261)	-	-	-
Short-Term Investment Funds	320,046	320,046	-	-	-
Swaps	(357)	-	162	-	(519)
Total	\$ 4,870,902	\$ 1,969,492	\$ 983,374	\$ 600,537	\$ 1,317,499

Credit Risk

Fixed income investment managers typically are limited within their portfolios to no more than 5% exposure in any single security, with the exception of United States Treasury and government agency securities. The Retirement System's credit risk policy is embedded in the individual investment manager agreements as prescribed and approved by the Retirement Board.

Investments are classified and rated using the lower of (1) Standard & Poor's (S&P) rating or (2) Moody's Investors Service (Moody's) rating corresponding to the equivalent S&P rating. If only a Moody's rating is available, the rating equivalent to S&P is used for the purpose of this disclosure.

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The following table illustrates the Retirement System's exposure to credit risk as of June 30, 2013. Investments issued or explicitly guaranteed by the U.S. government of \$926.1 million as of June 30, 2013 are not considered to have credit risk and are excluded from the table below.

Credit Rating	Fair Value	Fair Value as a Percentage of Total
AAA	\$ 283,141	7.2%
AA	173,085	4.4%
A	298,781	7.6%
BBB	579,060	14.7%
BB	215,932	5.5%
B	312,311	7.9%
CCC	156,362	4.0%
CC	6,605	0.2%
C	5,064	0.1%
D	85	0.0%
Not Rated	1,914,364	48.4%
Total	\$ 3,944,790	100.0%

The securities listed as "Not Rated" include short-term investment funds, U.S. government agency securities, and investments that invest primarily in rated securities, such as commingled funds and money market funds, but do not themselves have a specific credit rating. Excluding these securities, the "Not Rated" component of credit would be approximately 13.0% for 2013.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Retirement System's investment in a single issuer. Guidelines for investment managers typically restrict a position to become no more than 5% (at fair value) of the investment manager's portfolio. Securities issued or guaranteed by the U.S. government or its agencies are exempt from this limit.

As of June 30, 2013, the Retirement System had no investments of a single issuer that equaled or exceeded 5% of total Retirement System net position.

Custodial Credit Risk

The Retirement System does not have a specific policy addressing custodial credit risk for investments, but investments are generally insured, registered, or held by the Retirement System or its agent in the Retirement System's name. As of June 30, 2013, \$76.7 million of the Retirement System's investments were exposed to custodial credit risk because they were not insured or registered in the name of the Retirement System, and were held by the counterparty's trust department or agent but not in the Retirement System's name. Cash received as securities lending collateral is invested in a separately managed account using investment guidelines approved by the Retirement System and held with the System's custodial bank.

For fiscal year 2013, cash received as securities lending collateral is invested in a separately managed account using investment guidelines approved by the Retirement System and held by the custodial bank. Securities in this separately managed account are not exposed to custodial credit risk.

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Foreign Currency Risk

The Retirement System's exposure to foreign currency risk derives from its positions in foreign currency denominated cash, equity, fixed income, alternative investments, real estate, and swap investments. The Retirement System's investment policy allows international managers to enter into foreign exchange contracts, which are limited to hedging currency exposure existing in the portfolio.

The Retirement System's net exposures to foreign currency risk as of June 30, 2013 are as follows:

Currency	Cash	Equities	Fixed Income	Alternative Investments	Real Estate	Foreign Currency Contracts	Total
Australian dollar	\$ 1,244	\$ 100,546	\$ 31,709	\$ 14,818	\$ -	\$ (45,951)	\$ 102,366
Brazilian real	43	28,104	31,851	-	-	12,853	72,851
British pound sterling	180	540,682	7,525	-	-	(36,085)	512,302
Canadian dollar	50	47,750	8,794	-	-	(54,989)	1,505
Chilean peso	-	-	-	-	-	12,170	12,170
Chinese yuan renminbi	-	-	-	-	-	27,628	27,628
Colombian peso	-	-	-	-	-	2,614	2,614
Czech koruna	-	1,121	-	-	-	(18,854)	(17,733)
Danish krone	1	22,772	-	-	-	(1,265)	21,508
Euro	41,831	692,954	34,375	255,304	-	3,790	1,028,254
Hong Kong dollar	668	199,136	-	-	-	974	200,778
Hungarian forint	-	742	-	-	-	(509)	233
Indian rupee	-	-	-	-	-	12,374	12,374
Indonesian rupiah	35	24,623	-	-	-	8,788	33,446
Japanese yen	2,859	542,967	-	-	51,523	(59,515)	537,834
Malaysian ringgit	-	4,756	-	-	-	(13,055)	(8,299)
Mexican peso	24	16,164	31,347	-	-	20,577	68,112
New Israeli shekel	33	6,187	-	-	-	6,650	12,870
New Romanian leu	-	-	-	-	-	8,829	8,829
New Russian ruble	-	-	-	-	-	3,194	3,194
New Taiwan dollar	360	23,669	-	-	-	(49,985)	(25,956)
New Zealand dollar	(32)	-	-	-	-	(36,930)	(36,962)
Norwegian krone	222	22,987	-	-	-	12,895	36,104
Peruvian nuevo sol	-	-	-	-	-	(14,342)	(14,342)
Philippine peso	-	816	-	-	-	(27,181)	(26,365)
Polish zloty	-	181	-	-	-	3,075	3,256
Singapore dollar	197	50,586	-	-	-	(63,942)	(13,159)
South African rand	-	12,974	-	-	-	(240)	12,734
South Korean won	1,235	82,837	-	-	-	(14,449)	69,623
Swedish krona	638	58,933	-	-	-	222	59,793
Swiss franc	69	213,105	-	-	-	(15,707)	197,468
Thai baht	-	25,430	-	-	-	(18,238)	7,192
Turkish lira	-	18,414	-	-	-	13,987	32,401
Total	\$ 49,657	\$ 2,738,437	\$ 145,601	\$ 270,122	\$ 51,523	\$ (320,617)	\$ 2,934,723

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Derivative Instruments

As of June 30, 2013, the derivative instruments held by the Retirement System are considered investments and not hedges for accounting purposes. The gains and losses arising from this activity are recognized as incurred in the statement of changes in fiduciary net position. All investment derivatives discussed below are included within the investment risk schedules, which precede this subsection. Investment derivative instruments are disclosed separately to provide a comprehensive and distinct view of this activity and its impact on the overall investment portfolio.

The fair value of the exchange traded derivative instruments, such as futures, options, rights and warrants are based on quoted market prices. The fair values of forward foreign currency contracts are determined using a pricing service, which uses published foreign exchange rates as the primary source. The fair values of swaps are determined by the Retirement System's investment managers based on quoted market prices of the underlying investment instruments.

The table below presents the notional amounts, the fair value amounts, and the related net appreciation (depreciation) in the fair value of derivative instruments that were outstanding at June 30, 2013:

Derivative Type / Contracts	Notional Amount	Fair Value	Net Appreciation (Depreciation) in Fair Value
Forwards			
Foreign Exchange Contracts	(a)	\$ (7,411)	\$ (7,411)
Other Contracts	(a)	101	101
Options			
Foreign Exchange Contracts	2,837	(261)	(649)
Swaps			
Credit Contracts	2,837	(357)	521
Rights/Warrants			
Equity Contracts	890 shares	1,051	(30)
Total		\$ (6,877)	\$ (7,468)

(a) The Retirement System's investment managers enter into a wide variety of forward foreign exchange and other contracts, which frequently do not involve the US dollar. As a result, a U.S. dollar-based notional value is not included.

All investment derivatives are reported as investments at fair value in the statement of fiduciary net position. Rights and warrants are reported in equity securities. Foreign exchange contracts are reported in foreign currency contracts, which also include spot contracts that are not derivatives. All other derivative contracts are reported in other debt securities. All changes in fair value are reported as net appreciation (depreciation) in fair value of investments in the statements of changes in plan net position.

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Counterparty Credit Risk

The Retirement System is exposed to credit risk on derivative instruments that are in asset positions. As of June 30, 2013, the fair value of forward currency contracts (including foreign exchange contract options) to purchase and sell international currencies were \$5.6 million and \$13.3 million, respectively. The Retirement System's counterparties to these contracts held credit ratings of A or better on 97.5% of the positions while 2.5% were rated below A as assigned by one or more of the major credit rating organizations (S&P, Moody's and/or Fitch).

Custodial Credit Risk

The custodial credit risk disclosure for exchange traded derivative instruments is made in accordance with the custodial credit risk disclosure requirements of GASB Statement No. 40. At June 30, 2013, all of the Retirement System's investments in derivative instruments are held in the Retirement System's name and are not exposed to custodial credit risk.

Interest Rate Risk

The table below describes the maturity periods of the derivative instruments exposed to interest rate risk at June 30, 2013.

Derivative Type / Contracts	Fair Value	Maturity Period			
		Less than 1 year	1-5 years	6-10 years	10+ years
Forwards					
Other Contracts	\$ 101	\$ 101	\$ -	\$ -	\$ -
Swaps					
Credit Contracts	(357)	-	161	-	(518)
Total	\$ (256)	\$ 101	\$ 161	\$ -	\$ (518)

At June 30, 2013, there were no derivative instruments which were highly sensitive to interest rate changes.

CITY AND COUNTY OF SAN FRANCISCO
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Foreign Currency Risk

At June 30, 2013, the Retirement System is exposed to foreign currency risk on its investments in forwards, options, rights, and warrants denominated in foreign currencies. Below is the derivative instruments foreign currency risk analysis as of June 30, 2013:

Currency	Forwards	Options	Rights / Warrants	Total
Australian dollar	\$ 1,139	\$ (270)	\$ 2	\$ 871
Brazilian real	(1,120)	-	151	(969)
British pound sterling	188	-	-	188
Canadian dollar	424	-	-	424
Chilean peso	(775)	-	-	(775)
Chinese yuan renminbi	200	-	-	200
Colombian peso	(28)	-	-	(28)
Czech koruna	36	-	-	36
Danish krone	15	-	-	15
Euro	(505)	-	-	(505)
Hong Kong dollar	1	-	-	1
Hungarian forint	(12)	-	-	(12)
Indian rupee	(920)	-	-	(920)
Indonesian rupiah	(264)	-	-	(264)
Japanese yen	848	-	-	848
Malaysian ringgit	(301)	-	-	(301)
Mexican peso	(294)	-	-	(294)
New Israeli shekel	(45)	-	-	(45)
New Romanian Leu	(96)	-	-	(96)
New Russian ruble	(203)	-	-	(203)
New Taiwan dollar	(59)	-	-	(59)
New Zealand dollar	(235)	(33)	-	(268)
Norwegian krone	(876)	-	-	(876)
Peruvian nuevo sol	310	-	-	310
Philippine peso	(78)	-	-	(78)
Polish zloty	(230)	-	-	(230)
Singapore dollar	625	-	-	625
South African rand	(469)	-	-	(469)
South Korean won	(107)	-	-	(107)
Swedish krona	(398)	-	-	(398)
Swiss franc	(195)	-	-	(195)
Thai baht	213	-	-	213
Turkish lira	(490)	-	-	(490)
Total	\$ (3,701)	\$ (303)	\$ 153	\$ (3,851)

Contingent Features

At June 30, 2013, the Retirement System held no positions in derivatives containing contingent features.

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Notes to Basic Financial Statements (continued)
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Currency Management Program

The Retirement System's currency management program is managed by two investment managers. The objective of the currency management program is to produce a risk-adjusted return of approximately 100 basis points.

The Retirement System's international equity managers do not actively manage the underlying currency risk. Currency risk can be reduced through an active currency management program.

Each currency manager manages currency risk through foreign exchange spot and forward contracts, and currency options. Only international equities are subject to the currency management program. The Retirement System's international fixed income currency exposure is actively managed by four developed market bond managers and two emerging market bond managers. All four developed bond managers have discretion to invest in U.S. or international developed markets.

As of June 30, 2013, the Retirement System's allocation to international equities (including cash and other assets) was primarily denominated in foreign currencies and totaled \$4.3 billion, which represented 25.2% of plan net position. For the year ended June 30, 2013, the currency overlay program lost \$11.2 million or 0.26% of the international equity portfolio (including cash and other assets) and 0.07% of the Retirement System's average total portfolio value.

Securities Lending

The Retirement System lends U.S. government obligations, domestic and international bonds, and equities to various brokers with a simultaneous agreement to return collateral for the same securities plus a fee in the future. The securities lending agent manages the securities lending program and receives securities and cash as collateral. Cash and non-cash collateral is pledged at 102% and 105% of the market value of domestic securities and international securities lent, respectively. There are no restrictions on the amount of securities that can be lent at one time. However, starting in the year ended June 30, 2009, the Retirement System engaged in a systematic reduction of the value of securities on loan with a target of no more than ten percent (10%) of total fund assets on loan at any time. The term to maturity of the loaned securities is generally not matched with the term to maturity of the investment of the corresponding collateral.

The Retirement System does not have the ability to pledge or sell collateral securities unless a borrower defaults. The securities collateral is not reported on the statement of fiduciary net position. As of June 30, 2013, the Retirement System has no credit risk exposure to borrowers because the amounts the Retirement System owes them exceed the amounts they owe the Retirement System. As with other extensions of credit, the Retirement System may bear the risk of delay in recovery or of rights in the collateral should the borrower of securities fail financially. In addition, the lending agent indemnifies the Retirement System against all borrower defaults.

As of June 30, 2013, the Retirement System lent \$1.3 billion in securities and received collateral of \$1.0 billion and \$0.3 billion in cash and securities, respectively, from borrowers. The cash collateral is invested in a separately managed account by the lending agent using investment guidelines approved by the Retirement System. Due to the decline in the fair value of assets held in the separately managed account, the Retirement System's invested cash collateral was valued at \$1.0 billion. The net unrealized loss of \$895 is presented as part of the net depreciation in fair value of investments in the statement of changes in the fiduciary net position. The Retirement System is exposed to investment risk including the possible loss of principal value in the separately managed securities lending account due to the fluctuation in the fair value of assets held by the account.

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Notes to Basic Financial Statements (continued)
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The Retirement System's securities lending transactions as of June 30, 2013, are summarized in the following table:

Security Type	Fair Value of Loaned Securities	Cash Collateral	Fair Value of Securities Collateral
Securities Loaned for Cash Collateral:			
International Corporate Fixed Income	\$ 8,400	\$ 8,873	\$ -
International Equities	77,863	82,809	-
International Government Fixed Income	3,846	3,970	-
U.S. Corporate Fixed Income	160,374	164,134	-
U.S. Equities	437,396	448,319	-
U.S. Government Fixed Income	291,450	297,056	-
Securities Loaned with Non-Cash Collateral:			
International Corporate Fixed Income	2,367	-	2,464
International Equities	295,696	-	314,030
International Government Fixed Income	10,047	-	10,534
U.S. Corporate Fixed Income	12	-	12
U.S. Equities	9,980	-	10,246
U.S. Government Fixed Income	1,125	-	1,146
Total	\$ 1,298,556	\$ 1,005,161	\$ 338,432

The following table presents the segmented time distribution for the reinvested cash collateral account based upon the expected maturity (in years) as of June 30, 2013.

Investment Type	Fair Value	Maturities less than 1 year
Commercial Paper	\$ 43,968	\$ 43,968
Government Agencies	35,013	35,013
Negotiable Certificates of Deposits	204,013	204,013
Repurchase Agreements	326,400	326,400
Short Term Investment Funds	394,872	394,872
Total	\$ 1,004,266	\$ 1,004,266

The Retirement System's exposure to credit risk in its reinvested cash collateral account as of June 30, 2013 is as follows:

Credit Rating	Fair Value	Fair Value as a Percentage of Total
AAA	\$ 35,013	3.5%
AA	485,749	48.4%
A	483,421	48.1%
Not Rated	83	0.0%
Total	\$ 1,004,266	100.0%

CITY AND COUNTY OF SAN FRANCISCO
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Investments in Real Estate Holdings

Real estate investments represent the Retirement System's interests in real estate limited partnerships. The changes in these investments during the year ended June 30, 2013 are summarized as follows:

Investments:		
Beginning of the year	\$	1,403,412
Capital investments		145,023
Equity in net earnings		80,643
Net appreciation in fair value		62,011
Capital distributions		<u>(260,378)</u>
End of the year	\$	<u>1,430,711</u>

(6) PROPERTY TAXES

The City is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state law. Property taxes are levied on both real and personal property. Liens for secured property taxes attach on January 1st preceding the fiscal year for which taxes are levied. Secured property taxes are levied on the first business day of September and are payable in two equal installments: the first is due on November 1st and delinquent with penalties after December 10th; the second is due February 1st and delinquent with penalties after April 10th. Secured property taxes that are delinquent and unpaid as of June 30th are subject to redemption penalties, costs, and interest when paid. If not paid at the end of five years, the secured property may be sold at public auction and the proceeds used to pay delinquent amounts due. Any excess is remitted, if claimed, to the taxpayer. Unsecured personal property taxes do not represent a lien on real property. Those taxes are levied on January 1st and become delinquent with penalties after August 31st. Supplemental property tax assessments associated with changes in the assessed valuation due to transfer of ownership in property or upon completion of new construction are levied in two equal installments and have variable due dates based on the date the bill is mailed.

Since the passage of California's Proposition 13, beginning with fiscal year 1978-1979, general property taxes are based either on a flat 1% rate applied to the adjusted 1975-1976 value of the property and new construction value added after the 1975-1976 valuation or on a flat 1% rate of the sales price of the property for changes in ownership. Taxable values on properties (exclusive of increases related to sales and construction) can rise or be adjusted at the lesser of 2% per year or the inflation rate as determined by the Board of Equalization's California Consumer Price Index.

The Proposition 13 limitations on general property taxes do not limit taxes levied to pay the interest and redemption charges on any indebtedness approved by the voters prior to June 6, 1978 (the date of passage of Proposition 13). Proposition 13 was amended in 1986 to allow property taxes in excess of the 1% tax rate limit to fund general obligation bond debt service when such bonds are approved by two-thirds of the local voters. In 2000, California voters approved Proposition 39, which set the approval threshold at 55% for school facilities-related bonds. These "override" taxes for the City's debt service amounted to approximately \$176.9 million for the year ended June 30, 2013.

Taxable valuation for the year ended June 30, 2013 (net of non-reimbursable exemptions, reimbursable exemptions, and tax increment allocations to the Successor Agency) was approximately \$153 billion, an increase of 1.4%. The secured tax rate was \$1.1691 per \$100 of assessed valuation. After adjusting for a State mandated property tax shift to schools, the tax rate is comprised of: about \$0.65 for general government, about \$0.35 for other taxing entities including the San Francisco Unified School District, San Francisco Community College District, the Bay Area Air Quality Management District and the Bay Area Rapid Transit District, and also \$0.1691 for bond debt service. Delinquencies in the current year on secured taxes and unsecured taxes amounted to 1.10% and 5.32%, respectively, of the current year tax levy, for an average delinquency rate of 1.35% of the current year tax levy.

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As established by the Teeter Plan, the Controller allocates to the City and other agencies 100% of the secured property taxes billed but not yet collected by the City; in return, as the delinquent property taxes and associated penalties and interest are collected, the City retains such tax amounts in the Agency Fund. To the extent the Agency Fund balances are higher than required; transfers may be made to benefit the City's General Fund on a budgetary basis. The balance of the tax loss reserve as of June 30, 2013 was \$18.3 million, which is included in the Agency Fund for reporting purposes. The City has funded payment of accrued and current delinquencies, together with the required reserve, from interfund borrowing.

(7) CAPITAL ASSETS

Primary Government

Capital asset activity of the primary government for the year ended June 30, 2013 was as follows:

Governmental Activities:

	Balance July 1, 2012	Increases*	Decreases*	Balance June 30, 2013
Capital assets, not being depreciated:				
Land	\$ 281,858	\$ 4,250	\$ (29,019) **	\$ 257,089
Intangible assets	35,889	7,236	(35,593)	7,532
Construction in progress	573,461	452,829	(163,210)	863,080
Total capital assets, not being depreciated	<u>891,208</u>	<u>464,315</u>	<u>(227,822)</u>	<u>1,127,701</u>
Capital assets, being depreciated:				
Facilities and improvements	3,137,795	74,979	(240)	3,212,534
Machinery and equipment	359,342	23,291	(2,403)	380,230
Infrastructure	475,245	86,302	-	561,547
Intangible assets	3,029	35,593	-	38,622
Total capital assets, being depreciated	<u>3,975,411</u>	<u>220,165</u>	<u>(2,643)</u>	<u>4,192,933</u>
Less accumulated depreciation for:				
Facilities and improvements	794,673	63,255	(240)	857,688
Machinery and equipment	310,281	17,788	(2,371)	325,698
Infrastructure	72,735	17,381	-	90,116
Intangible assets	684	1,800	-	2,484
Total accumulated depreciation	<u>1,178,373</u>	<u>100,224</u>	<u>(2,611)</u>	<u>1,275,986</u>
Total capital assets, being depreciated, net	<u>2,797,038</u>	<u>119,941</u>	<u>(32)</u>	<u>2,916,947</u>
Governmental activities capital assets, net	<u>\$ 3,688,246</u>	<u>\$ 584,256</u>	<u>\$ (227,854)</u>	<u>\$ 4,044,648</u>

* The increases and decreases include transfers of categories of capital assets from construction in progress to depreciable categories.

** Assets in the amount of \$29.0 million were transferred from the City as of July 1, 2012 in accordance with DOF guidance regarding the management of former Agency housing assets.

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Business-type Activities:

Capital asset activity of the business enterprises for the year ended June 30, 2013, was as follows:

San Francisco International Airport

	Balance			Balance June 30, 2013
	July 1, 2012	Increases	Decreases	
Capital assets, not being depreciated:				
Land.....	\$ 3,074	\$ -	\$ -	\$ 3,074
Construction in progress.....	85,852	181,041	(39,615)	227,278
Total capital assets, not being depreciated.....	88,926	181,041	(39,615)	230,352
Capital assets, being depreciated:				
Facilities and improvements.....	5,633,273	60,464	(263,719)	5,430,018
Machinery and equipment.....	187,006	6,241	(6,147)	187,100
Intangible assets.....	141,348	6,881	-	148,229
Total capital assets, being depreciated.....	5,961,627	73,586	(269,866)	5,765,347
Less accumulated depreciation for:				
Facilities and improvements.....	2,140,483	152,136	(211,760)	2,080,859
Machinery and equipment.....	73,305	17,172	(5,981)	84,496
Intangible assets.....	102,339	7,214	-	109,553
Total accumulated depreciation.....	2,316,127	176,522	(217,741)	2,274,908
Total capital assets, being depreciated, net.....	3,645,500	(102,936)	(52,125)	3,490,439
Capital assets, net.....	\$ 3,734,426	\$ 78,105	\$ (91,740)	\$ 3,720,791

San Francisco Water Enterprise

	Balance			Balance June 30, 2013
	July 1, 2012	Increases	Decreases	
Capital assets, not being depreciated:				
Land.....	\$ 24,711	\$ 96	\$ (500)	\$ 24,307
Intangible assets.....	679	-	-	679
Construction in progress.....	1,385,960	637,544	(557,715)	1,525,689
Total capital assets, not being depreciated.....	1,411,250	637,640	(558,215)	1,550,675
Capital assets, being depreciated:				
Facilities and improvements.....	2,374,579	540,425	-	2,915,004
Machinery and equipment.....	243,561	19,839	(530)	262,870
Intangible assets.....	11,834	524	-	12,358
Total capital assets, being depreciated.....	2,629,974	560,788	(530)	3,190,232
Less accumulated depreciation for:				
Facilities and improvements.....	681,704	60,096	-	741,800
Machinery and equipment.....	122,673	13,026	(527)	135,172
Intangible assets.....	2,681	2,326	-	5,007
Total accumulated depreciation.....	807,058	75,448	(527)	881,979
Total capital assets, being depreciated, net.....	1,822,916	485,340	(3)	2,308,253
Capital assets, net.....	\$ 3,234,166	\$ 1,182,980	\$ (558,218)	\$ 3,858,928

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Hetch Hetchy Water and Power

	Balance			Balance June 30, 2013
	July 1, 2012	Increases	Decreases	
Capital assets, not being depreciated:				
Land.....	\$ 4,720	\$ -	\$ -	\$ 4,720
Intangible assets.....	1,437	-	-	1,437
Construction in progress.....	66,139	29,358	(7,917)	87,580
Total capital assets, not being depreciated.....	72,296	29,358	(7,917)	93,737
Capital assets, being depreciated:				
Facilities and improvements.....	493,462	4,629	-	498,091
Machinery and equipment.....	78,081	2,998	(237)	80,842
Intangible assets.....	45,715	-	-	45,715
Total capital assets, being depreciated.....	617,258	7,627	(237)	624,648
Less accumulated depreciation for:				
Facilities and improvements.....	294,403	10,597	-	305,000
Machinery and equipment.....	41,773	4,377	(141)	46,009
Intangible assets.....	17,983	483	-	18,466
Total accumulated depreciation.....	354,159	15,457	(141)	369,475
Total capital assets, being depreciated, net.....	263,099	(7,830)	(96)	255,173
Capital assets, net.....	\$ 335,395	\$ 21,528	\$ (6,013)	\$ 348,910

Municipal Transportation Agency

	Balance			Balance June 30, 2013
	July 1, 2012	Increases	Decreases	
Capital assets, not being depreciated:				
Land.....	\$ 41,495	\$ -	\$ (465)	\$ 41,030
Construction in progress.....	422,361	231,311	(109,080)	544,592
Total capital assets, not being depreciated.....	463,856	231,311	(109,545)	585,622
Capital assets, being depreciated:				
Facilities and improvements.....	633,377	34,418	-	667,795
Machinery and equipment.....	1,212,258	31,113	(14,072)	1,229,299
Infrastructure.....	1,175,203	14,866	(71)	1,189,998
Total capital assets, being depreciated.....	3,020,838	80,397	(14,143)	3,087,092
Less accumulated depreciation for:				
Facilities and improvements.....	227,733	15,790	-	243,523
Machinery and equipment.....	703,068	72,876	(11,364)	764,580
Infrastructure.....	438,187	33,813	(71)	471,929
Total accumulated depreciation.....	1,368,988	122,479	(11,435)	1,480,032
Total capital assets, being depreciated, net.....	1,651,850	(42,082)	(2,708)	1,607,060
Capital assets, net.....	\$ 2,115,706	\$ 189,229	\$ (112,253)	\$ 2,192,682

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (continued)
June 30, 2013
(Dollars in Thousands)

San Francisco General Hospital Medical Center

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets, not being depreciated:				
Land.....	\$ 542	\$ -	\$ -	\$ 542
Construction in progress.....	37,772	8,516	(3,660)	42,628
Total capital assets, not being depreciated.....	38,314	8,516	(3,660)	43,170
Capital assets, being depreciated:				
Facilities and improvements.....	139,402	4,711	-	144,113
Machinery and equipment.....	65,138	4,172	-	69,310
Total capital assets, being depreciated.....	204,540	8,883	-	213,423
Less accumulated depreciation for:				
Facilities and improvements.....	114,474	3,100	-	117,574
Machinery and equipment.....	56,073	2,601	-	58,674
Total accumulated depreciation.....	170,547	5,701	-	176,248
Total capital assets, being depreciated, net.....	33,993	3,182	-	37,175
Capital assets, net.....	\$ 72,307	\$ 11,698	\$ (3,660)	\$ 80,345

San Francisco Wastewater Enterprise

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets, not being depreciated:				
Land.....	\$ 21,210	\$ 14,527	\$ -	\$ 35,737
Intangible assets.....	3,046	-	-	3,046
Construction in progress.....	134,703	176,592	(134,584)	176,711
Total capital assets, not being depreciated.....	158,959	191,119	(134,584)	215,494
Capital assets, being depreciated:				
Facilities and improvements.....	2,294,336	110,862	-	2,405,198
Machinery and equipment.....	71,265	5,656	(224)	76,697
Intangible assets.....	3,931	-	-	3,931
Total capital assets, being depreciated.....	2,369,532	116,518	(224)	2,485,826
Less accumulated depreciation for:				
Facilities and improvements.....	957,872	40,989	-	998,861
Machinery and equipment.....	35,100	4,572	(224)	39,448
Intangible assets.....	1,382	766	-	2,168
Total accumulated depreciation.....	994,354	46,347	(224)	1,040,477
Total capital assets, being depreciated, net.....	1,375,178	70,171	-	1,445,349
Capital assets, net.....	\$ 1,534,137	\$ 261,290	\$ (134,584)	\$ 1,660,843

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (continued)
June 30, 2013
(Dollars in Thousands)

Port of San Francisco

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets, not being depreciated:				
Land.....	\$ 105,582	\$ -	\$ -	\$ 105,582
Construction in progress.....	44,039	128,482	(162,749)	9,772
Total capital assets, not being depreciated.....	149,621	128,482	(162,749)	115,354
Capital assets, being depreciated:				
Facilities and improvements.....	356,730	162,632	(3,890)	515,472
Machinery and equipment.....	16,922	2,172	(1,019)	18,075
Infrastructure.....	27,937	1,119	-	29,056
Intangible assets.....	4,854	-	-	4,854
Total capital assets, being depreciated.....	406,443	165,923	(4,909)	567,457
Less accumulated depreciation for:				
Facilities and improvements.....	240,754	13,555	(2,915)	251,394
Machinery and equipment.....	11,864	963	(1,019)	11,838
Infrastructure.....	5,901	1,359	-	7,260
Intangible assets.....	2,827	460	-	3,287
Total accumulated depreciation.....	261,346	16,367	(3,934)	273,779
Total capital assets, being depreciated, net.....	145,097	149,556	(975)	293,678
Capital assets, net.....	\$ 294,718	\$ 278,038	\$ (163,724)	\$ 409,032

Laguna Honda Hospital

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets, not being depreciated:				
Construction in progress.....	\$ 11	\$ 23,790	\$ (23,801)	\$ -
Total capital assets, not being depreciated.....	11	23,790	(23,801)	-
Capital assets, being depreciated:				
Facilities and improvements.....	574,884	23,801	(914)	597,771
Machinery and equipment.....	31,583	1,045	(5,868)	26,760
Property Held Under Lease.....	771	-	(74)	697
Intangible assets.....	273	158	-	431
Total capital assets, being depreciated.....	807,511	25,004	(6,856)	825,659
Less accumulated depreciation for:				
Facilities and improvements.....	36,834	11,488	(914)	47,408
Machinery and equipment.....	16,055	4,228	(5,868)	14,415
Property Held Under Lease.....	766	5	(74)	697
Intangible assets.....	79	71	-	150
Total accumulated depreciation.....	53,734	15,792	(6,856)	62,670
Total capital assets, being depreciated, net.....	553,777	9,212	-	562,989
Capital assets, net.....	\$ 553,788	\$ 33,002	\$ (23,801)	\$ 562,989

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (continued)
June 30, 2013
(Dollars in Thousands)

Other Fund – San Francisco Market Corporation

	Balance July 1, 2012		Increases	Decreases	Balance June 30, 2013
Capital assets, not being depreciated:					
Construction in progress.....	\$ 2,772	\$ 517	\$ -	\$ -	\$ 3,289
Total capital assets, not being depreciated.....	<u>2,772</u>	<u>517</u>	<u>-</u>	<u>-</u>	<u>3,289</u>
Capital assets, being depreciated:					
Facilities and improvements.....	9,742	3	(15)		9,730
Machinery and equipment.....	71	1	(2)		70
Total capital assets, being depreciated.....	<u>9,813</u>	<u>4</u>	<u>(17)</u>		<u>9,800</u>
Less accumulated depreciation for:					
Facilities and improvements.....	6,418	265	(15)		6,668
Machinery and equipment.....	37	15	(2)		50
Total accumulated depreciation.....	<u>6,455</u>	<u>280</u>	<u>(17)</u>		<u>6,718</u>
Total capital assets, being depreciated, net.....	<u>3,358</u>	<u>(276)</u>	<u>-</u>		<u>3,082</u>
Capital assets, net.....	\$ 6,130	\$ 241	\$ -	\$ -	\$ 6,371

Total Business-type Activities

	Balance July 1, 2012		Increases	Decreases	Balance June 30, 2013
Capital assets, not being depreciated:					
Land.....	\$ 201,334	\$ 14,623	\$ (965)	\$ -	\$ 214,992
Intangible assets.....	5,162	-	-	-	5,162
Construction in progress.....	<u>2,179,509</u>	<u>1,477,151</u>	<u>(1,039,121)</u>		<u>2,617,539</u>
Total capital assets, not being depreciated.....	<u>2,386,005</u>	<u>1,491,774</u>	<u>(1,040,086)</u>		<u>2,837,693</u>
Capital assets, being depreciated:					
Facilities and improvements.....	12,509,785	941,945	(268,538)		13,183,192
Machinery and equipment.....	1,905,885	73,237	(28,099)		1,951,023
Infrastructure.....	1,203,140	15,985	(71)		1,219,054
Property Held Under Lease.....	771	-	(74)		697
Intangible assets.....	<u>207,955</u>	<u>7,563</u>	<u>-</u>		<u>215,518</u>
Total capital assets, being depreciated.....	<u>15,827,536</u>	<u>1,038,730</u>	<u>(296,782)</u>		<u>16,569,484</u>
Less accumulated depreciation for:					
Facilities and improvements.....	4,700,675	308,016	(215,604)		4,793,087
Machinery and equipment.....	1,059,948	119,860	(25,126)		1,154,682
Infrastructure.....	444,088	35,172	(71)		479,189
Property Held Under Lease.....	766	5	(74)		697
Intangible assets.....	<u>127,291</u>	<u>11,340</u>	<u>-</u>		<u>138,631</u>
Total accumulated depreciation.....	<u>6,332,768</u>	<u>474,393</u>	<u>(240,875)</u>		<u>6,566,286</u>
Total capital assets, being depreciated, net.....	<u>9,494,768</u>	<u>564,337</u>	<u>(55,907)</u>		<u>10,003,198</u>
Capital assets, net.....	\$11,880,773	\$ 2,056,111	\$ (1,095,993)	\$ -	\$ 12,840,891

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (continued)
June 30, 2013
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
Public protection.....	\$ 14,240
Public works transportation and commerce.....	18,466
Human welfare and neighborhood development.....	496
Community Health.....	1,055
Culture and recreation.....	42,263
General administration and finance.....	22,157
Capital assets held by the City's internal service funds charged to the various functions on a prorated bases....	1,547
Total depreciation expense - governmental activities.....	\$ 100,224
Business-type activities:	
Airport.....	\$ 176,522
Water.....	75,448
Power.....	15,457
Transportation.....	122,479
Hospitals.....	21,493
Wastewater.....	46,347
Port.....	16,367
Market.....	280
Total depreciation expense - business-type activities.....	\$ 474,393

Equipment is generally estimated to have useful lives of 2 to 40 years, except for certain equipment of the Water Enterprise that has an estimated useful life of up to 75 years. Facilities and improvements are generally estimated to have useful lives from 15 to 50 years, except for utility type assets of the Water Enterprise, Hetch Hetchy, the Wastewater Enterprise, the MTA, and the Port that have estimated useful lives from 51 to 175 years. These long-lived assets include reservoirs, aqueducts, pumping stations of Hetch Hetchy, Cable Car Barn facilities and structures of MTA, and pier substructures of the Port, which totaled \$2.60 billion as of June 30, 2013. Hetch Hetchy Water had intangible assets of water rights having estimated useful lives from 51 to 100 years, which totaled \$45.7 million as of June 30, 2013. In addition, the Water Enterprise had utility type assets with useful lives over 100 years, which totaled \$6.8 million as of June 30, 2013.

In fiscal year 2012-13, the Airport had write-offs and loss on disposal in the amount of \$52.4 million primarily due to disposal and write-off of immaterial items that should have been expensed in prior years.

During fiscal year ended June 30, 2013, the Water Enterprise, Hetch Hetchy, and the Wastewater Enterprise expensed \$2.4 million, \$1.6 million, and \$5.6 million, respectively, related to capitalized design and planning costs on certain projects that were discontinued.

During the fiscal year ended June 30, 2013, the City's enterprise funds incurred total interest expense and interest income of approximately \$455.9 million and \$1.0 million, respectively. Of these amounts, interest expense of approximately \$88.8 million was capitalized.

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (continued)
June 30, 2013
(Dollars in Thousands)

(8) BONDS, LOANS, CAPITAL LEASES AND OTHER PAYABLES

Changes in Short-Term Obligations

The changes in short-term obligations for governmental and business-type activities for the year ended June 30, 2013, are as follows:

Type of Obligation	July 1, 2012	Additional Obligation	Current Maturities	June 30, 2013
Governmental activities:				
Commercial paper				
San Francisco County Transportation Authority.....	\$ 150,000	\$ 6	\$ -	\$ 150,006
Multiple Capital Projects.....	46,834	285,703	(280,997)	51,540
Governmental activities short-term obligations.....	\$ 196,834	\$ 285,709	\$ (280,997)	\$ 201,546
Business-type activities:				
Commercial paper				
San Francisco International Airport.....	\$ 10,450	\$ 170,075	\$ -	\$ 180,525
San Francisco Water Enterprise.....	174,000	-	-	174,000
San Francisco Wastewater Enterprise.....	-	85,000	(85,000)	-
Business-type activities short-term obligations.....	\$ 184,450	\$ 255,075	\$ (85,000)	\$ 354,525

San Francisco County Transportation Authority

In April 2004, the San Francisco County Transportation Authority (SFCTA) issued an initial tranche of \$50.0 million and in September 2004, the SFCTA issued the second tranche of \$100.0 million of a programmed \$200.0 million aggregate principal amount of commercial paper notes (Limited Tax Bonds), Series A and B. The commercial paper notes are issued to provide a source of financing for the SFCTA's voter-approved Proposition K Expenditure Plan. Under this program, the SFCTA is able to issue commercial paper notes at prevailing interest rates not to exceed 12% per annum. The maximum maturity of the notes is 270 days. The principal amount of the commercial paper notes plus interest thereon is backed as to credit and liquidity by an irrevocable line of credit (LOC) issued by Landesbank Baden-Württemberg, New York Branch (Landesbank) in the amount up to \$217.8 million at a fee of 90 basis points based on SFCTA's AA credit rating. In July 2012, SFCTA entered into a new three-year credit facility with Wells Fargo Bank, National Association, in an amount equal to \$217.8 million to replace the LOC issued by Landesbank. The credit facility will expire on July 10, 2015 and has a fee of 45 basis points of the annual maximum debt service amount. The commercial paper notes are secured by a first lien gross pledge of the SFCTA's Sales Tax. The principal and interest on the commercial paper notes is payable at each maturity.

As of June 30, 2013, \$150.0 million in commercial paper notes were outstanding and maturing 40 to 56 days after year-end with interest rates at 0.17%. For the year ended June 30, 2013, the SFCTA paid \$1.0 million to Wells Fargo Bank and \$44 to Landesbank in LOC fees.

City and County of San Francisco Lease Revenue Commercial Paper Certificates of Participation

In March 2009, the Board of Supervisors authorized the issuance of tax-exempt and taxable lease revenue commercial paper certificates of participation (CP) in an aggregate principal amount not to exceed \$150.0 million to provide short term financing to 1) pay for acquisition, construction and rehabilitation of certain capital improvements within the City and the financing of vehicles and equipment; 2) fund capitalized interest with respect to the CP; 3) fund capitalized fees and expenses as defined in the trust agreement; and 4) pay for costs incurred in connection with the sale and delivery of the CP. In June 2010, the City obtained irrevocable lines of credit (LOC) issued by JP Morgan Chase Bank, National Association with a maximum available amount of \$50.0 million and U.S. Bank, National Association with a maximum available amount of \$50.0 million. Both LOCs expire on June 10, 2016.

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (continued)
June 30, 2013
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The City issued commercial paper notes totaling \$285.7 million and retired commercial paper notes totaling \$281.0 million in fiscal year 2013 to provide interim financing for capital projects and capital equipment acquisitions, with each project receiving prior approval from the Board of Supervisors: Moscone Center Improvements, the Department of Public Works equipment purchase, the War Memorial Veterans Building project, the Port Facilities Improvement project and the HOPE SF, a project of rebuilding severely distressed housing sites, increasing affordable housing and improving the quality of life for existing residents and the surrounding communities.

As of June 30, 2013, the outstanding principal amount of taxable and non-taxable commercial paper notes was \$35.6 million and \$15.9 million, respectively. The taxable commercial paper notes with LOC issued by JP Morgan and U.S. Bank N.A. bear interest rate of 0.17% and 0.16%, respectively, and the tax-exempt commercial paper notes bear interest rates of 0.15%. The taxable and non-taxable commercial paper notes matured on July 2, 2013. In June 2013, commercial paper notes in the amount of \$37.6 million for Moscone Center improvement were refunded through the issuance of Certificates of Participation (Moscone Center Improvement) Series 2013A.

San Francisco International Airport

In May 1997, the Airport authorized the issuance of subordinate commercial paper notes (CP) in an aggregate principal amount not to exceed the lesser of \$400.0 million or the stated amount of the letter of credit securing the CP. The Airport's CP are secured by two \$100.0 million direct-pay letters of credit from State Street Bank and Trust Company and from Barclays Bank that expire on May 2, 2014. The direct-pay letter of credit from Barclays was terminated on July 3, 2013. During fiscal year 2013, the Airport obtained two additional \$100.0 million direct pay letters of credit from Wells Fargo Bank, National Association, and Royal Bank of Canada that expire on June 17, 2016 and May 20, 2016, respectively. Each of these letters of credit supports separate subseries of CP and permits the Airport to issue CP up to a combined maximum principal amount of \$400.0 million. The amount was reduced to \$300.0 million following the termination of the Barclays letter of credit on July 3, 2013.

During the fiscal year 2013, the Airport issued \$170.1 million of new money CP to fund capital improvement projects. For fiscal year 2013, the interest rates on taxable CP ranged from 0.13% to 0.24%, on private activity CP (AMT) ranged from 0.13% to 0.25% and on tax-exempt governmental purpose CP (Non-AMT) ranged from 0.11% to 0.24%.

San Francisco Water Enterprise

The San Francisco Public Utilities Commission and Board of Supervisors have authorized the issuance of up to \$250.0 million in CP pursuant to the voter-approved 2002 Proposition A and \$250.0 million in CP pursuant to the voter-approved 2002 Proposition E for a combined total authorization of \$500.0 million. As of June 30, 2013, \$174.0 million in CP was outstanding under Proposition E. The CP interest rate ranged from 0.16% to 0.24%. With maturities up to 270 days, the Water Enterprise intends to maintain the program by remarketing the CP upon maturity over the next five years, at which time outstanding CP will be refunded with long-term revenue bonds. This is being done to take advantage of the continued low interest rate environment. If the CP interest rates rise to a level that exceeds these benefits, the Water Enterprise will refinance the CP with long-term, fixed rate debt.

San Francisco Wastewater Enterprise

Under the voter-approved 2002 Proposition E, the San Francisco Public Utilities Commission and Board of Supervisors have authorized the issuance of up to \$300.0 million in CP for the purpose of reconstructing, expanding, repairing, or improving the Wastewater Enterprise's facilities. During fiscal year 2013, the Wastewater Enterprise had up to \$85.0 million of CP outstanding, which was subsequently refunded with the Wastewater Enterprise 2013 Series B revenue bonds issuance in February 2013. The Wastewater Enterprise had no commercial paper outstanding as of June 30, 2013.

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (continued)
June 30, 2013
(Dollars in Thousands)

Long-Term Obligations

The following is a summary of long-term obligations of the City as of June 30, 2013:

GOVERNMENTAL ACTIVITIES

Type Of Obligation and Purpose	Final Maturity Date	Remaining Interest Rates	Amount
GENERAL OBLIGATION BONDS (a):			
Earthquake safety and emergency response.....	2035	3.00% - 5.00%	\$ 292,765
Branch libraries.....	2028	4.00% - 4.50%	25,460
Parks and playgrounds	2033	2.00% - 6.26%	217,075
Road repaving and street safety	2033	2.00% - 5.00%	191,255
San Francisco General Hospital.....	2032	4.00% - 6.26%	556,960
Seismic safety loan program	2031	3.36% - 5.83%	26,323
Refunding	2030	3.50% - 5.00%	579,845
General Obligation Bonds - governmental activities			<u>1,889,683</u>
LEASE REVENUE BONDS:			
San Francisco Finance Corporation (b), (e) & (f).....	2034	0.06% - 5.75% *	262,070
Lease revenue bonds - governmental activities			<u>262,070</u>
OTHER LONG-TERM OBLIGATIONS:			
Certificates of participation (c) & (d)	2041	2.00% - 5.00%	551,555
Loans (c), (d) & (f)	2034	2.00% - 5.74%	19,184
Capital leases payable (c) & (f).....	2018	3.17% - 7.05%	9,741
Accrued vacation and sick leave (d) & (f).....			152,167
Accrued workers' compensation (d) & (f)			229,332
Estimated claims payable (d) & (f)			111,001
Other postemployment benefits obligation.....			899,970
Other long-term obligations - governmental activities			<u>1,972,950</u>
DEFERRED AMOUNTS:			
Bond issuance premiums.....			190,084
Bond issuance discounts.....			(1,726)
Bond refunding.....			(16,235)
Deferred amounts.....			<u>172,123</u>
Governmental activities total long-term obligations.....			<u>\$ 4,296,826</u>

Debt service payments are made from the following sources:

- (a) Property tax recorded in the Debt Service Fund.
- (b) Lease revenues from participating departments in the General, Special Revenue and Enterprise Funds.
- (c) Revenues recorded in the Special Revenue Funds.
- (d) Revenues recorded in the General Fund.
- (e) Hotel taxes and other revenues recorded in the General and Special Revenue Funds.
- (f) User-charge reimbursements from the General, Special Revenue and Enterprise Funds.

Internal Service Funds serve primarily the governmental funds. Accordingly, long-term liabilities for the Internal Service Funds are included in the above amounts.

* Includes the Moscone Center West Expansion Project Refunding Bonds Series 2008-1 & 2, both of which were financed with variable rate bonds that reset weekly. The rate at June 30, 2013 for Series 2008-1 & 2 was 0.07% and 0.06%, respectively.

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Notes to Basic Financial Statements (continued)
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(Dollars in Thousands)

BUSINESS-TYPE ACTIVITIES

Entity and Type of Obligation	Final Maturity Date	Remaining Interest Rates	Amount
San Francisco International Airport:			
Revenue bonds	2040	0.95% - 6.00% *	\$ 3,906,395
San Francisco Water Enterprise:			
Revenue bonds	2050	1.80% - 6.90%	4,193,550
Certificates of participation	2042	2.00% - 6.49%	117,746
Accreted interest	2019	-	4,767
Hetch Hetchy Water and Power:			
Clean Renewable Energy bonds.....	2028	4.74%	18,519
Certificates of participation.....	2042	2.00% - 6.49%	16,030
Municipal Transportation Agency:			
Revenue bonds.....	2042	2.0% - 5.00%	60,720
San Francisco General Hospital Medical Center:			
Certificates of participation.....	2026	5.55%	20,874
Capital leases.....	2017	2.41% - 3.61%	3,482
San Francisco Wastewater Enterprise:			
Revenue bonds	2043	1.00% - 5.82%	764,550
Certificates of participation	2042	2.00% - 6.49%	31,134
Port of San Francisco:			
Revenue bonds	2040	4.60% - 7.41%	34,800
Notes, loans and other payables	2029	4.50%	2,603
Laguna Honda Hospital:			
Certificates of participation	2031	4.00 - 5.25%	148,545
Capital leases.....	2015	3.00% - 4.00%	124
Accrued vacation and sick leave			99,434
Accrued workers' compensation			148,444
Estimated claims payable			63,581
Other postemployment benefits obligation.....			658,008
Deferred Amounts:			
Bond issuance premiums.....			369,028
Bond issuance discounts.....			(662)
Bond refunding.....			(136,159)
Business-type activities total long-term obligations			<u>\$ 10,525,513</u>

* Includes Second Series Revenue Bonds Issue 36 A, B & C, 37C and 2010A, which were issued as variable rate bonds in a weekly mode. For the fiscal year ended June 30, 2013, the average interest rate on Issue 36A, 36B, 36C and 37C was 0.14%, 0.14%, 0.14% and 0.14%, respectively, for Issue 2010A-1, 2010A-2 and 2010A-3 rates were 0.14%, 0.15% and 0.15%, respectively.

Sources of funds to meet debt service requirements are revenues derived from user fees and charges for services recorded in the respective enterprise funds.

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (continued)
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Debt Compliance

There are a number of limitations and restrictions contained in the various bond indentures. The City believes it is in compliance with all significant limitations and restrictions.

Legal Debt Limit and Legal Debt Margin

As of June 30, 2013, the City's debt limit (3% of valuation subject to taxation) was \$5.03 billion. The total amount of debt applicable to the debt limit was \$1.89 billion. The resulting legal debt margin was \$3.14 billion.

Arbitrage

Under U.S. Treasury Department regulations, all governmental tax-exempt debt issued after August 31, 1986 is subject to arbitrage rebate requirements. The requirements stipulate, in general, that the earnings from the investment of tax-exempt bond proceeds, which exceed related interest expenditures on the bonds, must be remitted to the Federal government on every fifth anniversary of each bond issuance. The City has evaluated each general obligation bond and certificates of participation issuance and no arbitrage liability was recognized as of June 30, 2013. The Finance Corporation has evaluated their lease revenue bonds and no liability was reported in the Internal Service Fund as of June 30, 2013. Each enterprise fund has performed a similar analysis of its debt, which is subject to arbitrage rebate requirements. Any material arbitrage liability related to the debt of the enterprise funds has been recorded as a liability in the respective fund.

San Francisco Sustainable Financing

The Improvement Area No.1 of the City and County of San Francisco Special Tax District No. 2009-1 (San Francisco Sustainable Financing) Special Tax Bonds was formed in accordance with Ordinance 16-10 to implement the "GreenFinanceSF" program to provide financing for renewable energy, energy efficiency and water efficiency improvements on private or public property in the City. Under the program, the Special District issued bonded indebtedness for the improvement area in an aggregate principal amount to exceed \$1.4 million and an appropriation limit for the Improvement Area of \$1.4 million. The bonded indebtedness shall be paid out of the special tax levied and collected on the leasehold interest on the property located in Pier 1, San Francisco, California. The Improvement Area is owned by the City and leased to AMB Pier One LLC through the Port. The bonds mature from September 2013 through September 2032. These bonds do not represent obligations of the City. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the bonds. Assessments collected for repayment of this debt are received in the Tax Collection Agency Fund. Unpaid assessments constitute fixed liens on the leasehold interest on the parcels within the Special Tax District No. 2009-1. Accordingly, the debt has not been included in the basic financial statements.

Assessment District

During June 1996, the City issued \$1.0 million of Limited Obligation Improvement Bonds for the Bayshore Hester Assessment District No. 95-1. These bonds were issued pursuant to the Improvement Bond Act of 1915. The proceeds were used to finance the construction of a new public right-of-way. The bonds began to mature during the fiscal year ended June 30, 1999 and continue through 2026 bearing interest from 6.0% to 6.85%. These bonds do not represent obligations of the City. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the bonds. Accordingly, the debt has not been included in the basic financial statements. Assessments collected for repayment of this debt are received in the Tax Collection Agency Fund. Unpaid assessments constitute fixed liens on the lots and parcels assessed within the Bayshore-Hester Assessment District and do not constitute a personal indebtedness of the respective owners of such lots and parcels. As of June 30, 2013, the principal amount of bonds outstanding was \$0.7 million.

Mortgage Revenue Bonds

In order to facilitate affordable housing, the City issues mortgage revenue bonds for the financing of multifamily rental housing and for below-market rate mortgage financing for first time homebuyers. These obligations are secured by the related mortgage indebtedness and are not obligations of the City. As of June 30, 2013, the aggregate outstanding obligation of such bonds was \$174.3 million.

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (continued)
June 30, 2013
(Dollars in Thousands)

Changes in Long-Term Obligations

The changes in long-term obligations for governmental activities for the year ended June 30, 2013, are as follows:

	July 1, 2012	Additional Obligations, Interest Accretion and Net Increases	Current Maturities, Retirements, and Net Decreases	June 30, 2013	Amounts Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 1,506,330	\$ 521,915	\$ (138,562)	\$ 1,889,683	\$ 150,279
Lease revenue bonds.....	273,460	11,125	(22,515)	262,070	20,780
Certificates of participation	531,376	35,575	(15,396)	551,555	28,235
Less deferred amounts:					
For issuance premiums	136,897	65,227	(12,040)	190,084	-
For issuance discounts	(1,792)	-	66	(1,726)	-
On refunding.....	(18,383)	-	2,148	(16,235)	-
Total bonds payable	2,427,888	633,842	(186,299)	2,875,431	199,294
Loans.....	13,878	5,890	(584)	19,184	1,724
Capital leases	22,878	1,878	(15,015)	9,741	1,234
Accrued vacation and sick leave pay.....	150,072	105,137	(103,042)	152,167	78,428
Accrued workers' compensation.....	226,428	39,503	(36,599)	229,332	39,759
Estimated claims payable.....	112,394	15,522	(16,915)	111,001	37,374
Other postemployment benefits obligation.....	754,501	231,913	(86,444)	899,970	-
Governmental activity long-term obligations.....	\$ 3,708,039	\$ 1,033,685	\$ (444,898)	\$ 4,296,826	\$ 357,813

Internal Service Funds serve primarily the governmental funds, the long-term liabilities of which are included as part of the above totals for governmental activities. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund.

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (continued)
June 30, 2013
(Dollars in Thousands)

The changes in long-term obligations for each enterprise fund for the year ended June 30, 2013, are as follows:

	July 1, 2012	Additional Obligations, Interest Accretion and Net Increases	Current Maturities, Retirements, and Net Decreases	June 30, 2013	Amounts Due Within One Year
San Francisco International Airport					
Bonds payable:					
Revenue bonds	\$ 4,062,265	\$ 84,675	\$ (240,545)	\$ 3,906,395	\$ 418,935
Less deferred amounts:					
For issuance premiums	149,544	4,200	(14,412)	139,332	-
For issuance discounts	(301)	-	7	(294)	-
On refunding	(127,868)	-	19,287	(108,581)	-
Total bonds payable	4,083,640	88,875	(235,663)	3,936,852	418,935
Accrued vacation and sick leave pay	15,629	11,589	(11,619)	15,599	8,167
Accrued workers' compensation	5,075	2,244	(2,086)	5,233	1,121
Estimated claims payable	1,332	307	(77)	1,562	755
Other postemployment benefits obligation	75,824	14,889	-	90,713	-
Long-term obligations	\$ 4,181,500	\$ 117,904	\$ (249,445)	\$ 4,049,959	\$ 428,978

San Francisco Water Enterprise

Bonds payable:					
Revenue bonds	\$ 4,335,810	\$ 24,040	\$ (166,300)	\$ 4,193,550	\$ 20,825
Certificates of participation	119,717	-	(1,971)	117,746	2,035
Less deferred amounts:					
For issuance premiums	171,495	3,036	(14,822)	159,709	-
On refunding	(16,237)	(856)	(5,653)	(22,746)	-
Total bonds payable	4,610,785	26,220	(188,746)	4,448,259	22,860
Accreted interest payable	4,450	317	-	4,767	-
Accrued vacation and sick leave pay	12,543	7,945	(8,771)	11,717	6,044
Accrued workers' compensation	7,964	3,232	(2,697)	8,499	1,364
Estimated claims payable	9,095	5,812	(4,022)	10,885	2,976
Other postemployment benefits obligation	73,009	20,695	(7,875)	85,829	-
Long-term obligations	\$ 4,717,846	\$ 64,221	\$ (212,111)	\$ 4,569,956	\$ 33,244

Hetch Hetchy Water and Power

Bonds payable:					
Clean renewable energy bonds	\$ 19,528	\$ -	\$ (1,009)	\$ 18,519	\$ 1,308
Certificates of participation	16,298	-	(268)	16,030	277
Less deferred amounts:					
For issuance premiums	273	-	(49)	224	-
For issuance discounts	(144)	-	14	(130)	-
Total bonds payable	35,955	-	(1,312)	34,643	1,585
Accrued vacation and sick leave pay	3,084	1,709	(1,495)	3,298	1,761
Accrued workers' compensation	2,321	610	(508)	2,423	418
Estimated claims payable	2,671	2,698	(1,932)	3,437	1,152
Other postemployment benefits obligation	14,302	4,796	(1,539)	17,559	-
Long-term obligations	\$ 58,333	\$ 9,813	\$ (6,786)	\$ 61,360	\$ 4,916

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (continued)
June 30, 2013
(Dollars in Thousands)

The changes in long-term obligations for each enterprise fund for the year ended June 30, 2013 are as follows (continued):

	July 1, 2012	Additional Obligations, Interest Accretion and Net Increases	Current Maturities, Retirements, and Net Decreases	June 30, 2013	Amounts Due Within One Year
Municipal Transportation Agency					
Bonds payable:					
Revenue bonds	\$ 37,615	\$ 63,795	\$ (40,690)	\$ 60,720	\$ 3,315
Lease revenue bonds	5,075	-	(5,075)	-	-
Less deferred amounts:					
For issuance premiums	661	7,256	(1,230)	6,687	-
On refunding	-	(898)	163	(735)	-
Total bonds payable	43,351	70,153	(46,832)	66,672	3,315
Accrued vacation and sick leave pay	28,279	21,021	(20,146)	29,154	17,207
Accrued workers' compensation	87,839	18,216	(16,853)	89,202	14,366
Estimated claims payable	33,731	9,232	(5,326)	37,637	15,301
Other postemployment benefits obligation	153,369	53,272	(25,984)	180,657	-
Long-term obligations	\$ 346,569	\$ 171,894	\$ (115,141)	\$ 403,322	\$ 50,189

San Francisco General Hospital Medical Center

Bonds payable:					
Certificates of participation	\$ 22,006	\$ -	\$ (1,132)	\$ 20,874	\$ 1,196
Capital leases	2,923	1,776	(1,217)	3,482	1,223
Accrued vacation and sick leave pay	20,895	15,536	(14,771)	21,660	12,027
Accrued workers' compensation	21,995	5,125	(4,693)	22,427	3,433
Other postemployment benefits obligation	142,198	45,480	(16,202)	171,476	-
Long-term obligations	\$ 210,017	\$ 67,917	\$ (38,015)	\$ 239,919	\$ 17,879

San Francisco Wastewater Enterprise

Bonds payable:					
Revenue bonds	\$ 446,765	\$ 524,985	\$ (207,200)	\$ 764,550	\$ 32,805
Certificates of participation	31,655	-	(521)	31,134	538
Less deferred amounts:					
For issuance premiums	19,558	60,203	(19,054)	60,707	-
On refunding	(11,688)	(5,009)	12,580	(4,097)	-
Total bonds payable	486,310	580,179	(214,195)	852,294	33,343
State of California - revolving fund loans	36,898	-	(36,898)	-	-
Accrued vacation and sick leave pay	5,698	3,137	(2,622)	6,013	3,176
Accrued workers' compensation	3,927	2,042	(1,638)	4,331	748
Estimated claims payable	8,538	2,869	(3,029)	8,378	2,768
Other postemployment benefits obligation	25,513	8,508	(2,456)	32,565	-
Long-term obligations	\$ 567,884	\$ 596,735	\$ (261,038)	\$ 903,581	\$ 40,035

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (continued)
June 30, 2013
(Dollars in Thousands)

The changes in long-term obligations for each enterprise fund for the year ended June 30, 2013 are as follows (continued):

	Additional Obligations, Interest Accretion and Net		Current Maturities, Retirements, and Net		June 30, 2013	Amounts Due Within One Year
	July 1, 2012	Increases	Decreases			
Part of San Francisco						
Bonds payable:						
Revenue bonds	\$ 35,495	\$ -	\$ (695)	\$ 34,800	\$ 725	
Less deferred amounts:						
For issuance discounts	(246)	-	8	(238)	-	
Total bonds payable	35,249	-	(687)	34,562	725	
Notes, loans, and other payables	2,713	-	(110)	2,603	115	
Accrued vacation and sick leave pay	2,314	620	(604)	2,330	1,239	
Accrued workers' compensation	2,797	809	(891)	2,715	360	
Estimated claims payable	1,626	411	(355)	1,682	1,332	
Other postemployment benefits obligation	13,380	4,002	(1,396)	16,056	-	
Long-term obligations	\$ 58,099	\$ 5,842	\$ (3,993)	\$ 59,948	\$ 3,801	
Laguna Honda Hospital						
Bonds payable:						
Certificates of participation	\$ 153,850	\$ -	\$ (5,105)	\$ 148,745	\$ 5,980	
Less deferred amounts:						
For issuance premiums	2,502	-	(133)	2,369	-	
Total bonds payable	156,352	-	(5,238)	151,114	5,980	
Capital leases	232	-	(106)	124	83	
Accrued vacation and sick leave pay	9,745	6,762	(6,845)	9,663	5,398	
Accrued workers' compensation	12,539	4,527	(3,451)	13,614	2,182	
Other postemployment benefits obligation	59,812	9,541	-	69,353	-	
Long-term obligations	\$ 292,280	\$ 20,830	\$ (15,642)	\$ 297,468	\$ 13,003	
Total Business-type Activities:						
Bonds payable:						
Revenue bonds	\$ 8,917,950	\$ 697,495	\$ (655,430)	\$ 8,960,015	\$ 476,605	
Clean renewable energy bonds	19,528	-	(1,009)	18,519	1,309	
Certificates of Participation	343,326	-	(8,997)	334,329	9,406	
Lease revenue bonds	5,075	-	(5,075)	-	-	
Less deferred amounts:						
For issuance premiums	344,033	74,695	(49,700)	368,028	-	
For issuance discounts	(691)	-	29	(662)	-	
On refunding	(155,773)	(6,763)	26,377	(136,159)	-	
Total bonds payable	9,473,448	765,427	(693,805)	9,545,070	497,319	
Accrued interest payable	4,450	317	-	4,767	-	
State of California - Revolving fund loans	36,898	-	(36,898)	-	-	
Notes, loans, and other payables	2,713	-	(110)	2,603	115	
Capital leases	3,155	1,776	(1,325)	3,606	1,306	
Accrued vacation and sick leave pay	98,188	68,318	(67,073)	99,434	55,019	
Accrued workers' compensation	144,456	36,805	(32,817)	148,444	24,002	
Estimated claims payable	58,593	21,325	(14,741)	63,581	24,284	
Other postemployment benefits obligation	552,217	161,183	(55,392)	658,008	-	
Long-term obligations	\$10,372,519	\$ 1,055,156	\$ (902,161)	\$10,525,513	\$ 592,045	

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (continued)
June 30, 2013
(Dollars in Thousands)

Annual debt service requirements to maturity for all bonds and loans outstanding as of June 30, 2013 for governmental activities are as follows:

Fiscal Year Ending	Governmental Activities ⁽¹⁾							
	General Obligation Bonds		Lease Revenue Bonds		Other Long-Term Obligations		Total	
	Principal	Interest ⁽²⁾	Principal	Interest ⁽²⁾	Principal ⁽³⁾	Interest	Principal	Interest
2014	\$ 150,279	\$ 88,438	\$ 20,780	\$ 6,525	\$ 31,193	\$ 24,976	\$ 202,252	\$ 119,939
2015	151,880	81,666	20,440	6,041	43,230	24,509	215,650	112,218
2016	105,753	74,344	18,795	5,485	39,294	22,948	163,842	102,779
2017	97,779	69,400	14,025	5,002	37,427	21,218	148,231	95,521
2018	98,503	54,598	10,880	4,625	38,499	19,432	147,972	88,759
2019-2023	476,328	256,244	64,670	18,707	102,496	79,895	643,492	354,646
2024-2028	488,759	141,334	73,905	10,367	99,021	59,045	656,695	209,746
2029-2033	311,789	33,789	36,240	2,890	109,678	34,941	457,717	71,619
2034-2038	10,405	787	2,335	134	58,102	11,379	70,842	12,300
2039-2043	-	-	-	-	24,600	1,693	24,600	1,693
Total	\$ 1,889,583	\$ 810,899	\$ 262,070	\$ 59,781	\$ 580,480	\$ 299,838	\$2,732,233	\$1,169,319

- The specific year for payment of estimated claims payable, accrued vacation and sick leave pay, accrued workers' compensation and other postemployment benefits obligation is not practicable to determine.
- Includes the Moscone Center Expansion Project Lease Revenue Refunding Bonds Series 2008-1 & 2, which bears interest at a weekly rate. An assumed rate of 0.055%, together with liquidity fee of 0.710% and remarketing fee of 0.0725%, were used to project the interest payment in this table.
- The interest is before the federal subsidy for the General Obligation Bonds Series 2010 C and Series 2010 D, approximately \$43.9 million and \$9.0 million, respectively, through the year ending 2030. The payment of subsidy by the IRS from March 1, 2013 to September 30, 2013, was reduced by 8.7% due to federal sequestration. Future interest subsidy may be reduced as well.
- Includes approximately \$9.4 million in lease payments to the Successor Agency for the Moscone Convention Center through fiscal year 2018.

The annual debt service requirement to maturity for all bonds and loans outstanding as of June 30, 2013 for each enterprise fund is as follows:

San Francisco International Airport ⁽¹⁾		
Fiscal Year Ending	Revenue Bonds	
June 30	Principal	Interest
2014	\$ 163,095	\$ 188,918
2015	181,870	182,739
2016	187,230	175,095
2017	181,140	169,652
2018	197,270	158,360
2019-2023	1,207,605	628,046
2024-2028	1,091,125	331,089
2029-2033	421,000	126,459
2034-2038	211,870	55,569
2039-2040	64,590	4,325
Total	\$ 3,906,395	\$ 2,017,250

- The specific year for payment of estimated claims payable, accrued vacation and sick leave pay, accrued workers' compensation and other postemployment benefits obligation is not practicable to determine.

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (continued)
June 30, 2013
(Dollars in Thousands)

The table below presents the Airport's revenue bond debt service requirements in the event the letters of credit securing the Airport's outstanding variable rate bonds had to be drawn upon to pay such bonds and the amount drawn had to be repaid by Airport pursuant to the terms of the related agreements with the banks providing such letters of credit:

San Francisco International Airport ⁽¹⁾		
Fiscal Year	Revenue	
Ending	Bonds	
June 30	Principal	Interest
2014.....	\$ 418,535	\$ 186,832
2015.....	216,620	170,646
2016.....	275,875	158,562
2017.....	264,025	147,414
2018.....	173,415	138,174
2019-2023....	1,052,250	544,791
2024-2028....	881,015	287,756
2029-2033....	348,400	122,260
2034-2038....	211,670	55,568
2039-2040....	64,590	4,325
Total.....	\$ 3,906,395	\$ 1,816,328

San Francisco Water Enterprise ⁽¹⁾						
Fiscal Year	Revenue		Other Long-Term		Total	
Ending	Bonds		Obligations			
June 30	Principal	Interest ⁽²⁾	Principal	Interest ⁽²⁾	Principal	Interest
2014.....	\$ 20,825	\$ 215,594	\$ 2,035	\$ 7,132	\$ 22,860	\$ 222,726
2015.....	25,850	214,508	2,106	7,060	27,956	221,568
2016.....	33,700	213,068	2,199	6,968	35,899	220,036
2017.....	53,625	210,954	2,313	6,856	55,938	217,810
2018.....	59,715	208,346	2,431	6,737	62,146	215,083
2019-2023....	495,215	982,162	14,163	31,681	509,378	1,013,843
2024-2028....	649,270	840,366	17,761	27,108	667,031	867,474
2029-2033....	817,995	653,798	21,834	20,808	839,829	674,606
2034-2038....	1,001,445	414,806	26,918	12,940	1,028,363	427,746
2039-2043....	791,940	162,053	25,985	3,460	817,925	165,513
2044-2048....	169,080	46,415	-	-	169,080	46,415
2049-2051....	74,890	7,965	-	-	74,890	7,965
Total.....	\$ 4,193,550	\$ 4,170,035	\$ 117,746	\$ 130,750	\$ 4,311,296	\$ 4,300,785

⁽¹⁾ The specific year for payment of estimated claims payable, accrued vacation and sick leave pay, accrued workers' compensation and other postemployment benefits obligation is not practicable to determine.

⁽²⁾ The interest is gross of federal interest subsidy. The subsidy on Revenue Bonds 2010 Series B, E and G represent 35% of the bonds interest, which is approximately \$541.6 million through the year ending 2051. The subsidy on the Certificates of Participation Series D (Taxable) is approximately \$43.4 million through the year ending 2042. The payment of subsidy by the IRS from March 1, 2013 to September 30, 2013 was reduced by 8.7% due to federal sequestration. Future interest subsidy may be reduced as well.

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (continued)
June 30, 2013
(Dollars in Thousands)

Hetch Hetchy Water and Power ⁽¹⁾						
Fiscal Year	Revenue		Other Long-Term		Total	
Ending	Bonds		Obligations			
June 30	Principal	Interest ^{(2) (4)}	Principal	Interest ^{(3) (4)}	Principal	Interest
2014.....	\$ 1,308	\$ 667	\$ 277	\$ 970	\$ 1,585	\$ 1,637
2015.....	1,321	625	287	961	1,608	1,586
2016.....	1,332	582	299	948	1,631	1,530
2017.....	1,344	539	315	933	1,659	1,472
2018.....	1,356	496	331	917	1,687	1,413
2019-2023....	6,964	1,801	1,928	4,314	8,892	6,115
2024-2028....	4,894	612	2,418	3,691	7,312	4,303
2029-2033....	-	-	2,972	2,833	2,072	2,833
2034-2038....	-	-	3,665	1,762	3,865	1,762
2039-2042....	-	-	3,538	471	3,538	471
Total.....	\$ 18,519	\$ 5,322	\$ 16,030	\$ 17,800	\$ 34,548	\$ 23,122

Municipal Transportation Agency ⁽¹⁾			
Fiscal Year	Revenue		
Ending	Bonds		
June 30	Principal	Interest	
2014.....	\$ 3,315	\$ 2,844	
2015.....	3,415	2,744	
2016.....	3,555	2,608	
2017.....	3,715	2,430	
2018.....	3,505	2,244	
2019-2023....	9,160	9,351	
2024-2028....	6,310	7,673	
2029-2033....	7,860	6,117	
2034-2038....	9,970	4,023	
2039-2042....	9,915	1,270	
Total.....	\$ 60,720	\$ 41,304	

San Francisco General Hospital ⁽¹⁾		
Fiscal Year	Other Long-Term	
Ending	Obligations	
June 30	Principal	Interest
2014.....	\$ 2,419	\$ 1,383
2015.....	2,479	1,314
2016.....	2,159	1,164
2017.....	1,627	970
2018.....	1,488	849
2019-2023....	8,796	2,893
2024-2026....	5,388	457
Total.....	\$ 24,356	\$ 9,030

⁽¹⁾ The specific year for payment of estimated claims payable, accrued vacation and sick leave pay, accrued workers' compensation and other postemployment benefits obligation is not practicable to determine.

⁽²⁾ Interest payments are not required on Clean Renewable Energy Bonds (CREBS) since the effective equivalent of interest on the bonds is paid in the form of Federal tax credits in lieu of interest paid by the issuer. Interest on Qualified Energy Conservation Bonds (QECBs) includes \$2.1 million of federal interest subsidy through fiscal year ending 2028 and New Clean Renewable Energy Bonds (NCREBs) includes \$1.7 million Federal interest subsidy through fiscal year ending 2028.

⁽³⁾ The interest is before the federal interest subsidy for the Certificates of Participation 2009 Series D (Taxable), which amounts to approximately \$5.9 million through the year ending 2042.

⁽⁴⁾ The payment of subsidy by the IRS from March 1, 2013 to September 30, 2013 was reduced by 8.7% due to federal sequestration. Future interest subsidy may be reduced as well.

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (continued)
June 30, 2013
(Dollars in Thousands)

Fiscal Year Ending June 30	San Francisco Wastewater Enterprise ⁽¹⁾					
	Revenue		Other Long-Term		Total	
	Bonds		Obligations			
	Principal	Interest ^{(2) (4)}	Principal	Interest ^{(3) (4)}	Principal	Interest
2014.....	\$ 32,805	\$ 35,518	\$ 538	\$ 1,986	\$ 33,343	\$ 37,404
2015.....	30,895	33,473	557	1,967	31,452	35,340
2016.....	31,115	32,383	581	1,843	31,696	34,226
2017.....	20,970	31,384	612	1,813	21,482	33,197
2018.....	20,015	30,481	643	1,781	20,659	32,262
2019-2023.....	109,585	137,288	3,745	8,376	113,330	145,664
2024-2028.....	92,160	113,379	4,696	7,168	96,856	120,547
2029-2033.....	114,510	86,929	5,774	5,502	120,284	92,431
2034-2038.....	141,050	55,154	7,117	3,422	148,167	58,576
2039-2043.....	171,545	18,807	6,871	915	178,416	19,722
Total.....	\$ 764,550	\$ 574,796	\$ 31,134	\$ 34,573	\$ 795,684	\$ 605,369

Fiscal Year Ending June 30	Port of San Francisco ⁽¹⁾					
	Revenue		Other Long-Term		Total	
	Bonds		Obligations			
	Principal	Interest	Principal	Interest	Principal	Interest
2014.....	\$ 725	\$ 2,122	\$ 115	\$ 117	\$ 840	\$ 2,239
2015.....	755	2,088	120	112	875	2,200
2016.....	795	2,051	125	107	920	2,158
2017.....	835	2,008	131	101	966	2,109
2018.....	885	1,960	136	95	1,021	2,055
2019-2023.....	5,330	8,898	781	377	6,111	9,275
2024-2028.....	7,450	6,769	974	185	8,424	6,954
2029-2033.....	7,350	3,896	221	10	7,571	3,906
2034-2038.....	7,235	2,031	-	-	7,235	2,031
2039-2040.....	3,440	266	-	-	3,440	266
Total.....	\$ 34,600	\$ 32,089	\$ 2,603	\$ 1,104	\$ 37,403	\$ 33,193

⁽¹⁾ The specific year for payment of estimated claims payable, accrued vacation and sick leave pay, accrued workers' compensation and other postemployment benefits obligation is not practicable to determine.

⁽²⁾ Interest before subsidy amounts include the interest for the 2010 Series A and B and 2013 Series A and B bonds. The Federal interest subsidy represents 35% of the interest for the 2010 Series B revenue bonds, which is approximately \$74.4 million through the year ending 2043.

⁽³⁾ The interest is before the Wastewater Enterprise's portion of the Federal interest subsidy for the Certificates of Participation Series 2009 D (Taxable), which amounts to approximately \$11.5 million through the year ending 2042.

⁽⁴⁾ The payment of subsidy by the IRS from March 1, 2013 to September 30, 2013 was reduced by 8.7% due to federal sequestration. Future interest subsidy may be reduced as well.

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Fiscal Year Ending June 30	Laguna Honda Hospital ⁽¹⁾		
	Other Long-Term		Total
	Obligations		
	Principal	Interest	
2014.....	\$ 5,443	\$ 7,411	
2015.....	5,641	7,162	
2016.....	5,875	6,875	
2017.....	6,140	6,611	
2018.....	6,440	6,309	
2019-2023.....	37,145	26,607	
2024-2028.....	47,400	16,348	
2029-2031.....	34,585	3,665	
Total.....	\$ 148,669	\$ 80,988	

⁽¹⁾ The specific year for payment of estimated claims payable, accrued vacation and sick leave pay, accrued workers' compensation and other postemployment benefits obligation is not practicable to determine.

Fiscal Year Ending June 30	Total Business-type Activities					
	Revenue/Lease Revenue		Other Long-Term		Total	
	Bonds		Obligations			
	Principal	Interest	Principal	Interest	Principal	Interest
2014.....	\$ 222,073	\$ 445,683	\$ 10,827	\$ 18,899	\$ 232,900	\$ 464,582
2015.....	243,906	436,176	11,190	18,476	255,096	454,652
2016.....	257,727	425,787	11,238	17,905	268,965	443,692
2017.....	261,529	413,967	11,138	17,284	272,667	431,251
2018.....	262,746	401,887	11,469	16,688	284,215	418,575
2019-2023.....	1,833,859	1,767,546	86,558	74,248	1,900,417	1,841,794
2024-2028.....	1,851,209	1,299,888	78,837	54,957	1,929,848	1,354,845
2029-2033.....	1,368,715	877,199	65,386	32,618	1,434,101	910,017
2034-2038.....	1,371,370	531,582	37,700	18,124	1,409,070	549,706
2039-2043.....	1,041,430	186,721	38,395	4,846	1,077,825	191,567
2044-2048.....	169,080	46,415	-	-	169,080	46,415
2049-2051.....	74,890	7,965	-	-	74,890	7,965
Total.....	\$ 8,978,534	\$ 6,840,795	\$ 340,538	\$ 274,245	\$ 9,319,072	\$ 7,115,041

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Governmental Activities Long-term Liabilities

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition or improvement of real property and construction of affordable housing. General obligation bonds have been issued for both governmental and business-type activities. The net authorized and unissued governmental activities general obligation bonds for the fiscal year ended June 30, 2013, are as follows:

Governmental Activities - General Obligation Bonds	
Authorized and unissued as of June 30, 2012.....	\$ 1,077,590
Increases in authorization this fiscal year:	
Clean and Safe Neighborhood Parks.....	195,000
Bonds issued:	
San Francisco General Hospital Improvement Series 2012D.....	(251,100)
Earthquake Safety and Emergency Response Bonds Series 2012E.....	(38,265)
Clean and Safe Neighborhood Parks Bonds Series 2013A.....	(71,970)
Earthquake Safety and Emergency Response Bonds Series 2013B.....	(31,020)
Road Repaving and Street Safety Bonds Series 2013C.....	(129,560)
Net authorized and unissued as of June 30, 2013.....	<u>\$ 750,675</u>

The increase in authorized amount of \$195.0 million of 2012 Clean and Safe Neighborhood Parks General Obligation Bonds was approved by at least two-thirds votes of the City electorate voting on Proposition B at an election held on November 6, 2012. The bonds will be issued to provide funds to improve parks, playgrounds, public spaces along the waterfront and trail reconstruction.

In August 2012, the City issued General Obligation Bonds Series 2012D (San Francisco General Hospital Improvement) in the amount of \$251.1 million and Series 2012E (Earthquake Safety and Emergency Response) in the amount of \$38.3 million. Both series bear interest rates ranging from 4.0% to 5.0% and mature from June 2013 through June 2032. The Series 2012D bonds were issued to finance the building or rebuilding and improving the earthquake safety of the San Francisco General Hospital and Trauma Center and to pay certain costs related to the issuance of the Series 2012D bonds. The Series 2012E bonds were issued to finance the improvements of fire, earthquake and emergency response and ensure firefighters a reliable water supply for fires and disasters, to improve neighborhood fire stations, to replace the seismically unsafe emergency command center and to pay certain costs related to the issuance of the Series 2012E bonds.

In June 2013, the City issued the following series of General Obligation Bonds: Series 2013A (Clean and Safe Neighborhood Parks) in the amount of \$72.0 million, Series 2013B (Earthquake Safety and Emergency Response) in the amount of \$31.0 million and Series 2013C (Road Repaving and Street Safety) in the amount of \$129.6 million. Series 2013A, 2013B and 2013C bonds bear interest rates ranging from 4.0% to 5.0% and mature from June 2014 through June 2033. The proceeds of the Series 2013A bonds will be used to finance improvements to park, open space and recreational facilities within the City. The proceeds of the Series 2013B bonds will be used to finance improvements to earthquake safety and emergency responsiveness facilities and infrastructures. The proceeds of the Series 2013C bonds will be used for improvements to various streets, stairways, bridges, overpasses and other traffic infrastructure within the City. The proceeds of Series 2013A, 2013B and 2013C bonds will also be used to pay certain costs related to the issuance of the respective series.

The debt service payments are funded through ad valorem taxes on property.

Certificates of Participation

In May 2013, the City issued City and County of San Francisco Certificates of Participation Series 2013A (Moscone Center Improvements) for \$35.6 million to provide funds to retire certain commercial paper the proceeds of which financed the cost of acquisition, construction, renovation, reconstruction

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and equipping of improvements to the existing site and facilities of Moscone Center, to fund the reserve fund established under the agreement and to pay costs of execution and delivery of the certificates. The Series 2013A certificates mature from September 2013 through September 2017 with interest rates ranging from 4.0% to 5.0%.

At June 30, 2013, the City has a total of \$551.6 million of certificates of participation payable by pledged revenues from the base rental payments payable by the City. Total debt service payments remaining on the certificates of participation are \$831.3 million payable through September 1, 2040. For the fiscal year ended June 30, 2013, principal and interest paid by the City totaled \$15.4 million and \$23.3 million, respectively.

Lease Revenue Bonds

The changes in governmental activities – lease revenue bonds related to the equipment program for the year ended June 30, 2013 were as follows:

Governmental Activities - Lease Revenue Bonds	
Authorized and unissued as of June 30, 2012.....	\$ 136,404
Increase in authorization in this fiscal year:	
Current year annual increase in Finance Corporation's equipment program.....	2,786
Current year maturities in Finance Corporation's equipment program.....	9,360
Bond Issued:	
Series 2013A, San Francisco Finance Corporation.....	(11,125)
Net authorized and unissued as of June 30, 2013.....	<u>\$ 137,425</u>

Finance Corporation

The purpose of the Finance Corporation is to provide a means to publicly finance, through lease financings, the acquisition, construction and installation of facilities, equipment and other tangible real and personal property for the City's general governmental purposes.

The Finance Corporation uses lease revenue bonds to finance the purchase or construction of property and equipment, which are in turn leased to the City under the terms of an Indenture and Equipment Lease Agreement. These assets are then recorded in the basic financial statements of the City. Since the sole purpose of the bond proceeds is to provide lease financing to the City, any amounts that are not applied towards the acquisition or construction of real and personal property such as unapplied acquisition funds, bond issue costs, amounts withheld pursuant to reserve fund requirements, and amounts designated for capitalized interest are recorded as deferred credits in the internal service fund until such time as they are used for their intended purposes. The deferred credits are eliminated in the governmental activities statement of net position.

The lease revenue bonds are payable by pledged revenues from the base rental payments payable by the City, pursuant to a Master Lease Agreement between the City and the San Francisco Finance Corporation for the use of equipment and facilities acquired, constructed and improved by the Finance Corporation. The total debt service requirement remaining on the lease revenue bond is \$321.9 million payable through June 2034. For the fiscal year ended June 30, 2013, principal and interest paid by the Corporation and the total lease payments made by the City totaled \$22.5 million and \$5.9 million, respectively.

(a) Equipment Lease Program

In the June 5, 1990 election, the voters of the City approved Proposition C, which amended the City Charter to allow the City to lease-purchase up to \$20.0 million of equipment through a non-profit corporation using tax-exempt obligations. Beginning July 1, 1991, the Finance Corporation was authorized to issue lease revenue bonds up to \$20.0 million in aggregate principal amount

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outstanding plus 5% annual adjustment each July 1. As of June 30, 2013, the cumulative amount authorized was \$58.5 million, of which \$35.2 million remains outstanding.

In June 2013, the Finance Corporation issued its twentieth series of equipment lease revenue bonds, Series 2013A in the amount of \$11.1 million with interest rates ranging from 2.0% to 4.0%. The bonds mature from April 2014 through April 2019.

San Francisco Marina West Harbor Loan

In March 2009, the City through the Recreation and Park Department entered into a loan agreement with the Department of Boating and Waterways of the State of California. Under the Small Craft Harbor Construction Loan agreement, the Department of Boating and Waterways will advance the City a total amount of \$16.5 million in four phases of its construction project. Repayment of principal and interest begins on August 1, immediately after the final loan draw and annually thereafter until August 2045. Interest shall be compounded continuously at the rate of 4.5% on the unpaid balance. The loan repayment shall be made from project area gross revenues. Primary collateral for the loan consists of a lease/leaseback of the marina between the City and the Department of Boating and Waterways with an assignment of rents and leases on marina revenues. In addition, the Department of Boating and Waterways will receive a first lien position on the City's marina account surplus revenues to cover any payment shortfall after construction completion. In January 2011, the Department of Boating and Waterways authorized to fund Phase V of the project for \$7 million by an amendment to the loan agreement. Under the amended agreement, the City will provide and maintain a reserve fund that will act as security of the loan. At a minimum, a reserve of two annual payments (\$2.9 million) will be accumulated during the first ten years of the loan repayment terms and thereafter be maintained at that level. During the year ended June 30, 2013, the City drew down \$5.9 million and as of June 30, 2013 the amount of loan outstanding is \$12.7 million.

Business-Type Activities Long-Term Liabilities

The following provides a brief description of the current year additions to the long-term debt of the business-type activities.

San Francisco International Airport

Second Series Revenue Bonds (Capital Plan Bonds)

Pursuant to resolutions approved in fiscal years 2008 and 2012, the Airport has authorized the issuance of up to \$1.2 billion of San Francisco International Airport Second Series Revenue Bonds for the purpose of financing the construction, acquisition, equipping, and development of capital projects undertaken by the Airport, including retiring all or a portion of the Airport's outstanding subordinate commercial paper notes issued for capital projects, funding debt service reserves, and for paying costs of issuance.

No new capital plan bonds were issued during fiscal year 2013. As of June 30, 2013, \$605.9 million of the authorized capital plan bonds remained unissued.

Second Series Revenue Refunding Bonds (Remarketing)

In December 2012, the Airport remarketed its Second Series Revenue Refunding Bonds, Series 2009D (Non-AMT/Private Activity) in the principal amount of \$84.7 million as long-term bonds with fixed interest rates to their respective maturity dates. The Series 2009D bonds were originally issued in November 2009 with a May 2029 nominal final maturity date but were scheduled to become due in a single "balloon" payment in December 2012 via a mandatory tender by bondholders for purchase by the Airport.

The Series 2009D bonds were remarketed at premium with \$88.9 million in remarketing proceeds and \$0.2 million in the related interest account being used to pay the purchase price of the bonds on the December 4, 2012 mandatory tender date. \$0.2 million of Airport funds were used to refund a

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portion of the Series 2009D bonds in connection with a voluntary closing agreement with the Internal Revenue Service. When originally issued, the Series 2009D bonds were secured by a separate reserve account. Following the remarketing, the Series 2009D bonds are secured by the Airport's parity reserve (the Issue 1 Reserve Account). The entire \$8.8 million released from the 2009D reserve account was deposited into the Issue 1 Reserve Account.

In April 2013, the Airport remarketed its long-term Second Series Variable Rate Revenue Refunding Bonds, Issue 36A (Non-AMT/Private Activity) with a new letter of credit from U.S. Bank National Association expiring in October 2016. The bonds were originally secured by a letter of credit from Wells Fargo Bank, National Association, that expired in May 2013. The Issue 36A bonds were remarketed with the original maturity date of May 1, 2026 and no changes to principal amortization.

Variable Rate Demand Bonds

As of June 30, 2013, the Airport had outstanding aggregate principal amount of \$482.6 million of Second Series Variable Rate Revenue Refunding Bonds, consisting of Issue 36A/B/C, and Issue 37C, and Series 2010A, (collectively the "Variable Rate Bonds") with final maturity dates of May 1, 2026 (Issue 36A/B/C), and May 1, 2029 (Issue 37C), and May 1, 2030 (Series 2010A). The Variable Rate Bonds are long-term, tax-exempt bonds that currently bear interest at a rate that is adjusted weekly, and that are subject to tender at par at the option of the holder thereof on seven days notice. Any tendered Variable Rate Bonds are remarketed by the applicable remarketing agent in the secondary market to other investors. The interest rate on the Variable Rate Bonds can be converted to other interest rate modes, including a term rate or fixed rates to maturity, upon appropriate notice by the Airport.

The scheduled payment of the principal and purchase price of and interest on the Variable Rate Bonds is secured by separate irrevocable direct-pay letters of credit issued to the Senior Trustee for the benefit of the applicable bondholders by the banks identified in the tables below. Amounts drawn under a letter of credit that are not reimbursed by the Airport constitute "Repayment Obligations" under the 1991 Master Resolution and are accorded the status of other outstanding bonds to the extent provided in the Resolution. The commitment fees for the letters of credit range between 0.57% and 1.05% per annum. As of June 30, 2013, there were no unreimbursed draws under these facilities.

If the Airport is unable to secure a replacement credit facility or remarket the bonds on or prior to the applicable letter of credit expiration date, the related bank is required to purchase the bonds under the expiring letter of credit, subject to reimbursement by the Airport in accordance to the terms of "Repayment Obligations" under the 1991 Master Resolution.

The primary terms of the letters of credit securing the Variable Rate Bonds included in long-term debt as of June 30, 2013, are as follows:

	Issue 36A	Issue 36 C	Issue 37C
Principal Amount	\$100,000	\$36,145	\$89,895
Expiration Date	October 26, 2016	July 11, 2014	July 13, 2015
Credit Provider	U.S. Bank National Association	U.S. Bank National Association	Union Bank, NA.

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The primary terms of the letters of credit securing the Variable Rate Bonds included in current liabilities as of June 30, 2013, are as follows:

	Issue 36B	Series 2010A
Principal Amount	\$40,620	\$215,970
Expiration Date	May 2, 2014	January 31, 2014
Credit Provider	U.S. Bank National Association	JP Morgan Chase, Bank, N.A.

Interest Rate Swaps

Objective and Terms – In December, 2004, the Airport entered into seven forward starting interest rate swaps (the “2004 swaps”) with an aggregate notional amount of \$405.0 million, in connection with the anticipated issuance of Second Series Variable Rate Revenue Refunding Bonds, Issue 32A-E in February 2005, and Second Series Variable Rate Revenue Refunding Bonds, Issue 33 in February 2006. The swap structure was intended as a means to increase the Airport’s debt service savings when compared with fixed rate refunding bonds at the time of issuance. The expiration date of the 2004 swaps is May 1, 2026.

In July 2007, the Airport entered into four additional forward starting interest rate swaps in connection with the anticipated issuance of its Second Series Variable Rate Revenue Refunding Bonds, Issue 37B/C, in May 2008 (the 2007 swaps), and Second Series Variable Rate Revenue Refunding Bonds, Series 2010A, in February 2010 (the 2010 swaps). The expiration dates of the 2007 and 2010 swaps are May 1, 2029 and May 1, 2030, respectively.

In the spring of 2008, the Airport refunded several issues of auction rate and variable rate bonds, including Issue 32 and Issue 33. The 2004 swaps associated with these issues then became associated with the Second Series Variable Rate Revenue Refunding Bonds, Issues 36A-D and Issue 37A. Subsequently, in October and December 2008, the Airport refunded Issues 37A and Issue 37B, respectively. Concurrently with the refunding of Issue 37A, the three associated swaps, with an aggregate notional amount of \$205.1 million, were terminated. The swap associated with Issue 37B was not terminated upon the refunding of Issue 37B.

In December 2010, the Airport terminated the swap associated with the Series 2010A-3 bonds, with a notional amount of \$72.0 million. The Airport paid a termination amount of \$6.7 million to the counterparty, Depfa Bank plc. The payment was funded with taxable commercial paper, which was subsequently retired with Airport operating funds in March 2011. Following the termination of the Depfa swap, the Series 2010A-3 bonds, which are variable rate, were no longer hedged with an interest rate swap. The swap associated with the Issue 37B bonds, however, is now associated with the Series 2010A-3 bonds and the unhedged portions of Issue 36A/B/C.

In September 2011, the Airport refunded the Issue 36D bonds with proceeds of the Airport Second Series Revenue Bonds, Series 2011H and terminated the swap associated with Issue 36D, which had an initial notional amount of \$30.0 million and JP Morgan Chase Bank, N.A. as counterparty. The Airport paid a termination fee of \$4.6 million to the counterparty.

Under the 2004 swaps, the Airport receives a monthly variable rate payment from each counterparty equal to 63.5% of USD LIBOR BBA plus 0.29%. Under the 2007 and 2010 swaps, the Airport receives 61.85% of USD LIBOR BBA plus 0.34%. These payments are intended to approximate the variable interest rates on the bonds originally hedged by the swaps. The Airport makes a monthly fixed rate payment to the counterparties as set forth below which commenced on the date of issuance of the related bonds. The objective of the swaps is to achieve a synthetic fixed rate with respect to the hedged bonds. All of the outstanding interest rate swaps are terminable at their market value at any time solely at the option of the Airport.

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As of June 30, 2013, the Airport’s derivative instruments comprised six interest rate swaps that the Airport entered into to hedge the interest payments on several series of its variable rate Second Series Revenue bonds. The Airport determined the hedging relationship between the variable rate bonds and the related interest rate swaps to be effective as of June 30, 2013.

#	Current Bonds	Notional Amount	Effective Date
1	36AB	\$ 70,000	2/10/2005
2	36AB	69,930	2/10/2005
3	36C	30,000	2/10/2005
4	2010A*	79,684	5/15/2008
5	37C	89,856	5/15/2008
6	2010A	143,947	2/1/2010
	Total	<u>\$ 483,417</u>	

* The swap previously associated with Issue 37B is now indirectly hedging Series 2010A-3 and the unhedged portions of the Issue 36A-C.

Fair Value – The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of each swap. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market’s best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bonds due on the date of each future net settlement payment on the swaps.

As of June 30, 2013, the fair value of the Airport’s six outstanding swaps, counterparty credit ratings and fixed rate payable by the Airport are as follows:

#	Current Bonds	Counterparty/guarantor	Counterparty credit ratings (S&P/Moody’s/Fitch)	Fixed rate payable by Airport	Fair value to Airport
1	36AB	J.P. Morgan Chase Bank, N.A.	A+/Aa3/A+	3.444%	\$ (8,994)
2	36AB	J.P. Morgan Chase Bank, N.A.	A+/Aa3/A+	3.445%	(8,992)
3	36C	J.P. Morgan Chase Bank, N.A.	A+/Aa3/A+	3.444%	(3,854)
4	2010A	Merrill Lynch Capital Services, Inc./Merrill Lynch & Co.	A-/Baa2/A	3.898%	(13,919)
5	37C	J.P. Morgan Chase Bank, N.A.	A+/Aa3/A+	3.898%	(16,856)
6	2010A	Goldman Sachs Bank USA/ Goldman Sachs Group, Inc	A-/A3/A	3.925%	(28,376)
	Total				<u>\$ (80,991)</u>

The impact of the interest rate swaps on the financial statements for the fiscal year ended June 30, 2013 is as follows:

	Deferred outflows on derivative instruments	Derivative instruments
Balance, June 30, 2012.....	\$ 98,979	\$ 116,859
Change in fair value to year end...	(34,236)	(35,521)
Balance June 30, 2013.....	<u>\$ 64,743</u>	<u>\$ 81,338</u>

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The fair value of the interest rate swap portfolio is recorded as a liability (since the swaps are out of the money from the perspective of the Airport) in the statement of net position. Unless a swap was determined to be an off-market swap at the inception of its hedging relationship, the fair value of the swap is recorded as a deferred outflows of resources (if out of the money) or inflow of resources (if in the money). The off-market portions of the Airport's swaps are recorded as carrying costs with respect to various refunded bond issues. Unlike fair value and deferred inflows/outflows values, the balance of remaining off-market portions are valued on a present value, or fixed yield, to maturity basis. The difference between the deferred outflows of resources and derivative instruments above is the unamortized off-market portions of the swaps as of June 30, 2013.

Basis Risk – The Airport has chosen a variable rate index based on a percentage of LIBOR plus a spread, which historically has closely approximated the variable rates payable on the related bonds. However, the Airport is subject to the risk that a change in the relationship between the LIBOR-based swap rate and the variable bond rates would cause a material mismatch between the two rates. Changes that cause the payments received from the counterparty to be insufficient to make the payments due on the associated bonds result in an increase in the synthetic interest rate on the bonds, while changes that cause the counterparty payments to exceed the payments due on the associated bonds result in a decrease in the synthetic interest rate on the bonds. During the fiscal year ended June 30, 2013, the Airport received \$1.3 million in excess payments from its counterparties, resulting in a decrease in the effective synthetic interest rates on the associated bonds.

Credit Risk – As of June 30, 2013, the Airport is not exposed to credit risk because the swaps have a negative fair value to the Airport. Should long-term interest rates rise and the fair value of the swaps become positive, the Airport would be exposed to credit risk in the amount of the swaps' fair value. Under the terms of the swaps, counterparties are required to post collateral consisting of specified U.S. Treasury and Agency securities in an amount equal to the market value of a swap that exceeds specified thresholds linked to the counterparty's credit ratings. Any such collateral will be held by a custodial bank.

Counterparty Risk – The Airport is exposed to counterparty risk, which is related to credit and termination risk. While the insolvency or bankruptcy of a counterparty, or its failure to perform would be a default under the applicable swap documents, none of the Airport's swaps would automatically terminate. Rather, the Airport would have the option to terminate the affected swap at its fair value, which may result in a payment to the counterparty. The Airport may also be exposed to counterparty risk in a high interest rate environment in the event a counterparty is unable to perform its obligations on a swap transaction leaving the Airport exposed to the variable rates on the associated debt. In order to diversify the Airport's swap counterparty credit risk and to limit the Airport's credit exposure to any one counterparty, the Airport's swap policy imposes limits on the maximum net termination exposure to any one counterparty. Maximum net termination exposure is calculated as of the date of execution of each swap and is monitored regularly during the term of the swap. The exposure limits vary for collateralized and non-collateralized swaps based upon the credit rating of the counterparty. If any exposure limit is exceeded by a counterparty during the term of a swap, the Airport Director is required to consult with the Airport's swap advisor and bond counsel regarding appropriate actions to take, if any, to mitigate such increased exposure, including, without limitation, transfer or substitution of a swap. As of June 30 2013, the fair value of the Airport's swaps was negative to the Airport (representing an amount payable by the Airport to each counterparty in the event the relevant swap was terminated). Although the Airport was not exposed to the credit of any counterparty with respect to termination amounts, the maximum net termination exposure limits in the Airport's swap policy were exceeded with respect to several counterparties. Following the consultation required by the Airport's swap policy, the Airport Director determined not to terminate, transfer or substitute such swaps.

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Termination Risk – All of the interest rate swaps are terminable at their market value at any time at the option of the Airport. The Airport has limited termination risk with respect to the interest rate swaps. That risk would arise primarily from certain credit-related events or events of default on the part of the Airport, the municipal swap insurer, or the counterparty. The Airport has secured municipal swap insurance for all its regular payments and some termination payments due under all its interest rate swaps except the swaps associated with the Series 2010A Bonds, from the following insurers:

#	Swap	Swap Insurer	Insurer credit ratings June 30, 2013 (S&P/Moody's)
1	Issue 36AB	FGIC/National Public Finance Guarantee Corporation	A/Baa1
2	Issue 36AB	FGIC/National Public Finance Guarantee Corporation	A/Baa1
3	Issue 36C	Assured Guaranty Municipal Corp.	AA-/A2
4	Series 2010A	None	N/A
5	Issue 37C	Assured Guaranty Municipal Corp.	AA-/A2
6	Series 2010A	None	N/A

If the Airport is rated between Baa1/BBB+/BBB+ and Baa3/BBB-/BBB- (Moody's/S&P/Fitch), and the applicable bond insurer is rated below A3/A- (Moody's/S&P), the counterparties may terminate the swaps and require the Airport to pay the termination value, if any, unless the Airport chooses to provide suitable replacement credit enhancement, assign the Airport's interest in the swaps to a suitable replacement counterparty, or post collateral to secure the swap termination value. If the Airport is rated below Baa3/BBB-/BBB- (Moody's/S&P/Fitch) or its ratings are withdrawn or suspended, and the applicable bond insurer is rated below A3/A- (Moody's/S&P), the counterparties may terminate the swaps and require the Airport to pay the termination value, if any. With respect to the Series 2010A swaps with no swap insurance, the counterparty termination provisions and the Airport rating thresholds are the same as described above.

Additional Termination Events under the swap documents with respect to the Airport include an insurer payment default under the applicable swap insurance policy, and certain insurer rating downgrades or specified insurer non-payment defaults combined with a termination event or event of default on the part of the Airport or a ratings downgrade of the Airport below investment grade. Additional Termination Events under the swap documents with respect to a counterparty include a rating downgrade below A3/A1/A1 (Moody's/S&P/Fitch), followed by a failure of the counterparty to assign its rights and obligations under the swap documents to another entity acceptable to the applicable insurer within 15 business days.

Each of the Airport's three bank counterparties, Goldman Sachs Group Inc., JPMorgan Chase Bank N.A. and Merrill Lynch & Co. was downgraded by one or more of the rating agencies during the year ending June 30, 2012. During the fiscal year 2013, the rating agencies did not take a rating action on any of the banks acting as swap counter party or guarantor.

Merrill Lynch & Co. was downgraded by Moody's on September 21, 2011 to "Baa1" (and subsequently to "Baa2" in June 2012). This downgrade constituted an Additional Termination Event (ATE) under the interest rate swap agreement. On December 14, 2012, the Merrill Lynch swap was amended to cure the ATE by lowering the fixed rate from 3.898% to 3.773% effective as of October 1, 2012, and adding a new guarantee from Merrill Lynch Derivative Products AG effective as of December 18, 2012. Merrill Lynch also reimbursed the Airport \$0.02 million for excess payments from October 1 through November 30, 2012.

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The downgrades to Goldman Sachs and JPMorgan did not constitute an Additional Termination Events under the swap agreement with either counterparty. The downgrade of any swap counterparty increases the risk to the Airport that such counterparty may become bankrupt or insolvent and not perform under the applicable swap. If a counterparty does not perform under its swap, the Airport may be required to continue making its fixed rate payments to the counterparty even though it does not receive a variable rate payment in return. The Airport may elect to terminate a swap with a non-performing counterparty and may be required to pay a substantial termination payment approximately equal to the fair value of such swap, depending on market conditions at the time. As of June 30, 2013, the fair value of each swap was negative to the Airport as shown above.

San Francisco Water Enterprise

In August 2012, the San Francisco Water Enterprise issued tax-exempt revenue bonds, 2012 Series D in the amount of \$24.0 million for the purpose of refunding the remaining portion of the outstanding 2002 Series B bonds maturing on and after November 1, 2013. The bonds carried "Aa3" and "AA-" ratings from Moody's and S&P, respectively. The 2012 Series D refunding bonds include serial bonds with interest rates varying from 1.8% to 5.0% with principal amortizing from November 2018 through November 2019. The Series D bonds have a true interest cost of 1.34%. The refunding resulted in the recognition of a deferred accounting loss of \$0.9 million, a \$0.1 million gross debt service savings over the next seven-year terms and an economic gain of \$1.4 million or 5.8% of the refunded principal.

In February 2013, the Wholesale Water Customers through Bay Area Water Supply and Conservation Agency (BAWSCA) made an early repayment to the Water Enterprise towards the capital cost recovery payments in the amount of \$356.1 million. Of this repayment amount, \$247.1 million was deposited with the City Treasury for Retail Fund Balance accounts and regional and local capital projects to be spent in fiscal years 2013, 2014 and 2015; \$109.0 million was deposited to the Escrow Account (U.S. Bank National Association) for advance refunding/defeasance of a portion of water revenue bonds 2006 Series A, 2009 Series A and B, 2010 Series A, D, and F, and 2011 Series B and C. The Escrow Agent shall apply interest payments on the refunded bonds when they become due and to the principal amounts of the refunded bonds on their respective maturity dates, based on the Escrow Agreement. The defeasance of the refunded bonds and the deposit of monies with the escrow agent pursuant to the escrow agreement are authorized by and comply with the conditions and terms of the Enterprise Prepayment and Collection Agreement entered into between BAWSCA and the Enterprise, as well as the Water Enterprise Indenture. Accordingly, liability for the refunded bonds has been removed from the statement of net position. As of June 30, 2013, the balance of the defeased debt was \$96.4 million.

Municipal Transportation Agency

Revenue Bonds Series 2012A and 2012B

In July 2012, the San Francisco Municipal Transportation Agency (MTA) issued Revenue Refunding Bonds, Series 2012A in the total amount of \$38.0 million to refund prior bonds issued by the Parking Authority, the City of San Francisco Ellis-O'Farrell Corporation, the City of San Francisco Downtown Parking Corporation and the City of San Francisco Uptown Parking Corporation. The Series 2012A bonds bear interest ranging from 2.0% to 5.0% and mature through March 2032.

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The net proceeds of \$46.0 (consisting of the \$38.0 million par amount of the Series 2012A bonds plus original issue premium of \$5.1 million, plus \$2.9 million accumulated in the debt service and reserve fund related to the refunded bonds) were used to pay \$0.5 million in costs of issuance, make a \$2.7 million deposit into Reserve Account, and deposit \$42.7 million into irrevocable escrow funds with the Trustee to defease and refund \$42.3 million in revenue bonds described below.

	Refunded	Rate	Price
Series Revenue Bond:			
1999 Parking Meters Refunding	\$ 13,080	4.70% - 5.00%	100%
2000A North Beach	5,075	5.00% - 5.50%	100%
2001 Uptown Parking	15,465	5.50% - 6.00%	101%
2002 Ellis Parking	2,535	4.20% - 4.70%	100%
2002 Downtown Parking	8,095	4.50% - 5.38%	100%
Total	<u>\$ 42,250</u>		

The refunded bonds were defeased and redeemed on July 27, 2012. Accordingly, the liability for these bonds has been removed from the statements of net position. Although the refunding resulted in the recognition of a deferred accounting loss of \$0.9 million, the MTA obtained an economic gain (the difference between the present value of the old debt and the new debt) of \$6.7 million or 15.8% of the refunded bonds.

In July 2012, the MTA issued its Revenue Bonds, Series 2012B in the amount of \$25.8 million to finance the various transit and parking capital projects of the MTA and to pay certain costs related to the issuance of the Series 2012B bonds. Series 2012B included serial and term bonds with interest rates ranging from 3.0% to 5.0% and maturity of March 2023 through March 2042.

San Francisco Wastewater Enterprise

Wastewater Revenue Bonds 2013 Series A

In January 2013, the San Francisco Wastewater Enterprise issued tax-exempt revenue bonds 2013 Series A in the amount of \$193.4 million for the purpose of refunding the remaining portion of the outstanding 2003 Series A bonds maturing on and after October 1, 2013. The bonds carried "Aa3" and "AA-" ratings from Moody's and S&P, respectively. The 2013 Series A refunding bonds include serial bonds with interest rates varying from 1.0% to 5.0% and have a final maturity in October 2025. The Series A bonds have a true interest cost of 1.2%. The 2013 Series A bonds also refunded the remaining portion of the outstanding State revolving fund loans. The refunding resulted in the recognition of a deferred accounting loss of \$5.0 million. The refunding resulted in \$35.1 million gross debt service savings over the next 13 years, and an economic gain of \$32.8 million or 15.4% of the refunded principal. All of the outstanding 2003 Series A bonds were refunded on April 1, 2013, at a redemption price equal to their outstanding principal amount, plus accrued interest to the redemption rate, without premium.

Wastewater Revenue Bonds 2013 Series B

In February 2013, the Enterprise issued revenue bonds 2013 Series B in the amount of \$331.6 million with interest rates ranging from 4.0% to 5.0%. Proceeds from the bonds were used for Wastewater capital projects, to pay off all outstanding Wastewater commercial paper notes, and to pay the costs of issuing the bonds. The bonds were rated "Aa3" and "AA-" by Moody's and S&P, respectively. Bonds mature through October 1, 2042. The true interest cost is 3.6%.

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(9) EMPLOYEE BENEFIT PROGRAMS

(a) Retirement Plan

The City maintains a cost-sharing multiple-employer defined benefit pension plan (the Plan), which covers substantially all of its employees, and certain classified and certified employees of the San Francisco Community College District and Unified School District, and San Francisco Trial Court employees other than judges. Due to the relative insignificance of the other employers in the Plan, the City presents disclosure information for the Plan as if it were a single-employer plan. The Plan is administered by the San Francisco City and County Employees' Retirement System (the Retirement System). Some City employees participate in the California Public Employees' Retirement System (PERS), agent or cost-sharing multiple-employer, public employee pension plans, which cover certain employees in public safety functions, the Port, the Airport, the San Francisco County Transportation Authority and the former Redevelopment Agency and the Successor Agency.

Employees' Retirement System

Plan Description – Substantially all full-time employees of the City participate in the Plan. The Plan provides basic service retirement, disability and death benefits based on specified percentages of defined final average monthly salary and provides annual cost-of-living adjustments after retirement. The Plan also provides pension continuation benefits to qualified survivors. The San Francisco City and County Charter and the Administrative Code are the authority which establishes and amends the benefit provisions and employer obligations of the Plan. The retirement related payroll for employees covered by the Retirement System for the year ended June 30, 2013 was approximately \$2.4 billion. The Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to the San Francisco City and County Employees' Retirement System, 30 Van Ness Avenue, Suite 3000, San Francisco, CA 94102 or by calling (415) 487-7020.

Legislative Changes to the Plan – In June 2010, the voters of the City approved a Charter amendment to create new benefit plans for miscellaneous employees and firefighter and police employees who are hired on or after July 1, 2010. The new benefit plan covering miscellaneous employees hired on or after July 1, 2010 provides for a service retirement benefit, which is calculated using the member's final compensation (highest two-year average monthly compensation) multiplied by the member's years of credited service times the member's age factor up to a maximum of 75% of the member's final compensation. The two new benefit plans covering firefighter and police employees hired on or after July 1, 2010 provide for: a) an increase in required employee contributions from 7.5% of covered compensation in the previous safety plans to 9% of covered compensation, and b) a service retirement benefit, which is calculated using the member's final compensation (highest two-year average monthly compensation) multiplied by the member's years of credited service times the member's age factor up to a maximum of 90% of the member's final compensation.

Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Deferred Retirement Option Program – In February 2008, the voters of the City and County approved a Charter amendment to provide a Deferred Retirement Option Program (DROP) for certain Police members of the Plan to be effective July 1, 2008. An eligible police officer could elect to participate in DROP for a specified period of time up to a maximum of three years depending on the rank of the police officer. While participating in DROP, the police officer continues to work and receive pay as a police officer and accrues monthly DROP distributions posted to a nominal account maintained by the Retirement System. The monthly DROP distribution is equal to the participant's monthly service retirement allowance calculated as of the participant's entry into DROP. Interest at an annual effective rate of 4% and applicable COLAs are posted to the participant's DROP account during participation in DROP. Upon exiting from DROP, the participant receives a lump sum distribution from his or her DROP account and begins to receive a monthly service retirement allowance calculated using age,

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covered compensation and service frozen as of the date of his or her entry into DROP. DROP was closed to new applicants on June 30, 2011.

Changes in DROP liabilities during the year ended June 30, 2013 are as follows:

DROP liability, beginning of year	\$ 27,257
Additions	21,265
Distributions	(28,020)
DROP liability, end of year	<u>\$ 20,502</u>

Funding Policy – Contributions are made to the basic plan by both the City and the participating employees. Employee contributions are mandatory as required by the Charter. Employee contribution rates for fiscal year 2012-13 varied from 7% to 9% as a percentage of gross salary. For fiscal year ended June 30, 2013, most employee groups agreed through collective bargaining for employees to contribute the full amount of the employee contributions on a pretax basis. The City is required to contribute at an actuarially determined rate. Based on the July 1, 2011 actuarial report, the required employer contribution rate for fiscal year 2012-13 ranges from 17.71% to 20.71%.

Employer contributions and employee contributions made by the employer to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions.

Annual Pension Cost – The annual required contribution for the current year was determined as part of an actuarial valuation performed as of July 1, 2011. The actuarial method used was the entry age normal cost method. The significant actuarial assumptions include: (1) annual rate of return on investments of 7.66%; (2) cost of living adjustments of 2% to 5%; and (3) projected wage increases of 3.91% with additional for merit and promotion of 0.85% to 15.00% based on a participant's years of service and membership group. The actuarial value of Retirement System assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 5-year period. Unfunded liabilities are amortized using the level percentage of payroll method. Changes in actuarial gains and losses assumptions and supplemental COLAs are amortized as a level percentage of pay over an open 15-year period. Plan amendments and changes in interest crediting rate are amortized over a closed 20-year period.

Three-year trend information is as follows:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2011	\$ 308,823	100%	\$ -
6/30/2012	410,797	100%	-
6/30/2013	442,870	100%	-

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date, the actuarial value of assets was \$16.0 billion; the actuarial accrued liability was \$19.4 billion; the total unfunded actuarial accrued liability was \$3.4 billion; the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio) was 82.6%; the annual covered payroll was \$2.4 billion; and the ratio of the unfunded actuarial liability to annual covered payroll was 140.6%. The actuarial assumptions used were the same as described in the Annual Pension Cost section above except the assumptions for the investment rate of return of 7.58% and projected wage increases of 3.83%. The Retirement System's unfunded actuarial accrued liability from its July 1, 2011 actuarial valuation increased \$1.1 billion from a deficit of \$2.3 billion to a deficit of \$3.4 billion primarily due to investment experience during the year ended June 30, 2009. The actuarial value of assets is "smoothed" in order to mitigate the impact of investment performance volatility on employer contribution rates. Under the 5 years smoothing policy adopted by the Retirement Board, the investment losses from fiscal year 2008-09 will not be fully recognized until the July 1, 2013 actuarial valuation, which determines

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contribution rates for fiscal year 2014-15. As a result, the City's contribution rate is expected to continue to increase over the next three fiscal years even if the fund achieves its investment return assumptions. The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

California Public Employees' Retirement System

Various City public safety, Port, and all Successor Agency and San Francisco County Transportation Authority employees are eligible to participate in PERS. Disclosures for the San Francisco County Transportation Authority and Successor Agency are included in the separately issued financial statements.

Plan Description – The City contributes to PERS, an agent multiple-employer public employee defined benefit pension plan for safety members and a cost-sharing multiple-employer plan for miscellaneous members. Effective with the PERS June 30, 2003 actuarial valuation, PERS mandated that the City's miscellaneous members plan be included in a cost-sharing multiple-employer plan consisting of various government entities with plan memberships of less than 100 active members. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of PERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814. A separate report for the City's plan within PERS is not available.

Miscellaneous Plan

Funding Policy – Miscellaneous plan – Participants are required to contribute 7% of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the miscellaneous plan, the fiscal year 2012-13 contribution rate is 0% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost – Miscellaneous plan – Cost for PERS for fiscal year 2012-13 was equal to the City's required and actual contributions, which was determined as part of the June 30, 2010 actuarial valuation using the entry age actuarial cost method.

Three-year payment trend information is as follows:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2011	\$ -	N/A	\$ -
6/30/2012	-	N/A	-
6/30/2013	-	N/A	-

Safety Plan

Funding Policy – Safety plan – Participants are required to contribute 9% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate. For the safety plan, the fiscal year contribution rate is 21.58%. The contribution requirements of plan members and the City are established and may be amended by PERS.

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Annual Pension Cost – Safety Plan – The cost for PERS for fiscal year 2012-13 was equal to the City's required and actual contributions, which was determined as part of the June 30, 2010 actuarial valuation using the entry age actuarial cost method. The assumptions included in the June 30, 2010 actuarial valuation were: (a) 7.75% investment rate of return (net of administrative expenses), (b) 3.55% to 13.15% projected annual salary increases that vary by age, service and type of employment, and (c) 3.25% payroll growth. The inflation rate is 3.00%. For the June 30, 2010 actuarial valuation, the average remaining period is 29 years. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments. Changes in unfunded liability/(excess assets) due to changes in actuarial methods or assumptions or changes in plan benefits are amortized over as a level percentage of pay over a closed 20 year period.

Three-year trend information is as follows:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2011	\$ 16,664	100%	\$ -
6/30/2012	23,888	100%	-
6/30/2013	23,811	100%	-

Funded Status and Funding Progress – As of June 30, 2011, the most recent actuarial valuation date, the actuarial value of assets was \$788.6 million; the actuarial accrued liability was \$836.2 million; the total unfunded actuarial accrued liability was \$47.6 million; the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio) was 94.3%; the annual covered payroll was \$105.6 million; and the ratio of the unfunded actuarial liability to annual covered payroll was 45.1%. The assumptions included in the June 30, 2011 actuarial valuation were: (a) 7.50% investment rate of return (net of administrative expenses), (b) 3.30% to 14.20% projected annual salary increases that vary by age, service and type of employment, and (c) 3.00% payroll growth. The inflation rate is 2.75%. For the June 30, 2011 actuarial valuation, the average remaining period is 32 years. The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

(b) Deferred Compensation Plan

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees or other beneficiaries until termination, retirement, death, or unforeseeable emergency.

The City has no administrative involvement and does not perform the investing function. The City has no fiduciary accountability for the plan and, accordingly, the plan assets and related liabilities to plan participants are not included in the basic financial statements.

(c) Health Service System

The Health Service System was established in 1937. Health care benefits of employees, retired employees and surviving spouses are financed by beneficiaries and by the City through the Health Service System. The employers' contribution, which includes the San Francisco Community College District, San Francisco Unified School District and the San Francisco Superior Court, amounted to approximately \$630.1 million in fiscal year 2012-13. The employers' contribution is mandated and determined by Charter provision based on similar contributions made by the ten most populous counties in California. Included in this amount is \$193.9 million to provide postemployment health care benefits for 25,141 retired participants, of which \$155.9 million related to City employees. The City's liability for postemployment health care benefits is enumerated below. The City's contribution is

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paid out of current available resources and funded on a pay-as-you-go basis. The Health Service System issues a publicly available financial report that includes financial statements. That report may be obtained by writing to the San Francisco Health Service System, 1145 Market Street, Suite 200, San Francisco, CA 94103 or by calling (800) 541-2266.

(d) Postemployment Health Care Benefits

City (excluding the San Francisco County Transportation Authority and the San Francisco Redevelopment Agency)

Plan Description – The City maintains a single-employer, defined benefit other postemployment benefits plan, which provides health care benefits to employees, retired employees, and surviving spouses, through the City's Health Service System outlined above. Health care benefits are provided to members of the Health Service System through three plan choices: City Health Plan, Kaiser, and Blue Shield. The City does not issue a separate report on its other postemployment benefit plan.

The City established the Retiree Health Care Trust Fund to receive contributions for the purpose of providing a funding source for certain postemployment benefits other than pension. The Retiree Health Care Trust Fund is administered by a Retiree Health Care Board of Administration governed by five trustees, one selected by the City Controller, one by the City Treasurer, one by the Executive Director of the San Francisco Employees' Retirement System, and two elected by the active and retired members of the City's Health Service System.

Funding Policy – The contribution requirements of plan members and the City are based on a pay-as-you-go basis. For fiscal year ended June 30, 2013, the City paid approximately \$160.3 million on behalf of its retirees.

Annual OPEB Cost and Net OPEB Obligation – The City's annual other postemployment benefits (OPEB) expense is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost of each year and any unfunded actuarial liabilities (or funding excess) amortized over thirty years. The ARC was determined based on the July 1, 2010 actuarial valuation.

The net OPEB obligations are reflected in the statements of net position of the governmental activities, business-type activities, and fiduciary funds. The following table shows the components of the City's annual OPEB cost for the year, the amount contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 408,735
Interest on Net OPEB obligation	57,328
Adjustment to annual required contribution	<u>(47,524)</u>
Annual OPEB cost	418,539
Contribution made	<u>(160,292)</u>
Increase in net OPEB obligation	258,247
Net OPEB obligation - beginning of year	<u>1,348,883</u>
Net OPEB obligation - end of year	<u>\$ 1,607,130</u>

The table below shows how the total net OPEB obligation as of June 30, 2013, is distributed.

Governmental activities	\$ 899,970
Business-type activities	658,008
Fiduciary funds	<u>49,152</u>
Net OPEB obligation - end of year	<u>\$ 1,607,130</u>

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Eligible fiduciary funds' employees are City employees and thereby eligible for postemployment health benefits. These obligations are reported as other liabilities in the City's fiduciary funds financial statements.

Three-year trend information is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 392,151	37.2%	\$ 1,099,177
6/30/2012	405,850	38.5%	1,348,883
6/30/2013	418,539	38.3%	1,607,130

Funded Status and Funding Progress – The unfunded actuarial accrued liability is being amortized as a level percentage of expected payroll over an open thirty year period. As of July 1, 2010, the most recent actuarial valuation date, the funded status of the Retiree Health Care Benefits was 0.1%. The actuarial accrued liability for benefits was \$4.42 billion, and the actuarial value of assets was \$3.2 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$4.42 billion. As of July 1, 2010, the estimated covered payroll (annual payroll of active employees covered by the plan) was \$2.39 billion and the ratio of the UAAL to the covered payroll was 184.6%.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements for the City, SFCTA, and the Successor Agency present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation as of July 1, 2010, the entry age normal cost method was used. Under this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percent of expected salary for each year of employment between entry age (age at hire) and assumed exit (maximum retirement age). Unfunded liabilities are amortized using the level percentage of expected payroll over an open 30-year period. The actuarial assumptions included a 4.25% investment rate of return on investment; 4.0% payroll growth; and an ultimate medical inflation rate of 4.75% over 18 years.

The San Francisco Retiree Health Care Trust Fund (RHCTF) was established in December 2010 by the Retiree Health Trust Fund Board of the City and County of San Francisco. The RHCTF was established to receive employer and employee contributions prescribed by the Charter for the purpose of pre-funding certain postretirement health benefits. Proposition B requires employees hired on or after January 10, 2009 to contribute 2% of pay and the employer to contribute 1% of pay. Between January 10, 2009 and the establishment of the RHCTF, contributions were set aside and deposited into the RHCTF when it was established. Proposition C also requires all employees hired on or before January 9, 2009 to contribute 0.25% of pay to the RHCTF commencing July 1, 2016, increasing annually by 0.25% to a maximum of 1.0% of pay. The employer is required to contribute

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an equal amount. The RHCTF is currently invested in short-term fixed income securities. The RHCTF may not pay benefits from the Trust before January 1, 2020.

Proposition A was passed by voters on November 5, 2013, and will keep the Retiree Health Care Trust Fund (the Trust Fund) from being depleted and would allow the Trust Fund Board to make payments toward City retiree health care cost from the City's account in the fund only when Trust Fund is fully funded or only under certain circumstances. The City and its employees make contributions to the Fund. The Trust Board may not use these contributions to pay for retiree health care costs until January 1, 2020.

The Charter amendment will prohibit withdrawals from the Trust Fund until sufficient funds are set-aside to pay for all future retiree health care costs as determined by an actuarial study. Limited withdrawals prior to accumulating sufficient funds will be permitted only if annually budgeted retiree health care costs rise above 10% of payroll expenses, and will be limited to no more than 10% of the Trust Fund balance. Proposition A allows for revisions to these funding limitations and requirements only upon the recommendation of the Controller and an external actuary and if approved by the Retiree Health Care Trust Fund Board, two-thirds of the Board of Supervisors, and the Mayor.

San Francisco County Transportation Authority

The San Francisco County Transportation Authority (SFCTA) maintains a separate single-employer defined benefit OPEB plan for retiree health care benefits and reported a net OPEB obligation of \$0 as of June 30, 2013. As of June 30, 2011, the most recent actuarial valuation date, the plan's actuarial accrued liability (AAL) was \$0.7 million, actuarial value of plan assets was \$0.4 million, and unfunded actuarial accrued liability (UAAL) was \$0.3 million, resulting in a funded ratio of 60.4%. The SFCTA's covered payroll was \$3.3 million, and its UAAL as a percentage of covered payroll was 8.2%. Details of SFCTA's OPEB plan may be found in its financial statements for the year ended June 30, 2013. Financial statements for SFCTA can be obtained from their finance and administrative offices at 1455 Market Street, 22nd Floor, San Francisco, CA 94103.

As of June 30, 2013, the SFCTA's annual OPEB expense of \$163 was equal to the ARC. Three-year trend information is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 113	100%	\$ -
6/30/2012	158	100%	-
6/30/2013	163	100%	-

Successor Agency

Effective February 1, 2012, upon the operation of law to dissolve the former Agency, the Successor Agency assumed the former Agency's postemployment healthcare plan. The Successor Agency sponsors a single-employer defined benefit plan providing other postemployment benefits (OPEB) to employees who retire directly from the former Agency and/or the Successor Agency. The Successor Agency is a contracting agency under the Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by PERS and provides monthly retiree medical benefit contributions. Premiums in excess of the above Successor Agency contributions are paid by the retirees. Benefits provisions are established and may be amended by the Successor Agency.

The Successor Agency participates in the California Employers' Retiree Benefit Trust (CERBT) Fund. CERBT is administered by PERS and is an agent multiple-employer trust. Copies of PERS' financial report may be obtained from PERS website at www.calpers.ca.gov or from PERS at 400 "Q" Street, Sacramento, California 95811.

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Funding Policy – The contribution requirements of the plan members and the Successor Agency are established by and may be amended by the Successor Agency. The Successor Agency intends to fund plan benefits through the CERBT by contributing at least 100% of the annual required contribution.

The annual required contribution is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. During the year ended June 30, 2013, the Successor Agency contributed \$1.0 million to the plan for current benefit payments.

Annual Other Postemployment Benefit Cost and Net Obligation – The Successor Agency's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. Annual OPEB Cost (AOC) equals the plan's ARC, adjusted for historical differences between the ARC and amounts actually contributed. The Successor Agency's annual required contribution for the year ended June 30, 2013 is the sum of (a) normal cost and (b) a 25-year level percentage amortization of the June 30, 2012 unfunded liability.

The following table shows the components of the Successor Agency's annual OPEB cost for the year ended June 30, 2013, and the changes in the net OPEB obligation:

Annual required contribution	\$ 1,320
Interest on Net OPEB obligation	67
Adjustment to annual required contribution	(81)
Annual OPEB cost	1,306
Contribution made	(1,006)
Increase in net OPEB obligation	300
Net OPEB obligation - beginning of year	921
Net OPEB obligation - end of year	\$ 1,221

Three-year trend information is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011 *	\$ 1,346	113%	\$ 470
1/31/2012 **	747	65%	733
6/30/2012 ***	533	65%	921
6/30/2013	1,306	77%	1,221

* Represents trend information for the former Agency for the fiscal year.

** Represents trend information for the former Agency for the period July 1, 2011 through January 31, 2012.

*** Represents trend information for the Successor Agency for the period February 1, 2012 through June 30, 2012.

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Funded Status and Funding Progress – The funded status of the plan of the former Agency as of June 30, 2011, the plan's most recent actuarial valuation date, was as follows (in thousands):

Actuarial accrued liability (AAL)	\$ 14,390
Actuarial value of plan assets	1,856
Unfunded actuarial accrued liability (UAAL)	<u>\$ 12,534</u>
Funded ratio (actuarial value of plan assets/AAL)	12.9%
Covered payroll (active plan members)	\$ 4,185
UAAL as a percentage of covered payroll	299.5%

As of June 30, 2013, no actuarial valuation was performed for the Successor Agency's postemployment healthcare plan.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between the employer and plan members to that point.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The annual required contribution of the plan was determined based on the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method. Actuarial assumptions include (a) a discount rate of 7.25%, (b) PERS 1997–2007 Experience Study for Males and Females, (c) actual PEMCHA premiums, (d) pre-Medicare healthcare cost increases: 8.5% for 2014 graded down to 5.0% over 7 years, (e) post-Medicare healthcare cost increases: 8.9% graded down to 5.0% over 7 years, (e) 3.25% for projected payroll growth. The Successor Agency's unfunded actuarial accrued liability is being amortized as a level dollar amount over 26 years remaining on June 30, 2011.

(10) SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

The San Francisco County Transportation Authority (SFCTA) was created in 1989 by a vote of the San Francisco electorate. The vote approved Proposition B, which imposed a sales tax of one-half of one percent (0.5%), for a period not to exceed 20 years, to fund essential transportation projects. The types of projects to be funded with the proceeds from the sales tax are set forth in the San Francisco County Transportation Expenditure Plan (the Plan), which was approved as part of Proposition B. The SFCTA was organized pursuant to Sections 131000 et seq. of the Public Utilities Code. Collection of the voter-approved sales tax began on April 1, 1990. On November 4, 2003, the San Francisco voters approved Proposition K with a 74.7% affirmative vote, amending the City Business and Tax Code to extend the county-wide one-half of one percent sales tax, and to replace the 1989 Proposition B Plan with a new 30-year Expenditure Plan. The new Expenditure Plan includes investments in four major categories: 1) Transit; 2) Streets and Traffic Safety (including street resurfacing, and bicycle and pedestrian improvements); 3) Paratransit services for seniors and disabled people; and 4) Transportation System Management/Strategic Initiatives (including funds for neighborhood parking management, transportation/land use coordination, and travel demand management efforts). Major capital projects to be funded by the Proposition K Expenditure Plan include: A) development of the Bus Rapid Transit and MTA Metro Network; B) construction of the MTA Central Subway (Third Street Light Rail Project-Phase 2); C) construction of the Caltrain Downtown Extension to a rebuilt Transbay Terminal; and D) South Approach to the Golden Gate Bridge; Doyle Drive Replacement Project (re-

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envisioned as the Presidio Parkway). After 20 years of the effective date of the adoption of the Proposition K Expenditure Plan, the SFCTA may modify the Expenditure Plan with voter approval. Pursuant to the provisions of Division 12.5 of the California Public Utilities Code, the SFCTA Board may adopt an updated Expenditure Plan anytime after 20 years from the effective date of adoption of the Proposition K Expenditure Plan but no later than the last general election in which the Proposition K Expenditure Plan is in effect. The Sales Tax would continue as long as a new or modified plan is in effect. Under Proposition K legislation, the SFCTA directs the use of the Sales Tax and may spend up to \$485.2 million per year and may issue up to \$1.88 billion in bonds secured by the Sales Tax. In addition to the sales tax program, the SFCTA also administers the following programs:

Congestion Management Agency Programs. On November 6, 1990, the SFCTA was designated under State law as the Congestion Management Agency (CMA) for the City. Responsibilities resulting from this designation include developing a Congestion Management Program, which provides evidence of the integration of land use, transportation programming and air quality goals; preparing a long-range countywide transportation plan to guide the City's future transportation investment decisions; monitoring and measuring traffic congestion levels in the City; measuring the performance of all modes of transportation; and developing a computerized travel demand forecasting model and supporting databases. As the CMA, the SFCTA is responsible for establishing the City's priorities for state and federal transportation funds and works with the Metropolitan Transportation Commission (MTC) to program those funds to San Francisco projects.

Transportation Fund for Clean Air (TFCA) Program. On June 15, 2002, the SFCTA was designated to act as the overall program manager for the local guarantee (40%) share of transportation funds available through the Transportation Fund for Clean Air (TFCA) program. Funds from this program, administered by the Bay Area Air Quality Management District (BAAQMD) come from a \$4 vehicle registration fee on automobiles registered in the Bay Area. Through this program, the SFCTA recommends projects that benefit air quality by reducing motor vehicle emissions.

Prop AA Program. On November 2, 2010, San Francisco voters approved Prop AA with a 59.6% affirmative vote, authorizing the SFCTA to collect an additional \$10 annual vehicle registration fee on motor vehicles registered in San Francisco and to use the proceeds to fund transportation projects identified in the Expenditure Plan. Revenue collection began in May 2011. Prop AA revenues must be used to fund projects from the following three programmatic categories. The percentage allocation of revenues designated for each category over the 30-year Expenditure Plan period is shown in parenthesis following the category name: 1) Street Repair and Reconstruction (50%); 2) Pedestrian Safety (25%); and 3) Transit Reliability & Mobility Improvements (25%). In December 2012, the SFCTA Board approved the first Prop AA Strategic Plan, including the specific projects that could be funded within the first five years (i.e., Fiscal Years 2012-13 to 2016-17). The Prop AA program is a pay-as-you-go program. The SFCTA could use up to 5% of the funds for administrative costs.

(11) DETAILED INFORMATION FOR ENTERPRISE FUNDS

(a) San Francisco International Airport

San Francisco International Airport (Airport), which is owned and operated by the City, is the principal commercial service airport for the San Francisco Bay Area. A five-member Commission is responsible for the operation and management of the Airport. The Airport is located 14 miles south of downtown San Francisco in an unincorporated area of San Mateo County between the Bayshore Freeway (U.S. Highway 101) and the San Francisco Bay. According to final data for calendar year 2012 from the Airports Council International (ACI), the Airport is one of the largest airports in the United States both in terms of passengers (seventh) and air cargo (eighteenth). The Airport is also a major origin and destination point and one of the nation's principal gateways for Pacific traffic.

Pledged Revenues under the 1991 Master Resolution – Under the terms of the 1991 Master Bond Resolution, for a Series of Second Series Revenue Bonds to be secured by the Airport's parity common account (the Issue 1 Reserve Account), the Airport is required to deposit, with the trustee, an amount equal to the maximum debt service accruing in any year during the life of all Second Series Revenue Bonds secured by the Issue 1 Reserve Account or substitute a credit facility meeting

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those requirements. Alternatively, the Airport may establish a separate reserve account with a different reserve requirement to secure an individual series of bonds. While revenue bonds are outstanding, the Airport may not create liens on its property essential to operations, may not dispose of any property essential to maintaining revenues or operating the Airport, and must maintain specified insurance.

Under the terms of the 1991 Master Bond Resolution, the Airport has covenanted that it will establish and at all times maintain rentals, rates, fees, and charges for the use of the Airport and for services rendered by the Airport so that:

- (a) Net revenues (as defined in the bond resolutions) in each fiscal year will be at least sufficient (i) to make all required debt service payments and deposits in such fiscal year with respect to the bonds, any subordinate bonds, and any general obligation bonds issued by the City for the benefit of the Airport and (ii) to make all payments required to be made to the City and
- (b) Net revenues, together with any transfer from the contingency account to the revenue account (both held by the City Treasurer), in each fiscal year will be at least equal to 125% of aggregate annual debt service with respect to the bonds for such fiscal year.

The methods required by the 1991 Master Bond Resolution for calculating debt service coverage differs from the U.S. generally accepted accounting principles used to determine amounts reported in the Airport's financial statements.

Passenger Facility Charges – The Airport, as authorized by the Federal Aviation Administration (FAA) pursuant to the Aviation Safety and Capacity Expansion Act of 1990 (the Act), as amended, imposes a Passenger Facility Charge (PFC) of \$4.50 for each enplaning passenger at the Airport. Under the Act, air carriers are responsible for the collection of PFC charges and are required to remit PFC revenues to the Airport in the following month after they are recorded by the air carrier. The Airport's most recent application amendment of \$609.1 million was approved by the FAA in September 2006. The current authority to impose PFCs is estimated to end January 1, 2017. For the year ended June 30, 2013, the Airport reported approximately \$84.3 million of PFC revenue, which is included in other nonoperating revenues in the accompanying basic financial statements.

Commitments and Contingencies – In addition to the long-term obligations discussed in Note 8, there were \$87.0 million of Special Facilities Lease Revenue Bonds outstanding as of June 30, 2013, which financed improvements to the Airport's aviation fuel storage and delivery system that is leased to SFO Fuel Company LLC (SFO Fuel). SFO Fuel agreed to pay facilities rent to the Airport in an amount equal to debt service payments and required bond reserve account deposits on the bonds. The principal and interest on the bonds will be paid solely from the facilities rent payable by SFO Fuel to the Airport. The Airport assigned its right to receive the facilities rent to the bond trustee to pay and secure the payment of the bonds. Neither the Airport nor the City is obligated in any manner for the repayment of these obligations, and as such, they are not reported in the accompanying financial statements.

Purchase commitments for construction, material and services as of June 30, 2013 are as follows:

Construction	\$	35,909
Operating		7,724
Total	\$	<u>43,633</u>

Transactions with Other Funds and Business Concentrations – Pursuant to the Lease and Use Agreement between the Airport and most of the airlines operating at the Airport, the Airport makes an annual service payment, to the City's General Fund, equal to 15% of concession revenue, but not less than \$5 million per fiscal year, in order to compensate the City for all indirect services provided to the Airport. The annual service payment for the year ended June 30, 2013 was \$36.5 million and was recorded as a transfer. In addition, the Airport compensates the City's General Fund for the cost of certain direct services provided by the City to the Airport, including those provided by the Police Department, the Fire Department, the City Attorney, the City Treasurer, the City Controller, the City

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Purchasing Agent and other City departments. The cost of direct services paid for by the Airport for the year ended June 30, 2013 was \$118.3 million.

In addition to the Lease and Use Agreements with the airlines, the Airport leases facilities to other businesses to operate concessions at the Airport. During the year ended June 30, 2013, revenues realized from the following Airport tenants exceeded five percent of the Airport's total operating revenues:

United Airlines 22.2%

(b) Port of San Francisco

A five-member Port Commission is responsible for the operation, development, and maintenance activities of the Port of San Francisco (Port). In February 1969, the Port was transferred in trust to the City under the terms and conditions of State legislation ("Burton Act") ratified by the electorate of the City. Prior to 1969, the Port was operated by the State of California. The State retains the right to amend, modify or revoke the transfer of lands in trust provided that it assumes all lawful obligations related to such lands.

Pledged Revenues – The Port's revenues, derived primarily from property rentals to commercial and industrial enterprises and from maritime operations, which include cargo, ship repair, fishing, harbor services, cruise and other maritime activities, are held in a separate enterprise fund and appropriated for expenditure pursuant to the budget and fiscal provisions of the City Charter, consistent with trust requirements. Under public trust doctrine, the Burton Act, and the transfer agreement between the City and the State, Port revenues may be spent only for uses and purposes of the public trust.

The Port pledged future net revenues to repay \$36.7 million in Revenue Bonds issued in 2010. Annual principal and interest payments through 2040 are expected to require less than 16% of net pledged revenues as calculated in accordance with the bond indenture. The total principal and interest remaining to be paid on the bonds is \$66.9 million. The principal and interest payments made in 2013 were \$2.8 million and pledged revenues (total net revenues calculated in accordance with the bond indenture) for the year ended June 30, 2013 were \$18.6 million.

The Port has entered into a loan agreement with the California Department of Boating and Waterways for \$3.5 million to finance certain Hyde Street Harbor improvements. The loan is subordinate to all bonds payable by the Port and is secured by gross revenues as defined in the loan agreement. Total principal and interest remaining to be paid on this loan is \$3.7 million. Annual principal and interest payments were \$0.2 million in 2013 and pledged harbor revenues were \$0.1 million for the year ended June 30, 2013.

The Exploratorium – The Port's lease with the Exploratorium for Piers 15-17 commenced on November 3, 2010. Project construction, including substructure repair and seismic work valued in excess of \$65 million, has been completed. In consideration for performing certain substructure repair and other work, the Port has granted to the tenant rent credits equivalent to 100% of Pier 15 minimum rent due under the lease for the first fifty years. The Exploratorium opened to the public in April 2013.

Pier 29 Fire – On June 20, 2012, a fire caused damage to the Pier 29 bulkhead and shed building. Required repair, replacement and certain improvement work, including code upgrades, is covered by insurance, after a deductible of \$500,000. The total value of the insured loss has not yet been determined and the Port is involved in discussions with its insurer as to additional insurance proceeds which the Port believes it should be entitled. Insurance proceeds totaling \$11.4 million have been received pursuant to preliminary claims filed by the Port through June 30, 2013.

Commitments and Contingencies – The Port is presently planning various development and capital projects that involve a commitment to expend significant funds. As of June 30, 2013, the Port had purchase commitments for construction-related services, materials and supplies, and other services were \$11.0 million for capital projects and \$3.1 million for general operations.

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The San Francisco Clean and Safe Neighborhood Parks Bond general obligation bond issued in 2012 included \$34.5 million and in 2008 \$33.5 million for funding allocated for parks and open space projects currently in progress on Port property. Under an agreement with the San Francisco Bay Conservation and Development Commission (BCDC), the Port is committed to fund and expend up to \$30 million over a 20-year period for pier removal, parks and plazas, and other public access improvements. As of June 30, 2013, \$46.6 million of Port funds have been appropriated and \$27.1 million has been expended for projects under the agreement. In addition to work directly funded by the Port, the deck and pilings that form the valley between Piers 15 and 17 and a portion on non-historic sheds were removed as part of the construction work completed by The Exploratorium project.

Related Party Transactions – The Port receives from, and provides services to, various City departments. In 2013, the \$17.2 million in services provided by other City departments included \$1.8 million of insurance premiums and \$0.8 million in workers' compensation expense. In 2012 the \$16.4 million in services provided by other City departments included \$1.7 million of insurance premiums and \$0.5 million in workers' compensation expense.

South Beach Harbor Project Obligations – A portion of the Rincon Point South Beach Redevelopment Project Area is within the Port Area and the former Redevelopment Agency held leasehold interests to certain Port properties. The Port and the Successor Agency are in discussions concerning the transition, termination of Port agreements, and the transfer of operations, assets, and associated obligations, if any.

South Beach Harbor revenues are pledged to a 1986 revenue bond issue that pre-dates the Port's 2010 Revenue Bonds. South Beach Harbor project funds, including certain tax increments, are available to pay current debt service, but berthing rate increases are required to cover future debt service and to meet the required level of debt service coverage specified in the bond indenture. Certain public access and other improvements required under BCDC Permit Amendment No. 17 for the South Beach Harbor Project have not been completed by the Successor Agency to the Redevelopment Agency. The required improvements, last estimated in 2004 to cost \$6.2 million, must be completed by December 31, 2017.

Pollution Remediation Obligations – The Port's financial statements include liabilities, established and adjusted periodically, based on new information, in accordance with applicable generally accepted accounting principles in the United States of America, for the estimated costs of compliance with environmental laws and regulations and remediation of known contamination. As future development planning is undertaken, the Port evaluates its overall provisions for environmental liabilities in conjunction with the nature of future activities contemplated for each site and accrues a liability, if necessary. It is, therefore, reasonably possible that in future reporting periods current estimates of environmental liabilities could materially change.

Port lands are subject to environmental risk elements typical of sites with a mix of light industrial activities dominated by transportation, transportation-related and warehousing activities. Due to the historical placement of fill of varying quality, and widespread use of aboveground and underground tanks and pipelines containing and transporting fuel, elevated levels of petroleum hydrocarbons and lead are commonly found on Port properties. Consequently, any significant construction, excavation or other activity that disturbs soil or fill material may encounter hazardous materials and/or generate hazardous waste.

The Port undertook a public planning process to produce a preferred master plan for an underutilized 65-acre area commonly known as "Pier 70". A long history of heavy industrial use has turned this area into a "brownfield" – an underutilized property area where reuse is hindered by actual or suspected contamination. The 65-acre site has been used for over 150 years for iron and steel works, ship building and repair, and other heavy industrial operations. Much of the site was owned and/or occupied by the U.S. Navy or its contractors for at least 80 years. Fifteen acres remain occupied by an on-going ship repair facility. Environmental conditions exist that require investigation and

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remediation prior to any rehabilitation or development for adaptive reuse. The lack of adequate information about environmental conditions has hindered previous development proposals for Pier 70.

The environmental investigation work includes preparation of a feasibility study to evaluate potential remedial action; a remedial action plan, which will establish institutional controls (e.g. use restrictions, health and safety plans) and engineering controls (e.g. capping contaminated soil) to protect current and future users and prevent adverse impacts to the environment. Future development will likely cover existing site soil with buildings, streets, plazas, hardscape or new landscaping, thereby minimizing or eliminating exposure to contaminants in soil. The contractor prepared an earlier report in 2009 describing potential remediation scenarios for Pier 70 site and probability of certain contamination being encountered in soil, soil vapor or groundwater, and various degrees of remediation that would be required. The model calculation estimated that soil, groundwater, and soil vapor remediation and/or management (excluding hazardous building materials such as asbestos or lead-based paint) would cost between \$15.0 million and \$50.0 million, with a most likely probability-weighted estimated cost of \$27.5 million. The investigation work, completed in 2011, reduced the uncertainty regarding the nature and extent of contamination, potential need for remediation, and costs associated with implementation of a risk management plan.

After stakeholder and regulatory reviews, the final report, "Feasibility Study and Remedial Action Plan, Pier 70 Master Plan Area", was issued on May 31, 2012. In August 2012, the Port received the Regional Water Quality Control Board's official approval of the final report and its direction to proceed with preparing a risk management plan to implement the remedial action alternative that consisted of durable covers and institutional controls as described in the report. Using the two most likely discrete remediation scenarios (that entail the use of durable covers), Port management was able to reduce the probability-weighted remediation cost estimated as of June 30, 2012 to \$13.5 million. The public comment period for the draft Risk Management Plan concluded on March 29, 2013. The final draft plan contemplates the selection of one specific remedial action alternative. Final approval by the RWQCB is pending. At June 30, 2013, the accrued cost for pollution remediation is reduced to \$10.7 million based on likely acceptance and implementation of that alternative.

Other environmental conditions on Port property include asbestos and lead paint removal and oil contamination. The Port may be required to perform certain clean-up work if it intends to develop or lease such property, or at such time as may be required by the City or State. Certain Port facility projects in 2013 included costs for remediation or mitigation work, including \$0.6 million for the removal of various transformers at Pier 70 in connection with shoreside power project, over \$0.7 million in connection with the insurance-funded Pier 29 fire repair building stabilization work, and \$0.2 million in connection with Pier 36 demolition and removal. Before releasing facilities for use under AC34 venue leases, the Port completed approximately \$0.2 million of lead abatement work.

A summary of environmental liabilities, included in noncurrent liabilities, at June 30 2013, is as follows (in thousands):

	Environmental Remediation	Monitoring and Compliance	Total
Environmental liabilities at July 1, 2012	\$ 13,503	\$ 93	\$ 13,596
Current year claims and changes in estimates	(2,811)	83	(2,728)
Vendor payments	(22)	(13)	(35)
Environmental liabilities at June 30, 2013	\$ 10,670	\$ 163	\$ 10,833

(c) **San Francisco Water Enterprise**

The San Francisco Water Enterprise (Water Enterprise) was established in 1930. The Water Enterprise, which consists of a system of reservoirs, storage tanks, water treatment plants, pump stations, and pipelines, is engaged in the collection, transmission and distribution of water to the City and certain suburban areas. The Water Enterprise sold water, approximately 78,500 million gallons

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annually, to a total population of approximately 2.6 million people who reside primarily in four Bay Area counties (San Francisco, San Mateo, Santa Clara and Alameda).

The San Francisco Public Utilities Commission (the Commission), established in 1932, provides the operational oversight for the Water Enterprise, Hetch Hetchy Water and Power (Hetch Hetchy), and the San Francisco Wastewater Enterprise. Under Proposition E, the City's Charter Amendment approved by the voters in June 2008, the Mayor nominates candidates subject to qualification requirements to the Commission and the Board of Supervisors votes to approve the nominees by a majority (at least six members).

Pledged Revenues – The Water Enterprise has pledged future revenues to repay various bonds. Proceeds from the revenue bonds provided financing for various capital construction projects and to refund previously issued bonds. These bonds are payable solely from revenues of the Water Enterprise and are payable through fiscal year 2051.

The original amount of revenue bonds issued, total principal and interest remaining, principal and interest paid during 2013 and applicable revenues for 2013 are as follows:

Bonds issued with revenue pledge	\$ 4,457,970
Principal and interest remaining due at the end of the year	8,363,585
Principal and interest paid during the year	248,530
Net revenue for the year ended June 30	548,224
Funds available for revenue bond debt service	574,968

During fiscal year 2013, the wholesale revenue requirement, net of adjustments, charged to wholesale customers was \$174.7 million. Such amounts are subject to final review by wholesale customers, along with a trailing wholesale balancing account compliance audit of the wholesale revenue requirement calculation. As of June 30, 2013, the City owed the Wholesale Customers \$23.5 million or \$19.4 million net of receivable under the Water Supply Agreement.

Commitments and Contingencies – As of June 30, 2013, the Water Enterprise had outstanding commitments with third parties of \$712.7 million for various capital projects and for materials and supplies.

Transactions with Other Funds – The Water Enterprise purchases water from Hetch Hetchy Water and electricity from Hetch Hetchy Power at market rates. These amounts, totaling approximately \$35.1 million and \$8.4 million, respectively, for the year ended June 30, 2013, are included in the operating expenses for services provided by other departments in the Water Enterprise's financial statements.

A variety of other City departments provide services such as engineering, purchasing, legal, data processing, telecommunications, and human resources to the Water Enterprise and charge amounts designed to recover those departments' costs. These charges total approximately \$14.2 million for the year ended June 30, 2013 and have been included in services provided by other departments.

(d) Hetch Hetchy Water and Power Enterprise

San Francisco Hetch Hetchy Water and Power was established as a result of the Raker Act of 1913, which granted water and power resources rights-of-way on the Tuolumne River in Yosemite National Park and Stanislaus National Forest to the City and County of San Francisco (the City). Hetch Hetchy is a stand-alone enterprise comprised of two funds, Hetch Hetchy Power (aka the Power Enterprise) and Hetch Hetchy Water, a portion of the Water Enterprise's operations, specifically the up-country water supply and transmission service for the latter. Hetch Hetchy accounts for the activities of Hetch Hetchy Water and Power and is engaged in the collection and conveyance of approximately 85% of the City's water supply and in the generation and transmission of electricity from that resource.

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Approximately 73% of the electricity generated by Hetch Hetchy Power is used to provide electric service to the City's municipal customers (including the San Francisco Municipal Transportation Agency, Recreation and Parks Department, the Port of San Francisco, the San Francisco International Airport and its tenants, San Francisco General Hospital, street lights, Moscone Convention Center, and the Water and Wastewater Enterprises). The majority of the remaining 27% balance of electricity is sold to other utility districts, such as the Turlock and Modesto Irrigation Districts (the Districts). As a result of the 1913 Raker Act, energy produced above the City's Municipal Load is sold first to the Districts to cover their pumping and municipal load needs and any remaining energy is either sold to other municipalities and/or government agencies (not for resale) or deposited into an energy bank account under the City's agreement with Pacific Gas and Electric Company (PG&E). Hetch Hetchy consists of a system of reservoirs, hydroelectric power plants, aqueducts, pipelines, and transmission lines.

Hetch Hetchy also purchases wholesale electric power from various energy providers that are used in conjunction with owned hydro resources to meet the power requirements of its customers. Operations and business decisions can be greatly influenced by market conditions, State and Federal power matters before the California Public Utilities Commission (CPUC), the California Independent System Operator (CAISO), and the Federal Energy Regulatory Commission (FERC). Therefore, Hetch Hetchy serves as the City's representative at CPUC, CAISO, and FERC forums and continues to monitor regulatory proceedings.

Segment Information – Hetch Hetchy Power issued debt to finance its improvements. Both the Hetch Hetchy Water fund and the Hetch Hetchy Power fund are reported for in a single enterprise (i.e., Hetch Hetchy Water and Power Enterprise). However, investors in the debt rely solely on the revenue generated by the individual activities for repayment. Summary financial information for Hetch Hetchy is presented below:

Condensed Statements of Net Position

	Hetch Hetchy Water	Hetch Hetchy Power	Total
Assets:			
Current assets.....	\$ 50,756	\$ 163,240	\$ 213,996
Receivables from other funds and component units.....	-	16,417	16,417
Noncurrent restricted cash and investments.....	8,420	7,196	15,616
Other noncurrent assets.....	4	397	401
Capital assets.....	91,228	257,682	348,910
Total assets.....	150,408	444,932	595,340
Liabilities:			
Current liabilities.....	3,432	16,987	20,419
Noncurrent liabilities.....	8,083	48,361	56,444
Total liabilities.....	11,515	65,348	76,863
Net position:			
Net investment in capital assets.....	91,228	232,209	323,437
Restricted for capital projects.....	7,752	-	7,752
Unrestricted.....	39,913	147,375	187,288
Total net position.....	\$ 138,893	\$ 379,584	\$ 518,477

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**Condensed Statements of Revenues, Expenses,
and Changes in Net Position**

	Hetch Hetchy	Hetch Hetchy	Total
	Water	Power	
Operating revenues.....	\$ 37,394	\$ 96,533	\$ 133,927
Depreciation expense.....	(4,378)	(11,079)	(15,457)
Other operating expenses.....	(30,523)	(82,180)	(112,703)
Net operating income.....	2,493	3,274	5,767
Nonoperating revenues (expenses):			
Federal grants.....	-	373	373
Interest and investment income (loss).....	(344)	139	(205)
Interest expense.....	-	(1,630)	(1,630)
Other nonoperating revenues (expenses).....	222	1,494	1,716
Transfers in (out), net.....	-	(196)	(196)
Change in net position.....	2,371	3,454	5,825
Net position at beginning of year.....	136,522	376,130	512,652
Net position at end of year.....	\$ 138,893	\$ 379,584	\$ 518,477

Condensed Statements of Cash Flows

	Hetch Hetchy	Hetch Hetchy	Total
	Water	Power	
Net cash provided by (used in):			
Operating activities.....	\$ 8,080	\$ 10,685	\$ 18,765
Noncapital financing activities.....	-	97	97
Capital and related financing activities.....	(8,133)	(21,251)	(29,384)
Investing activities.....	(322)	395	73
Change in net position.....	(375)	(10,074)	(10,449)
Cash and cash equivalents at beginning of year.....	58,769	164,441	223,210
Cash and cash equivalents at end of year.....	\$ 58,394	\$ 154,367	\$ 212,761

Pledged Revenues – Hetch Hetchy Power has pledged future power revenues to repay bonds, issued since fiscal year 2009. Proceeds from the bonds provided financing for various capital construction projects. These bonds are payable solely from net power revenues of Hetch Hetchy Power and are payable through the year ending 2028.

The original amount of revenue bonds issued, total principal and interest remaining, principal and interest paid, during 2013, and applicable revenues for 2013 are as follows:

Bonds issued with revenue pledge	\$ 21,216
Principal and interest remaining due at the end of the year	23,841
Principal and interest paid during the year	1,907
Funds available for revenue bond debt service	14,697

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(Dollars in Thousands)

Commitments and Contingencies – As of June 30, 2013, Hetch Hetchy Water and Power had outstanding commitments with third parties of \$27.0 million for various capital projects and other purchase agreements for materials and services.

Hetch Hetchy Water

To meet certain requirements of the Don Pedro Reservoir operating license, the City entered into an agreement with the Modesto and Turlock Irrigation Districts (the Districts) in which they would be responsible for an increase in water flow releases from the reservoir in exchange for annual payments from the City. Total payments were \$4.4 million in fiscal year 2013. The payments are to be made for the duration of the license, but may be terminated with one year's prior written notice after 2001. The City and the Districts have also agreed to monitor the fisheries, in the lower Tuolumne River, for the duration of the license. A maximum monitoring expense of \$1.4 million is to be shared between the City and the Districts over the term of the license. The City's share of the monitoring costs is 52% and the Districts are responsible for 48% of the costs.

Hetch Hetchy Power

In April 1988, Hetch Hetchy entered into a long-term power sales agreement (the Agreement) with the Districts. In June 2003, Hetch Hetchy amended the terms of the Agreement with the Modesto Irrigation District (MID). Under the terms of the amended and restated long-term power sales agreement, which became effective on January 1, 2003, the expiration date was shortened to December 31, 2007. The renegotiated agreement with MID became effective January 1, 2008, removed Hetch Hetchy's obligation to provide firm power, and eliminated MID's rights to excess energy from the project. This agreement expires June 30, 2015. In April 2005, Hetch Hetchy Power amended the terms of the agreement with Turlock Irrigation District (TID). The settlement agreement, between the City and TID, restates and amends the power sales agreement and terminates Hetch Hetchy's obligation to provide firm power at below market costs to TID to the end of the agreement's term on June 30, 2015. Hetch Hetchy will continue to comply with the Raker Act by making water system generated hydropower available at cost to MID and TID for its agricultural pumping and municipal loads as energy is available. For fiscal year 2012-13, energy sales to the Districts totaled 227,544 megawatt hours (MWh) or \$8.3 million.

Effective September 2007, the City renegotiated the Interconnection Agreement (agreement) with PG&E to provide transmission and distribution services on PG&E's system where needed to deliver the Hetch Hetchy's power to its customers. In addition, the PG&E agreement provides supplemental power and energy banking and other support services to Hetch Hetchy Power. The PG&E agreement provides audit rights to allow PG&E to review past billings paid by Hetch Hetchy Power and to retroactively (up to two years) adjust these payments as determined necessary. During fiscal year 2012-13, Hetch Hetchy purchased \$13.9 million of transmission, distribution services, and other support services from PG&E under the terms of the agreement.

The PG&E agreement contains a contractual provision allowing Hetch Hetchy Power to bank excess power produced, with a maximum of 110,000 of MWh. During fiscal year 2012-13, Hetch Hetchy Power generated 1,304,498 MWh of power, banked (deposited) in Deferred Delivery Account (DDA) 96,364 MWh and used (withdrew) 105,071 MWh. At June 30, 2013, the balance in the bank was 95,598 MWh or \$3.0 million.

Hetch Hetchy is exposed to risks that could negatively impact its ability to generate net revenues to fund operating and capital investment activities. Hydroelectric generation facilities in the Sierra Nevada are the primary source of electricity for Hetch Hetchy. For this reason, the financial results of Hetch Hetchy are sensitive to variability in watershed hydrology and market prices for energy.

Transactions with Other Funds –The Water Enterprise purchases water from Hetch Hetchy Water and power from Hetch Hetchy Power. Included in the operating revenues are the water assessment fees totaling \$35.1 million and purchased electricity for \$8.4 million for the year ended June 30, 2013. In addition, the Wastewater Enterprise purchases power from Hetch Hetchy Power totaling \$8.4 million for the year ended June 30, 2013.

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A variety of other City departments provide services such as engineering, purchasing, legal, data processing, telecommunications, and human resources to Hetch Hetchy Water and Power and charge amounts designed to recover those departments' costs. These charges total approximately \$6.7 million for the year ended June 30, 2013 and have been included in services provided by other departments.

(e) Municipal Transportation Agency

The San Francisco Municipal Transportation Agency (MTA) is governed by the MTA Board of Directors. The MTA includes the entire City's surface transportation network that encompasses pedestrians, bicycling, transit (MUNI), traffic and parking, regulation of the taxi industry, and three nonprofit parking garage corporations operated by separate nonprofit corporations, whose operations are interrelated. All significant inter-entity transactions have been eliminated.

Proposition E passed by the San Francisco voters in November 1999 amended the City Charter, calling for the creation of the MTA by consolidating MUNI and Department of Parking and Traffic (now named as Sustainable Streets) by July 1, 2002. The incorporation is intended to support the City's Transit First Policy. The MTA's Sustainable Streets manages 40 City-owned garages and metered parking lots. It also manages all traffic engineering functions within San Francisco, including the placement of signs, signals, traffic striping, curb markings, and parking meters. In March 2009, the former Taxi Commission was merged with the MTA, which then has assumed responsibility for taxi regulation to advance industry reforms. Two non-profit garage corporations (Ellis O'Farrell Parking Corporation and Downtown Parking Corporation) did not enter into a new lease executed by MTA in June, 2012, and opted to dissolve. In January 2013, all operations and financial reporting of these two garages have been transferred to Sustainable Streets. Three remaining non-profit parking garage corporations operate to provide operational oversight of four garages.

Pledged Revenue – In 2007, San Francisco voters approved Proposition A, which authorized the MTA to issue revenue bonds and other forms of indebtedness without further voter approval but with approval by the MTA Board of Directors and concurrence by the Board of Supervisors. The MTA has pledged future revenues to repay various bonds. Proceeds from the revenue bonds provided financing for various capital construction projects and to refund previously issued bonds. These bonds are payable from all MTA revenues except for City General Fund allocations and restricted sources.

In fiscal year 2013, the MTA issued its first revenue bonds, Serial 2012A and 2012B. Series 2012A Bonds were issued to refund prior bonds issued by the Parking Authority, the City of San Francisco Ellis-O'Farrell Parking Corporation, the City of San Francisco Downtown Parking Corporation and the City of San Francisco Uptown Parking Corporation. Series 2012B Bonds is new money to finance a portion of the costs of various capital projects for the MTA.

Annual principal and interest payments for fiscal year 2013 were less than 4% of funds available for revenue bond debt service. The original amount of revenue bonds issued, total principal and interest remaining, principal and interest paid during 2013 and applicable revenues for 2013 are as follows:

Bonds issued with revenue pledge	\$ 63,795
Principal and interest remaining due at the end of the year	102,024
Principal and interest paid during the year	4,848
Net revenue for the year	128,090
Fund available for revenue bond debt service	133,021

Operating and Capital Grants and Subsidies – The City's Annual Appropriation Ordinance provides funds to subsidize the operating deficits of MTA and Sustainable Streets as determined by the City's budgetary accounting procedures and subject to the appropriation process. The amount of General Fund subsidy to the MTA was \$287.9 million in fiscal year 2012-13. The General Fund subsidy includes a total revenue baseline transfer of \$222.6 million, as required by the City Charter and \$65.3 million from an allocation of the City's parking tax.

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The MTA receives capital grants from various federal, state, and local agencies to finance transit-related property and equipment purchases. As of June 30, 2013, MTA had approved capital grants with unused balances amounting to \$878.0 million. Capital grants receivable as of June 30, 2013 totaled \$82.9 million.

The MTA also receives operating assistance from various federal, state, and local sources, including Transit Development Act funds and sales tax allocations. As of June 30, 2013, the MTA had various operating grants receivable of \$19.6 million. In fiscal year 2013, the MTA's operating assistance from BART's Americans with Disability Act (ADA) related support of \$1.1 million and other federal, state and local grants of \$9.1 million to fund project expenses that are operating in nature.

Proposition 1B is a ten-year \$20 billion transportation infrastructure bond that was approved by state voters in November 2006. The bond measure was composed of several funding programs including the Public Transportation Modernization, Improvement and Service Enhancement Account program (PTMISEA) that is funding solely for public transit projects. The MTA received cash totaling \$136.5 million in fiscal year 2013 for different projects. Proposition 1B funds do not require matching funds. The original legislation required funds to be obligated within three years of the date awarded. SB87 extended the date to June 30, 2016 for funds awarded between fiscal years 2008 and 2010. The eligibility requirements for the PTMISEA program include rehabilitation of infrastructure, procurement of equipment and rolling stock, and investment in expansion projects. During fiscal year 2013, \$41.4 million drawdowns were made from the funds for various eligible projects costs.

The State Public Utilities Code requires that fare revenues must equal or exceed 33% of operating costs, in order to qualify for an allocation of certain sales tax revenues available for public transit. Transit operators may add local support to fare revenues in order to calculate the fare recovery ratio. The City provides significant local support to MTA from parking revenues and the General Fund.

Commitments and Contingencies – The MTA has outstanding contract commitments of approximately \$349.5 million, with third parties, for various capital projects. Grant funding is available for a majority of this amount. The MTA also has outstanding commitments of approximately \$63.5 million, with third parties, for non-capital expenditures. Various local funding sources are used to finance these expenditures. The MTA is also committed to numerous capital projects for which it anticipates that federal and state grants will be the primary source of funding.

Leveraged Lease-Leaseback of BREDAs Vehicles – Tranches 1 and 2

In April 2002 and in September 2003, following the approval of the Federal Transit Administration, MTA Board of Directors, and the City's Board of Supervisors, MTA entered into separate leveraged lease leaseback transactions for over 118 and 21 Breda light rail vehicles (the Tranche 1 and Tranche 2 Equipment, respectively, and collectively, the "Equipment"). Each transaction, also referred to as a "sale in lease out" or "SILO", was structured as a head lease of the Equipment to a special purpose trust and a sublease of the Equipment back from such trust. Under the respective sublease, MTA may exercise an option to purchase the Tranche 1 Equipment on specified dates between November 2026 through January 2030 and Tranche 2 Equipment in January 2030, in each case, following the scheduled sublease expiration dates. During the terms of the subleases, MTA maintains custody of the Equipment and is obligated to insure and maintain the Equipment.

MTA received an aggregate of \$388.2 million and \$72.6 million, respectively in 2002 and 2003, from the equity investors in full prepayment of the head leases. MTA deposited a portion of the prepaid head lease payments into separate escrows that were invested in U.S. agency securities with maturities that correspond to the purchase option dates for the Equipment as specified in each sublease. MTA also deposited a portion of the head lease payments with a debt payment undertaker whose repayment obligations are guaranteed by Assured Guaranty Municipal Corp. (AGM) as successor to Financial Security Assurance (FSA), a bond insurance company, that was rated "AAA" by Standard & Poor's ("S&P") and "Aaa" by Moody's Investor Services ("Moody's") at the time the Tranche 1 and Tranche 2 Equipment transactions were entered into. Although these escrows do not represent a legal defeasance of MTA's obligations under the subleases, management believes that these transactions are structured in such a way that it is not probable that MTA will need to access

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other monies to make sublease payments. Therefore, the assets and the sublease obligations are not recorded on the financial statements of the MTA as of June 30, 2013. The terms of the SILO documents require MTA to replace AGM, as successor to FSA, if its ratings are downgraded below "BBB+" by S&P or "Baa1" by Moody's. AGM's current ratings of "AA-" from S&P and "A2" from Moody's satisfy this requirement.

In addition, AGM, as successor to FSA, provides a surety policy with respect to each Equipment transaction to guarantee potential payments in the event such transaction was terminated in whole or in part prior to such sublease expiration date. The terms of the Equipment transaction documents require MTA to replace AGM, as surety provider, if its ratings are downgraded below "AA-" by S&P or "Aa3" by Moody's. On January 17, 2013, Moody's downgraded AGM's rating to A2. Failure of MTA to replace AGM following a downgrade by either Moody's or S&P to below the applicable rating threshold within a specified period of time following demand by an investor could allow such investor, in effect, to issue a default notice to MTA. Because replacement of AGM in either of its roles as debt payment undertaker guarantor or surety may not be practicable, MTA could become liable to pay termination costs as provided in certain schedules of the Equipment transaction documents. These early termination costs are in the nature of liquidated damages. The scheduled termination costs as of June 30, 2013 after giving effect to the market value of the securities in the escrow accounts, would approximate \$87.56 million. The scheduled termination costs increase over the next several years. As of June 30, 2013, no investor has demanded the replacement of AGM as the surety provider.

MTA recorded deferred revenue of \$35.5 million and \$4.4 million in fiscal year 2002 and 2003 respectively, for the difference between the amounts received of \$388.2 million and \$72.6 million, respectively, and the amounts paid to the escrows and the debt payment undertaker of \$352.7 million and \$67.5 million. The deferred revenue will be amortized over the life of the sublease. The deferred revenue amortized amounts were \$1.3 million and \$0.2 million in fiscal year 2012-13.

(f) Laguna Honda Hospital

General Fund Subsidy – The Laguna Honda Hospital (LHH) is a skilled nursing facility, which specializes in serving elderly and disabled residents. The operations of LHH are subsidized by the City's General Fund. It is the City's policy to fund operating deficits of the enterprise on a budgetary basis; however, the amount of operating subsidy provided is limited to the amount budgeted by the City. Any amount not required for the purpose of meeting an enterprise fund deficit shall be transferred back to the General Fund at the end of each fiscal year, unless otherwise approved by the Board of Supervisors. For the year ended June 30, 2013, the subsidy for LHH was \$84.2 million.

Net Patient Services Revenue – Net patient services revenues are recorded at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including a provision for doubtful accounts and estimated retroactive adjustments under reimbursement agreements with federal and state government programs and other third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined. Patient accounts receivable are recorded net of estimated allowances, which include allowances for contractuals and bad debt. These allowances are based on current payment rates, including per diems, Diagnosis-Related Group reimbursement amounts and payment received as a percentage of gross charges.

Third-Party Payor Agreements – LHH has agreements with third-party payors that provide for reimbursement to LHH at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the hospital's established rate for services and amounts reimbursed by third-party payors. Medicare and Medi-Cal are the major third-party payors with whom such agreements have been established. Laws and regulations governing the Medicare and Medi-Cal programs are complex and subject to interpretation. LHH believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to

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future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medi-Cal programs.

During the year ended June 30, 2013, LHH's patient receivables and charges for services were as follows:

	Patient Receivables, net			
	Medi-Cal	Medicare	Other	Total
Gross Accounts Receivable.....	\$ 46,777	\$ 3,203	\$ 1,328	\$ 51,308
Less:				
Contractual Allowances.....	(28,135)	(1,927)	(824)	(30,886)
Total, net.....	<u>\$ 18,642</u>	<u>\$ 1,276</u>	<u>\$ 504</u>	<u>\$ 20,422</u>
	Net Patient Service Revenue			
	Medi-Cal	Medicare	Other	Total
Gross revenue.....	\$ 264,502	\$ 16,623	\$ 7,111	\$ 288,236
Less:				
Contractual allowances.....	(135,043)	(12,355)	(8,318)	(155,716)
Total, net.....	<u>\$ 129,459</u>	<u>\$ 4,268</u>	<u>\$ (1,207)</u>	<u>\$ 132,520</u>

Because Medi-Cal reimbursement rates are less than LHH's established rates, LHH is eligible to receive supplemental federal funding. For the year ended June 30, 2013, LHH accrued and recognized \$36.6 million of revenue as a result of matching federal funds to local funds.

Deferred Credits and Other Liabilities – As of June 30, 2013, LHH recorded approximately \$28.0 million in other liabilities for third-party payor settlements payable.

As of June 30, 2013, LHH has entered into various purchase contracts totaling approximately \$8.7 million that are related to the old building remodel phase of the Replacement Project.

(g) San Francisco General Hospital Medical Center

General Fund Subsidy – San Francisco General Hospital Medical Center (SFGH) is an acute care hospital. The operations of SFGH are subsidized by the City's General Fund. It is the City's policy to fully fund enterprise operations on a budgetary basis; however, the amount of operating subsidy provided is limited to the amount budgeted by the City. Any amount not required for the purpose of meeting an enterprise fund deficit shall be transferred back to the General Fund at the end of each fiscal year, unless otherwise approved by the Board of Supervisors. For the year ended June 30, 2013, the subsidy for SFGH was \$129.1 million.

Net Patient Services Revenue – Net patient services revenues are recorded at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including a provision for doubtful accounts and estimated retroactive adjustments under reimbursement agreements with federal and state government programs and other third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Patient accounts receivable are recorded net of estimated allowances, which include allowances for contractuals, bad debt, and administrative write-offs. These allowances are based on current payment rates, including per diems, DRG amounts and payment received as a percentage of gross charges.

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Third-Party Payor Agreements – SFGH has agreements with third-party payors that provide for reimbursement to SFGH at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between SFGH's established rates and amounts reimbursed by third-party payors. Major third-party payors with whom such agreements have been established are Medicare, Medi-Cal, and the State of California through the Medi-Cal Hospital/Section 1115 Medicaid Waiver and Short-Doyle mental health programs. Laws and regulations governing the Medicare and Medi-Cal programs are complex and subject to interpretation. SFGH believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medi-Cal programs.

During the year ended June 30, 2013, SFGH's patient receivables and charges for services were as follows:

	Patient Receivables, net			
	Medi-Cal	Medicare	Other	Total
Gross Accounts Receivable.....	\$ 223,338	\$ 94,445	\$ 121,064	\$ 438,847
Less:				
Contractual Allowances.....	(196,902)	(80,533)	(60,320)	(337,755)
Bad Debt.....	-	-	(38,286)	(38,286)
Total, Net Accounts Receivable.....	\$ 26,436	\$ 13,912	\$ 22,458	\$ 62,806

	Net Patient Service Revenue			
	Medi-Cal	Medicare	Other	Total
Gross Patient Service Revenue.....	\$ 791,801	\$ 440,369	\$ 1,443,096	\$ 2,675,266
Less:				
Contractual Allowances.....	(666,347)	(346,850)	(825,056)	(1,838,253)
Bad Debt.....	-	-	(108,302)	(108,302)
Total, Net Patient Service Revenue.....	\$ 125,454	\$ 93,519	\$ 509,738	\$ 728,711

California's Section 1115 Medicaid Waiver (Waiver), titled the "Bridge to Health Care Reform" began in November 2010. The Waiver is intended to help sustain the state's Medicaid program (known as Medi-Cal), test new innovations to help improve care and reduce costs, and to support the safety net in advance of health reform. Under the Waiver, payments for public hospitals are comprised of: 1) fee-for-service cost-based reimbursements for inpatient hospital services; 2) Disproportionate Share Hospital payments; 3) distribution from a pool of federal funding for uninsured care, known as the Safety Net Care Pool (SNCP); 4) Delivery System Reform Incentive Program (DSRIP); and 5) the Low Income Health Program. The non-federal share of these payments will be provided by the public hospitals, primarily through certified public expenditures, whereby the hospital would expend its local funding for services to draw down the federal financial participation. Revenues recognized under the Waiver approximated \$233.0 million for the year ended June 30, 2013.

The DSRIP is a pay-for-performance initiative that challenges public hospital systems to meet specific benchmarks related to improving health care access, quality and safety and outcomes. The Low Income Health Program (LIHP) is a coverage program for low-income uninsured adults that was included as part of California's Section 1115 Medicaid Waiver. The program builds off and expands the previous Health Care Coverage Initiative (HCCI). Revenues recognized under the LIHP approximated \$27.5 million for the year ended June 30, 2013. The LIHP covers a subset of the Healthy San Francisco population, primarily those individuals at or below 200% of the federal poverty level and who meet citizenship requirements as further discussed in the Healthy San Francisco

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Program section below. In addition, SFGH was reimbursed by the State of California, under the Short-Doyle Program, for mental health services provided to qualifying residents based on an established rate per unit of service not to exceed an annual negotiated contract amount. During the year ended June 30, 2013, reimbursement under the Short-Doyle Program amounted to approximately \$5.4 million and is included in net patient service revenue.

Deferred Credits and Other Liabilities – As of June 30, 2013, SFGH recorded approximately \$83.2 million in deferred credits and other liabilities, which was comprised of \$54.9 million in deferred credits related to receipts under Safety Net Care Pool and AB915 programs, and \$28.3 million in third-party payor settlements payable.

Charity Care – SFGH provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy. Charges foregone based on established rates were \$414.6 million and estimated costs and expenses to provide charity care were \$135.0 million in fiscal year 2013.

Other Nonoperating Revenues – The State of California provides support to SFGH through a realignment of funding provided from vehicle license fees and sales tax allocated to California's counties. For the year ended June 30, 2013, SFGH recognized \$48.7 million as other nonoperating revenue for realignment funding.

Contract with the University of California San Francisco – The City contracts on a year-to-year basis on behalf of SFGH with the University of California (UC). Under the contract, SFGH serves as a teaching facility for UC professional staff, medical students, residents, and interns who, in return, provide medical and surgical specialty services to SFGH's patients. The total amount for services rendered under the contract for the year ended June 30, 2013, was approximately \$ 141.6 million.

SFGH Rebuild – In 1996, California passed Senate Bill 1953, mandating that all California acute care hospitals meet new seismic safety standards by 2013. In January 2001, the San Francisco Health Commission approved a resolution to support a rebuild effort for the hospitals, and the Department of Public Health conducted a series of planning meetings to review its options. It became evident that rebuilding rather than retrofitting was required, and that rebuilding SFGH presented a unique opportunity for the Department of Public Health to make system-wide as well as structural improvements in its delivery of care for patients in 2013 and beyond.

In October 2005, the San Francisco Health Commission accepted the Mayor's Blue Ribbon Committee recommendation to rebuild the hospital at its current Potrero Avenue location. A site feasibility study was concluded in September 2006 and showed a compliant hospital can be built on the west lawn without demolishing the historic buildings or other buildings. An institutional master plan, a hazardous materials assessment, a geotechnical analysis and rebuild space program have all been completed in fiscal year 2007. Schematic design of the new building is complete and the project cost is estimated at \$887.4 million.

The majority of the funding for the Rebuild will be through issuance of bonds. In November 2008, San Francisco voters approved Proposition A, a ballot measure that authorized the City to issue general obligation bonds for the rebuild of the hospital. As of June 30, 2013, General Obligation Bonds, in the amount of \$677.4 million have been sold to fund the hospital rebuild. The General Obligation Bonds are accounted for as a governmental activity and transactions are accounted for in the City's governmental capital projects funds. Upon completion of the new facility, it will be contributed to the SFGH enterprise fund.

Healthy San Francisco Program – In July 2007, the City's Department of Public Health implemented Healthy San Francisco (HSF). HSF is a program to provide health care for the uninsured residents using a medical home model, with an emphasis on wellness and preventive care. Uninsured San Francisco residents between the ages of 18-64 with incomes at or below 500% of the federal poverty level (FPL) are eligible for the HSF. Participants with household income above 100% FPL pay a quarterly fee based on their income.

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Effective July 1, 2011, over 10,000 HSF participants were transitioned to a new program called San Francisco Provides Access to Healthcare (SF PATH). SF PATH is a new federally-supported health access program that provides affordable health care services for some low income people living in San Francisco. The program was created in preparation for the implementation of federal health reform. On December 31, 2013, all enrolled participants will transition automatically to Medi-Cal or have the opportunity to purchase health insurance through California's health benefit exchange (Covered California). The Department estimates that over 12,000 individuals will transition seamlessly into Medi-Cal effective January 1, 2014. SF PATH will continue to enroll participants through the end of the year, but will close on December 31, 2013. Healthy San Francisco will still be needed for those San Francisco residents who do not qualify for new health insurance options under the Affordable Care Act (ACA) and will continue to enroll eligible participants.

As of June 30, 2013, over 51,161 uninsured adult residents were enrolled in HSF. Combined with the nearly 10,000 participants in SF PATH, both programs provided care to approximately 73% of the estimated 84,000 uninsured adult residents. In addition to increasing access by serving more uninsured adults, the program also expanded access by increasing the number of primary care medical homes that participate in the program. HSF ended fiscal year 2013 with 37 primary care medical homes – a 37% increase from fiscal year 2007-08 (the program's first year).

Commitments and Contingencies – At the end of the fiscal year, SFGH has approximately \$4.3 million in commitments for various capital projects.

(h) San Francisco Wastewater Enterprise

The San Francisco Wastewater Enterprise (Wastewater Enterprise) was established in 1977, following the transfer of all sewage-system-related assets and liabilities of the City to the Wastewater Enterprise pursuant to bond resolution, to account for the City's municipal sewage treatment and disposal system.

The Wastewater Enterprise collects, transmits, treats, and discharges sanitary and stormwater flows, generated within the City, for the protection of public health and environmental safety. In addition, the Wastewater Enterprise serves, on a contractual basis, certain municipal customers located outside of the City limits, including the North San Mateo County Sanitation District No. 3, Bayshore Sanitary District, and the City of Brisbane. The Wastewater Enterprise recovers, cost of service, through user fees based on the volume and strength of sanitary flow. The Wastewater Enterprise serves approximately 147,308 residential accounts, which discharge about 18.0 million units of sanitary flow per year (measured in hundreds of cubic feet, or ccf) and approximately 16,137 non-residential accounts, which discharge about 8.5 million units of sanitary flow per year.

Pledged Revenues – Wastewater Enterprise's revenues, which consist mainly of sewer service charges, are pledged for the payment of principal and interest on various revenue bonds. Proceeds, from the bonds, provided financing for various capital construction projects and to refund previously issued bonds. These bonds are payable solely from net power revenues of Wastewater Enterprise and are payable through fiscal year ending 2043.

The original amount of revenue bonds issued, total principal and interest remaining, principal and interest paid during fiscal year 2013, applicable net revenues, and funds available for bond debt service are as follows:

Bonds issued with revenue pledge	\$ 764,550
Principal and interest remaining due at the end of the year	1,339,346
Principal and interest paid during the year	38,750
Net revenues for the year	74,047
Funds available for bond debt service	154,141

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Commitments and Contingencies – As of June 30, 2013, Wastewater Enterprise had outstanding commitments, with third parties, for capital projects and for materials and services totaling \$130.4 million.

Pollution Remediation Obligations – The City and the Wastewater Enterprise have been listed as potentially responsible parties in the clean-up effort of Yosemite Creek. Yosemite Creek has been identified as having toxic sediments, primarily polychlorinated biphenyls, in the drainage areas to the creek; contaminated flows emanating from a local industrial discharger as the likely responsible source of the contamination. The pollution remediation obligation reported in the accompanying statements of net position is based on estimated contractual costs. The liability balance remained at \$571 as of June 30, 2013.

(i) San Francisco Market Corporation

The City of San Francisco Market Corporation (Corporation) is a non-profit corporation organized to acquire, construct, finance, and operate a produce market. The information about this non-profit corporation is presented in the financial statements of the proprietary funds as a non-major fund.

On February 1, 2013, the Corporation transferred operations of the San Francisco Wholesale Produce Market (SFWPM) to a different corporation created in 2012 by existing SFWPM stakeholders separate from the City. The SFWPM constituted the primary activities of the Corporation. It is expected that the Corporation will wind down and dissolve in December 2013 or early 2014.

(12) SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO

As discussed in Note 1, the financial statements present the Successor Agency and its component units, entities for which the Successor Agency is considered to be financially accountable. The City and County of San Francisco Redevelopment Financing Authority (Financing Authority) is a joint powers authority formed between the former Agency and the City to facilitate the long-term financing of the former Agency activities. The Financing Authority is included as a blended component unit in the Successor Agency's financial statements because the Financing Authority provides services entirely to the Successor Agency.

Pursuant to the Redevelopment Dissolution Law, funds that would have been distributed to the former Agency as tax increment, hereafter referred to as redevelopment property tax revenues, are deposited into the Successor Agency's Redevelopment Property Tax Trust Fund (Trust Fund) administered by the City's Controller for the benefit of holders of the former Agency's enforceable obligations and the taxing entities that receive pass-through payments. Any remaining funds in the Trust Fund, plus any unencumbered redevelopment cash and funds from asset sales are distributed by the City to the local agencies in the project area unless needed to pay enforceable obligations.

On May 29, 2013, the DOF granted a Finding of Completion for the Successor Agency. Pursuant to Health and Safety Code (HSC) section 34179.7, the DOF has verified that the Successor Agency does not owe any amounts to the taxing entities as determined under HSC section 34179.6, subdivisions (d) or (e) and HSC section 34183.5. With a Finding of Completion, the Successor Agency may proceed with (1) placing loan agreements between the former Agency and the City on the ROPS, as enforceable obligations, provided the Oversight Board makes a finding that the loan was for legitimate redevelopment purposes per HSC, and (2) utilize proceeds derived from bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants.

In addition, the receipt of the Finding of Completion allows the Successor Agency to submit a Long Range Property Management Plan ("LRPMP") to the Oversight Board and the DOF for approval. The LRPMP addresses the disposition and use of real properties held by the Successor Agency and must be submitted within six months of receipt of the Finding of Completion. Part 1 of the LRPMP was approved by the DOF on October 4, 2013. The Oversight Board approved Part 2 of the LRPMP on November 25, 2013 and will submit it to DOF prior to the deadline of November 29, 2013.

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June 30, 2013
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(a) Capital Assets Held by the Successor Agency

For the year ended June 30, 2013, a summary of changes in capital assets was as follows:

	Balance July 1, 2012	Additions	Balance June 30, 2013
Capital assets not being depreciated:			
Land held for lease	\$ 30,363	\$ 29,019	\$ 59,382
Construction in progress	-	1,291	1,291
Total capital assets not being depreciated	30,363	30,310	60,673
Capital assets being depreciated:			
Furniture and equipment	8,144	-	8,144
Building and improvements	223,474	1,547	225,021
Total capital assets being depreciated	231,618	1,547	233,165
Less accumulated depreciation for:			
Furniture and equipment	(8,026)	(27)	(8,053)
Building and improvements	(78,622)	(5,479)	(84,101)
Total accumulated depreciation	(86,650)	(5,506)	(92,156)
Total capital assets being depreciated, net	144,968	(3,959)	141,009
Total capital assets, net	\$ 175,331	\$ 26,351	\$ 201,682

* Amount represents assets transferred from the City on July 1, 2012 in accordance with DOF guidance regarding the management of former Agency housing assets.

(b) Summary of the Successor Agency's Long-Term Obligations

Entity and Type of Obligation	Final Maturity Date	Remaining Interest Rate	Amount
Lease Revenue Bonds:			
Moscone Convention Center ^(a)	2015	7.05%	\$ 4,347
Hotel tax revenue bonds ^(b)	2025	2.00% - 5.00%	41,750
Financing Authority Bonds:			
Tax allocation revenue bonds ^(c)	2042	2.92% - 9.00%	889,979
South Beach Harbor Variable Rate Refunding bonds ^(d)	2017	3.50%	4,500
California Department of Boating and Waterways Loan ^(e)	2037	4.50%	7,482
Total long-term bonds and loans			<u>\$ 948,058</u>

Debt service payments are made from the following sources:

- (a) Hotel taxes and operating revenues recorded in the Convention Facilities Special Revenue Fund and existing debt service/escrow trust funds.
 (b) Hotel taxes from the occupancy of guest rooms in the hotels located in the Redevelopment Project Areas.
 (c) Redevelopment property tax revenues and existing debt service/escrow trust funds.
 (d) South Beach Harbor Project cash reserves, redevelopment property tax revenues and project revenues.
 (e) South Beach Harbor Project revenues (subordinated to Refunding Bonds).

Pledged Revenues for Bonds – The Tax Allocation Bonds are equally and ratably secured by the pledge and lien of the redevelopment property tax revenues (i.e. former tax increment). These revenues have been pledged until the year 2042, the final maturity date of the bonds. The total principal and interest remaining on these bonds is approximately \$1.66 billion. The redevelopment property tax revenues recognized during the year ended June 30, 2013 was \$114.0 million as against the total debt service payment of \$94.8 million.

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The Moscone Convention Center Lease Revenue Bonds are secured by the pledge of the capital lease revenue received by the Successor Agency from the City. These revenues have been pledged until the year 2015, the final maturity date of the remaining bonds. The total principal and interest remaining on these bonds is approximately \$19.5 million. The lease payments received during the year ended through June 30, 2013 was \$12.8 million, which equaled the total debt service payment.

The Hotel Tax Revenue Bonds are secured by the pledge and lien of the hotel tax revenue received by the Successor Agency from the City. These revenues have been pledged until the year 2026, the final maturity date of the bonds. The total principal and interest remaining on the Hotel Tax Revenue Bonds is approximately \$56.3 million. The hotel tax revenue recognized during the year ended June 30, 2013 was \$3.2 million as against the total debt service payment of \$3.2 million.

The changes in long-term obligations for the Successor Agency for the year ended June 30, 2013, are as follows:

	July 1, 2012	Additional Obligations, Interest Accretion and Net Increases	Current Maturities, Retirements, and Net Decreases	June 30, 2013
Bonds payable:				
Tax revenue bonds	\$ 979,896	\$ -	\$ (43,667)	\$ 936,229
Lease revenue bonds	7,478	-	(3,131)	4,347
Less deferred amounts:				
For issuance premiums	7,165	-	(842)	6,323
For issuance discounts	(5,461)	-	255	(5,206)
On refunding	(3,851)	-	463	(3,388)
Total bonds payable	985,227	-	(46,922)	938,305
Accreted interest payable	52,121	6,042	(11,881)	46,282
Notes, loans, and other payables	7,673	-	(191)	7,482
Accrued vacation and sick leave pay	988	812	(558)	1,242
Other postemployment benefits obligation	921	1,306	(1,006)	1,221
Successor Agency - long-term obligations	\$ 1,046,930	\$ 8,160	\$ (60,556)	\$ 994,532

As of June 30, 2013, the debt service requirements to maturity for the Successor Agency, excluding accrued vacation and sick leave, are as follows (in thousands):

Fiscal Year Ending June 30	Tax Revenue Bonds		Lease Revenue Bonds		Other Long-Term Obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 45,966	\$ 53,704	\$ 2,921	\$ 9,859	\$ 199	\$ 337	\$ 49,086	\$ 63,940
2015	51,675	50,484	1,426	5,279	208	328	53,509	56,091
2016	53,375	46,583	-	-	218	318	53,593	46,901
2017	54,380	43,879	-	-	227	309	54,607	44,188
2018	56,750	41,093	-	-	238	298	56,989	41,391
2019-2023	208,562	192,389	-	-	1,358	1,321	209,920	193,710
2024-2028	126,233	168,163	-	-	1,693	987	127,926	169,150
2029-2033	128,093	112,023	-	-	2,110	570	130,203	112,593
2034-2038	134,175	67,761	-	-	1,231	100	135,406	67,861
2039-2042	76,820	11,019	-	-	-	-	76,820	11,019
Total	\$ 936,229	\$ 787,118	\$ 4,347	\$ 15,178	\$ 7,482	\$ 4,568	\$ 948,058	\$ 806,864

Mortgage Revenue Bonds and Other Conduit Debt – In order to facilitate construction and rehabilitation in the City, various community district facility bonds and mortgage revenue bonds with an aggregate outstanding balance of approximately \$358 million as of June 30, 2013 have been issued by the former Agency on behalf of various developers and property owners who retain full responsibility for the repayment of the debt. When these obligations are issued, they are secured by the related mortgage indebtedness and special assessment taxes, and, in the opinion of management, are not considered obligations of the Successor Agency or the City and are therefore

CITY AND COUNTY OF SAN FRANCISCO

Notes to Basic Financial Statements (continued)
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not included in the accompanying financial statements. Debt service payments will be made by developers or property owners.

Due to/Advances from the Primary Government – In January 2003, the City and the former Agency entered into a Cooperation and Tax Increment Reimbursement Agreement. The City agreed to advance tax increment revenues to the former Agency for the debt service payments on the Tax Allocation Revenue Bonds, San Francisco Redevelopment Projects Series 2003 B and C. The former Agency agreed to make reimbursement payments related to the Jessie Square Parking Garage and fully repay the advances by fiscal year 2018. As of June 30, 2013, the long-term balance due to the City's General Fund was \$20.1 million. Interest will be accrued at the State of California Local Agency Investment Fund (LAIF) rate based on the balance due to the City. During the year ended June 30, 2013, the City advanced \$5.7 million in property tax revenues to the Successor Agency for debt service payments. In addition, interest in the amount of \$0.05 million was accrued based on the balance due to the City and the Successor Agency has made payments in the amount of \$2.2 million to the City.

The short-term balance of \$2.4 million consists of \$0.9 million in Jessie Square reimbursement payments due to the City's General Fund and \$1.5 million in payments for services provided by the City, of which \$1.3 million is due to the General Fund and \$0.2 million is due to other nonmajor governmental funds.

The amounts due to the City are offset by \$0.3 million due from the City's Low and Moderate Income Housing Asset nonmajor governmental fund to the Successor Agency.

(c) Commitments and Contingencies Related to the Successor Agency

At June 30, 2013, the Successor Agency had outstanding encumbrances totaling approximately \$2.8 million.

During the fiscal year ended June 30, 2013, the Successor Agency carried property insurance with a \$0.3 million deductible (reduced to \$0.05 million beginning July 1, 2013) and workers' compensation insurance through the State Compensation Insurance Fund up to statutorily determined limits. Prior to dissolution in 2012, the Successor Agency obtained liability insurance through membership in the Bay Cities Joint Powers Insurance Authority. During the fiscal year ended June 30, 2013, the Successor Agency did not carry liability insurance. Effective July 19, 2013, the Successor Agency obtained coverage for personal injury, automobile liability, public official errors and omissions and employment practices liability with limits of \$10.0 million per occurrence (\$5.0 million for employment practices liability) and a \$0.03 million deductible per occurrence.

The Successor Agency has noncancelable operating leases for its office sites, which are enforceable obligations of the Successor Agency. The leases require the following minimum annual payments:

Fiscal Years		Fiscal Years	
2014.....	\$ 1,311	2024-2028.....	\$ 4,351
2015.....	870	2029-2033.....	4,351
2016.....	870	2034-2038.....	4,351
2017.....	870	2039-2043.....	4,351
2018.....	870	2044-2048.....	4,350
2019-2023.....	4,351	2049-2051.....	1,958
		Total.....	\$ 32,854

Rent payments totaling \$0.9 million are included in the Successor Agency's financial statements for the year ended June 30, 2013.

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Notes to Basic Financial Statements (continued)
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The Successor Agency assumed noncancelable operating leases from the former Agency on various facilities within the Yerba Buena Center, Western Addition and Hunters Point, South of Market, Mission Bay North, and South Beach Harbor project areas. The minimum future rental income are as follows (in thousands):

Fiscal Years		Fiscal Years	
2014.....	\$ 4,222	2024-2028.....	\$ 22,508
2015.....	4,280	2029-2033.....	22,626
2016.....	4,240	2034-2038.....	21,582
2017.....	3,985	2039-2043.....	19,904
2018.....	3,966	2044-2048.....	14,444
2019-2023.....	19,682	2049-2050.....	988
		Total.....	\$ 142,327

For the year ended June 30, 2013, operating lease rental income for noncancelable operating leases was \$9.7 million. Within the operating lease rental income, \$5.4 million represents contingent rental income received. At June 30, 2013, the leased assets had a net book value of \$41.2 million.

The former Agency provides standby payment agreements in conjunction with its issuance of Mortgage Revenue Bonds wherein the Department of Housing and Urban Development guarantees Housing Assistance Payments (HAP) subsidized under Section 8 for multifamily residential facilities. If the HAP contract expires and is not renewed or is substantially reduced, the Successor Agency will be required to pay the difference. The estimated maximum obligation until June 30, 2019 over the terms of all standby payment agreements is \$47.7 million. As of June 30, 2013, management has assigned approximately \$4.8 million for the standby payment agreements. It is management's intent to assign 10% of the estimated maximum obligation.

(13) TREASURE ISLAND DEVELOPMENT AUTHORITY

The Treasure Island Development Authority (TIDA) is a nonprofit public benefit corporation. TIDA was authorized in accordance with the Treasure Island Conversion Act of 1997. TIDA is governed by seven members of the TIDA Board of Directors who are appointed by the Mayor, subject to confirmation by the City's Board of Supervisors. The specific purpose of TIDA is to promote the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the property known as Naval Station Treasure Island for the public interest, convenience, welfare and common benefit of the inhabitants of the City.

The services provided by TIDA include negotiating the acquisition of former Naval Station Treasure Island with the U.S. Navy and establishing the Treasure Island Development Project; renting Treasure Island facilities leased from the U.S. Navy to generate revenues sufficient to cover operating costs; maintaining Treasure Island facilities owned by the U.S. Navy which are not leased to TIDA or the City; providing facilities for special events, film production and other commercial business uses; providing approximately 800 housing units; and overseeing the U.S. Navy's toxic remediation activities on the former naval base.

In early 2000, TIDA initiated a master developer selection process, culminating in the selection of Treasure Island Community Development, LLC (TICD) in March 2003. TIDA and TICD entered into an Exclusive Negotiating Agreement in 2003, and began work on the Development Plan and Term Sheet for the Redevelopment of Naval Station Treasure Island (Development Plan). The Development Plan represented the culmination of nearly seven years of extensive public discourse about the future of Treasure Island, and was the product of the most extensive public review process for a large development project in the City's history. The Development Plan was endorsed by the TIDA Board and the San Francisco Board of Supervisors in December 2006. In May 2010, the TIDA Board and Board of Supervisors both unanimously endorsed a package of legislation that included an Update to the Development Plan and Term Sheet, terms of an Economic Development Conveyance Memorandum of Agreement (EDC MOA Term Sheet), and a Term Sheet between TIDA and the

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Treasure Island Homeless Development Initiative (TIHDI). The 2006 endorsement and 2010 update of the Development Plan marked two very important milestones in the project, as they very specifically guided the enormous efforts undertaken since then to make the ambitious development plans for Treasure Island a reality. Together the updated Development Plan, the EDC MOA Term Sheet and the TIHDI Term Sheet formed the comprehensive vision for the future of the former military base and represented a major milestone in moving the project closer towards implementation.

In April 2011, the TIDA Board and the Planning Commission certified the environmental impact report for the project and approved various project entitlements, including amendments to the Planning Code, Zoning Maps and General Plan, as well as a Development Agreement, Disposition and Development Agreement and Interagency Cooperation Agreement. These entitlements include detailed plans regarding land uses, phasing, infrastructure, transportation, sustainability, housing, including affordable housing, jobs and equal opportunity programs, community facilities and project financing, and provide a holistic picture of the future development. In June 2011, the Board of Supervisors unanimously upheld the certification of the project's environmental impact report as well as approved project entitlements. These project approvals were a key milestone in realizing a new environmentally sustainable community on Treasure Island and the thousands of construction and permanent jobs the construction will bring. Pending property transfer from the Navy, the first phase of infrastructure construction should begin in the fourth quarter of 2014 with vertical construction beginning in 2015. The complete build-out of the project is anticipated to occur over fifteen to twenty years.

In July 2008, amended in November 2011 and later in July 2013, the SFCTA entered into a loan agreement with TIDA in the amount of \$11.0 million for the repayment of costs related to the Yerba Buena Island (YBI) Interchange Improvement Project. Under the terms of the agreement, TIDA will repay the SFCTA for all project costs incurred by the SFCTA and accrued interest, less federal government reimbursements to the SFCTA. If the federal grant funds do not become available for some or all of the project costs, or if the federal agency disallows the SFCTA's reimbursement claims on some or all of the project costs, then TIDA bears the responsibility to repay the SFCTA for all costs incurred on the YBI Interchange Improvement Project for a total loan obligation amount not-to-exceed \$18.8 million. The repayment to the SFCTA may be paid by TIDA in four annual installment payments on the earlier of 30 days after the first close of escrow for transfer of the Naval Station Treasure Island from TIDA to Treasure Island Community Development, LLC or December 31, 2013. Interest shall accrue on all outstanding unpaid project costs until TIDA and federal agencies fully reimburse the SFCTA for all costs related to the project. Interest will be compounded quarterly, at the City Treasurer's Pooled Investment Fund rate or the SFCTA's borrowing rate, whichever is applicable, beginning on the date of the SFCTA's reimbursement claim to Caltrans until the SFCTA costs and all accrued interest has been repaid.

This loan is collateralized by the senior security interest in TIDA's right, title and interest in and to 1) the rents accruing under the Sublease, Development, Marketing and Property Management Agreement between TIDA and The John Stewart Company, related to the subleasing of existing residential units at the Naval Station Treasure Island; and 2) any and all other TIDA revenue, except revenue prohibited by applicable laws from being used for this purpose or is necessary for repayment of the annual amount of TIDA's pre-existing Hetch Hetchy utility obligation under the Memorandum of Understanding (MOU) between TIDA and Hetch Hetchy.

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As of June 30, 2013, TIDA has drawn down \$9.9 million on the loan with the SFCTA and accrued \$0.4 million in interest. At June 30, 2013, TIDA has the following payables to other City departments:

Payable to	Purpose	Current	Noncurrent	Total
SFCTA	YBI Loan Agreement	\$ -	\$ 10,336	\$ 10,336
SFCTA	YBI expenses	220	-	220
Hetch Hetchy	Utility operations under MOU	200	828	1,028
Hetch Hetchy	Energy efficiency project	-	2,599	2,599
		<u>\$ 420</u>	<u>\$ 13,763</u>	<u>\$ 14,183</u>

(14) INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

"Due to" and "due from" balances have primarily been recorded when funds overdraw their share of pooled cash or when there are transactions between entities where one or both entities do not participate in the City's pooled cash or when there are short-term loans between funds. The composition of interfund balances as of June 30, 2013 is as follows (in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 11,681
	Internal Service Funds	32
	San Francisco Water Enterprise	40
		<u>11,753</u>
Nonmajor Governmental Funds	General Fund	395
	Nonmajor Governmental Funds	316
	Internal Service Funds	1,931
	Municipal Transportation Agency	33
	Port of San Francisco	26,785
		<u>29,460</u>
San Francisco Water Enterprise	Nonmajor Governmental Funds	268
Hetch Hetchy Water and Power Enterprise	General Fund	475
	Nonmajor Governmental Funds	8,606
	Port of San Francisco	505
	General Hospital Medical Center	1,198
	San Francisco Wastewater Enterprise	2,006
		<u>12,790</u>
Municipal Transportation Agency	Nonmajor Governmental Funds	6,462
Port of San Francisco	Nonmajor Governmental Funds	435
San Francisco Wastewater Enterprise	Nonmajor Governmental Funds	88
		<u>88</u>
Total		<u>\$ 61,256</u>

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In addition to the routine short-term loans, Hetch Hetchy serves as the City's agency for energy efficiency projects and maintains the Sustainable Energy Account (SEA) to sponsor and financially support such projects at various City departments. In this role, Hetch Hetchy may secure low-interest financing to supplement funds available in the SEA. At June 30, 2013, Hetch Hetchy loaned \$11.2 million to other City funds. Hetch Hetchy is also due \$1.6 million from the Wastewater Enterprise for its share of costs relating to 525 Golden Gate Headquarters project for living machine equipment.

The Port also has an obligation to General Fund of \$26.8 million, which represents the total amount of commercial paper draws used to fund the expenditures incurred to date on authorized Port projects and related costs. The due from nonmajor governmental fund of \$0.4 million is for a capital project reimbursement due from the SFCTA. The Port also received an advance of \$0.5 million from Hetch Hetchy Water and Power Enterprise for an energy efficiency project.

The MTA has a receivable from nonmajor governmental fund of \$6.5 million for capital and operating grants.

Due from component units:		
Receivable Entity	Payable Entity	Amount
Hetch Hetchy Water and Power Enterprise ⁽¹⁾	Component unit - Treasure Island Development Authority	\$ 200
Primary government - Nonmajor Governmental Fund ⁽¹⁾	Component unit - Treasure Island Development Authority	220
Primary government - General fund ⁽²⁾	Successor Agency	2,179
Primary government - Nonmajor Governmental Fund ⁽²⁾	Successor Agency	237
Successor Agency ⁽²⁾	Primary government - Nonmajor Governmental Fund	280
Advance to component units:		
Receivable Entity	Payable Entity	Amount
Hetch Hetchy Water and Power Enterprise ⁽¹⁾	Component unit - Treasure Island Development Authority	\$ 3,427
Primary government - Nonmajor Governmental Fund ⁽¹⁾	Component unit - Treasure Island Development Authority	10,336
Primary government - General fund ⁽²⁾	Successor Agency	20,067

⁽¹⁾ See discussion at Note 13.

⁽²⁾ See discussion at Note 12(b) related to the Due to/Advances from the Primary Government.

Transfers Out:	Transfers In:									
	Funds									
Funds	General Fund	Nonmajor Governmental Funds	Internal Service Funds	Water Enterprise	Municipal Transportation Agency	Francisco Hospital	Wastewater Enterprise	Port of San Francisco	Laguna Honda Hospital	Total
General Fund.....	\$ -	\$ 138,545	\$ 177	\$ 800	\$ 297,850	\$ 129,069	\$ -	\$ 1,310	\$ 89,151	\$ 646,912
Nonmajor governmental funds.....	4,937	102,196	-	85,575	91,971	-	919	18,255	28	283,881
Internal Service Funds.....	324	-	-	-	-	-	-	-	-	324
San Francisco International Airport.....	36,464	-	-	-	-	-	-	-	-	36,464
Water Enterprise.....	-	2,891	-	-	-	-	-	-	-	2,891
Hetch Hetchy.....	173	23	-	-	-	-	-	-	-	196
Municipal Transportation Agency.....	-	3,811	-	-	-	-	-	-	-	3,811
San Francisco General Hospital.....	153,349	-	-	-	-	-	-	-	127	153,476
Wastewater Enterprise.....	-	31	-	-	-	-	-	-	-	31
Port of San Francisco.....	-	-	-	-	-	-	-	-	-	-
Laguna Honda Hospital.....	25	4,965	-	-	-	9,287	-	-	-	14,277
Total transfers out	\$ 195,272	\$ 252,462	\$ 177	\$ 86,375	\$ 379,831	\$ 138,356	\$ 919	\$ 19,565	\$ 89,306	\$ 1,142,263

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The \$646.9 million General Fund transfer out includes a total of \$501.1 million in operating subsidies to Municipal Transportation Agency, San Francisco General Hospital Medical Center (SFGH), and Laguna Honda Hospital (note 11). Laguna Honda Hospital also received operating transfer in of \$5.0 million from General Fund. The transfer of \$138.5 million from the General Fund to the nonmajor governmental funds is to provide support to various City programs such as the Public Library and Children and Families Fund, as well as to provide resources for the payment of debt service. The transfers between the nonmajor governmental funds are to provide support for various City programs and to provide resources for the payment of debt service.

In connection with a memorandum of understanding, the General Fund reimbursed the Port \$1.3 million for certain lost revenues (payment in lieu of rents) during the America's Cup events. Also, Port received \$18.3 million from the first sale of the 2012 San Francisco Clean and Safe Neighborhood Parks Bond for parks and open space on Port property.

San Francisco International Airport transferred \$36.5 million to the General Fund, representing a portion of concession revenue (note 11(a)). The General Fund received transfers in of \$123.9 million from San Francisco General Hospital Medical Center for the Safety Net Care Pool (SNCP) and Delivery System Reform Incentive Program (DSRIP) intergovernmental transfers (IGT) matching program reimbursement, \$7.2 million for Low Income Health Program (LIHP) reimbursement for Primary Care clinics, \$21.4 million for Healthy San Francisco reimbursement, and \$0.8 million for Child Health Initiative reimbursement (note 11(g)).

Wastewater enterprise received a transfer in of \$0.9 million from nonmajor governmental funds for performing emergency work on the Great Highway that was funded by a grant given to City's Department of Public Works.

MTA received \$92.0 million transfers, of which \$69.4 million was for capital activities and \$11.7 million was for operating activities from nonmajor governmental funds. Nonmajor governmental funds also transferred \$10.9 million in bond proceeds to MTA to fund various street improvement projects and in turn the MTA transferred \$3.8 million to pay for various street improvement projects.

Laguna Honda Hospital (LHH) transferred \$5.0 million of Senate Bill No. 1128 MediCal reimbursements to nonmajor governmental funds for the debt service payment of the LHH general obligation bonds and to SFGH the supplemental surplus revenue in the amount of \$9.3 million to fund SFGH's budgetary cost overruns.

The Water Enterprise received \$66.4 million from transfers in, which included \$63.1 million in general obligation bond proceeds for the improvement of the Auxiliary Water Supply System Earthquake Safety and Emergency Response project, \$2.5 million for the second payment of the 17th and Folsom property with the remaining balance of \$2.3 million will be paid over a period of five years, and \$0.8 million from the San Francisco Recreation and Parks Department for the Lake Merced boat house renovation. On the other hand, the Water Enterprise transferred \$2.9 million to other City departments, including \$0.4 million to San Francisco Recreation and Parks Department for a landscape and irrigation project, \$2.5 million to the Arts commission for art work at 525 Golden Gate Headquarters, and \$31 to a nonmajor special revenue fund for the City Surety Bond Program.

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(15) COMMITMENTS AND CONTINGENT LIABILITIES

(a) Grants and Subventions

Receipts from federal and state grants and other similar programs are subject to audit to determine if the monies were expended in accordance with appropriate statutes, grant terms and regulations. The City believes that no significant liabilities will result.

(b) Operating Leases

The City has noncancellable operating leases for certain buildings and data processing equipment, which require the following minimum annual payments (in thousands):

Primary Government

Governmental Activities

Fiscal Years	
2014.....	\$ 28,252
2015.....	25,726
2016.....	22,600
2017.....	21,077
2018.....	17,071
2019-2023.....	36,720
2024-2028.....	310
Total.....	<u>\$ 151,756</u>

Operating lease expense incurred for fiscal year 2012-2013 was approximately \$19.4 million.

Business-type Activities

Fiscal Years	San Francisco International Airport	Port of San Francisco	Municipal Transportation Agency (MTA)	Total Business-type Activities
2014.....	\$ 193	\$ 2,861	\$ 11,224	\$ 14,278
2015.....	75	2,861	11,475	14,411
2016.....	-	2,794	11,765	14,559
2017.....	-	2,702	11,635	14,337
2018.....	-	2,702	11,880	14,582
2019-2023.....	-	13,508	64,865	78,373
2024-2028.....	-	13,508	75,211	88,719
2029-2933.....	-	13,508	83,698	97,206
2034-2038.....	-	13,508	79,268	92,776
2039-2943.....	-	13,508	-	13,508
2044-2048.....	-	13,508	-	13,508
2049-2050.....	-	2,927	-	2,927
Total.....	<u>\$ 268</u>	<u>\$ 97,895</u>	<u>\$ 361,021</u>	<u>\$ 459,184</u>

Operating lease expense incurred for the Airport, Port, and MTA for fiscal year 2012-2013 was \$0.2 million, \$2.8 million, and \$13.4 million, respectively.

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Several City departments lease land and various facilities to tenants and concessionaires who will provide the following minimum annual payments:

Primary Government

Governmental Activities

Fiscal Years	
2014.....	\$ 2,472
2015.....	2,189
2016.....	1,859
2017.....	1,773
2018.....	1,124
2019-2023.....	906
2024-2028.....	666
2029-2033.....	250
Total.....	<u>\$ 11,239</u>

Business-type Activities

Fiscal Years	General					Market Corp	Total Business-type Activities
	San Francisco International Airport	Port of San Francisco	Hospital Medical Center	Municipal Transportation Agency			
2014.....	\$ 87,444	\$ 39,344	\$ 1,268	\$ 5,006	\$ 82	\$ 133,144	
2015.....	84,568	34,507	1,306	3,824	-	124,205	
2016.....	80,827	29,974	1,346	2,615	-	114,762	
2017.....	77,514	23,639	1,386	1,690	-	104,229	
2018.....	96,535	21,459	1,428	1,512	-	120,934	
2019-2023.....	-	94,017	7,807	7,275	-	109,099	
2024-2028.....	-	70,844	-	6,335	-	77,179	
2029-2033.....	-	63,111	-	6,250	-	69,361	
2034-2038.....	-	54,439	-	6,250	-	60,689	
2039-2043.....	-	39,678	-	6,250	-	45,928	
2044-2048.....	-	34,715	-	6,250	-	40,965	
2049-2053.....	-	20,895	-	6,250	-	27,145	
2054-2058.....	-	16,055	-	3,333	-	19,388	
2059-2063.....	-	16,014	-	-	-	16,014	
2064-2068.....	-	12,894	-	-	-	12,894	
2069-2073.....	-	8,991	-	-	-	8,991	
2074-2077.....	-	6,011	-	-	-	6,011	
Total.....	<u>\$ 426,888</u>	<u>\$ 586,587</u>	<u>\$ 14,541</u>	<u>\$ 62,840</u>	<u>\$ 82</u>	<u>\$ 1,090,938</u>	

The Airport and Port have certain rental agreements with concessionaires, which specify that rental payments are to be based on a percentage of tenant sales, subject to a minimum amount. Concession percentage rents in excess of minimum guarantees for the Airport and Port were approximately \$21.7 million and \$14.2 million, respectively, in fiscal year 2012-13. In addition, the Airport has a car rental agreement that will expire on December 31, 2013, with the option to extend for five years. Under this agreement the rental car companies will pay 10% of gross revenues or a minimum guaranteed rent whichever is higher; also in accordance with the terms of their concession agreement, the minimum annual guarantee (MAG) for the rental car operators does not apply if the actual Enplanements achieved during a one-month period is less than 80% of the actual Enplanements of the same Reference Month in the Reference Year, and such shortfall continues for

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (continued)
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three consecutive months. The MAG attributable to the rental car companies was approximately \$38.8 million for fiscal year 2012-13.

Other Commitments

The Retirement System has commitments to contribute capital for real estate and alternative investments in the aggregate amount of approximately \$1.3 billion at June 30, 2013.

In February 2011, the Asian Art Museum Foundation (Foundation) entered into an agreement with JP Morgan Chase Bank to refinance its obligations of \$97.0 million. To facilitate the refinancing, the City entered into an assurance agreement which, in the event of nonpayment by the Foundation, requires the City to seek an appropriation to make debt payments as they become due. Since the City has not legally guaranteed the debt, and the City believes that the likelihood of nonpayment by the Foundation is remote, no amount is recorded in the City's financial statements related to this agreement.

(16) RISK MANAGEMENT

Risk Retention Program Description

The City is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; business interruption; errors and omissions; automobile liability and accident claims (primarily for MTA); medical malpractice; natural disasters; employee health benefit claim payments for direct provider care (collectively referred to herein as estimated claims payable); and injuries to employees (workers' compensation). With certain exceptions, it is the policy of the City not to purchase commercial insurance for the risks of losses to which it is exposed. Instead, the City believes it is more economical to manage its risks internally and set aside funds as needed for estimated current claim settlements and unfavorable judgments through annual appropriations and supplemental appropriations.

The Airport carries general liability insurance coverage of \$1 billion, subject to a deductible of \$10 per single occurrence and commercial property insurance coverage for full replacement value on all facilities at the Airport owned by the Airport, subject to a deductible of \$500 per single occurrence. Additionally, tenants and contractors on all contracts are required to carry commercial general and automobile liability insurance in various amounts naming the Airport as additional insured. The Airport carries public officials liability and employment practices liability coverage of \$5 million, subject to a deductible of \$100 per single occurrence for each wrongful act other than employment practices' violations, and \$250 per each occurrence for each employment practices' violation. The Airport also carries insurance for public employee dishonesty, fine arts, electronic data processing equipment and watercraft liability for Airport fire and rescue vessels. The Airport has no liability insurance coverage for losses due to land movement or seismic activity, war, terrorism and hijacking.

The Port carries the following insurance: 1) marine general liability coverage of \$50 million, subject to a deductible of \$75 per occurrence; 2) hull and machinery liability coverage of \$3.5 million, subject to a deductible of \$100 per occurrence; 3) commercial property insurance for losses up to the insured appraised value of Port facilities, subject to a maximum of \$1 billion and a deductible of \$500 per occurrence; and 4) public officials and employee liability coverage of \$5.0 million, subject to a deductible of \$50 per occurrence. The Port also carries insurance coverage for employee dishonesty, auto liability, and property damage for certain high value Port vehicles, water pollution and data processing equipment. In addition, the Port requires its tenants, licensees and contractors on all contracts to carry commercial general liability insurance in various amounts naming the Port and the City as additional insured parties. Tenants whose operations pose a significant environment risk are also required to post an environmental oversight deposit and an environmental performance deposit.

The MTA risk treatment program encompasses both self-insured and insured methods. Insurance purchase is generally coordinated through the City's Risk Management Division, and in some specific cases, directly by the agency. MTA's general policy is to first evaluate self-insurance for the risks of

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (continued)
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loss to which it is exposed. When economically more viable or when required by debt financing covenants, MTA purchases insurance as necessary or required.

Risks	Coverage
a. General/Transit Liability	Self-Insure
b. Property	Self-Insure and Purchase Insurance
c. Workers' Compensation	Self-Insure
d. Employee (Transit Operators)	Purchase Insurance
e. Directors and Officers	Purchase Insurance

The MTA is self-insured on general liability. Through coordination with the Controller and City Attorney's Office, the MTA general liability payments are addressed through pay-as-you-go funding as part of the budgetary process as well as a reserve that is increased each year by approximately \$2.0 million. As of June 30, 2013, the reserve was \$10.0 million. Claim liabilities are actuarially determined anticipated claims and projected timing of disbursement, considering recent claim settlement trends, inflation, and other economic social factors. MTA's workers' compensation payments are addressed through pay-as-you-go funding as part of the budgetary process. Claim liabilities are actuarially determined anticipated claims and projected timing of disbursement, considering open claims' future exposure based on current costs and estimation for injuries that may have occurred but not yet reported. The workers' compensation claims and payouts are handled by a third-party administrator under MTA's oversight and management. MTA continues to develop and implement programs to mitigate growth of costs such as the transitional work programs that bring injured workers back to work on modified duty. Other programs include injury prevention, injury investigation and medical treatment bill review.

The MTA purchases property insurance on scheduled facilities and personal property. Also, insurance is purchased for scheduled City parking garages covering blanket property and business interruptions. Damages to facilities and property outside of the specified schedules are self-insured. For MTA contractors, MTA requires each contractor to provide its own insurance, the traditional insurance ensuring that the full scope of work be covered with satisfactory levels to limit the risk exposure to City and MTA's property.

MTA has purchased group life insurance and a Group Felonious Assault Coverage Insurance on transit operators per Memorandum of Understanding with Transport Workers' Union and starting in fiscal year 2012, has purchased insurance to cover errors and omissions of its board members and senior management.

Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

Expenditures and liabilities for all workers' compensation claims and other estimated claims payable are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other legal and economic factors. The recorded liabilities have not been discounted.

Estimated Claims Payable

Numerous lawsuits related to the governmental fund types are pending or threatened against the City. The City's liability as of June 30, 2013 has been actuarially determined and includes an estimate of incurred but not reported losses and allocated loss adjustment expenses.

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (continued)
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Changes in the reported estimated claims payable since June 30, 2011, resulted from the following activity:

	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
2011-2012	\$ 224,481	\$ 26,579	\$ (81,673)	\$ 169,387
2012-2013	169,387	36,851	(31,656)	174,582

Breakdown of the estimated claims payable at June 30, 2013 is follows:

Governmental activities:	
Current portion of estimated claims payables.....	\$ 37,374
Long-term portion of estimated claims payable.....	73,627
Total	\$ 111,001
Business-type activities:	
Current portion of estimated claims payables.....	\$ 24,284
Long-term portion of estimated claims payable.....	39,297
Total	\$ 63,581

During the year ended June 30, 2013, the Retirement System was involved in various petitions, lawsuits, and threatened lawsuits relating to individuals' benefits due under the Retirement System, which management does not expect to have a material impact on the net position available for pension benefits. The results of such actions are included in the Retirement System's experience factors used in its actuarial valuations and accordingly, are eventually considered in establishing the City's required annual contributions.

Workers' Compensation

The City self-insures for workers' compensation coverage. The City's liability as of June 30, 2013 has been actuarially determined and includes an estimate of incurred but not reported losses. The total amount estimated to be payable for claims incurred as of June 30, 2013 was \$377.8 million, which is reported in the appropriate individual funds in accordance with the City's accounting policies.

Changes in the reported accrued workers' compensation since June 30, 2011, resulted from the following activity:

	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
2011-2012	\$ 371,014	\$ 74,600	\$ (74,730)	\$ 370,884
2012-2013	370,884	76,308	(69,416)	377,776

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Breakdown of the accrued workers' compensation liability at June 30, 2013 is as follows:

Governmental activities:	
Current portion of accrued workers' compensation liability.....	\$ 39,759
Long-term portion of accrued workers' compensation liability..	189,573
Total	\$ 229,332
Business-type activities:	
Current portion of accrued workers' compensation liability.....	\$ 24,002
Long-term portion of accrued workers' compensation liability..	124,442
Total	\$ 148,444

(17) SUBSEQUENT EVENTS

a) Long-term Debt Issuance

In July 2013, the Airport terminated the \$100.0 million direct-pay letter of credit from Barclays, which supported a subseries of the Airport commercial paper.

In July 2013, the City issued \$35.8 million taxable and \$16.2 million tax-exempt commercial paper to refund maturing \$35.7 million taxable and \$15.9 million tax-exempt commercial paper. The taxable notes bear interest rates at 0.16% and the tax-exempt notes at 0.10% and 0.12%. The taxable and tax-exempt notes are scheduled to mature on August 13, 2013. In August 2013, the City issued \$37.2 million taxable and \$18.0 million tax-exempt commercial paper to refund the July 2013 issuance and to provide \$3.0 million and \$0.3 million interim funding for the War Memorial Veterans Building Seismic Retrofit project and Port Cruise Ship Terminal project, respectively. The taxable notes bear interest rates at 0.16% and the tax-exempt notes at 0.09% and are all scheduled to mature on October 3, 2013.

In July 2013, the Airport issued its Second Series Revenue Bonds, Series 2013A-C in the amount of \$461.1 million to finance and refinance (through the payment of subordinate commercial paper notes) a portion of the Capital Plan. The Series 2013A-C bonds are uninsured, long-term fixed rate bonds. The Series 2013A (AMT) bonds mature from May 2020 through May 2038 with interest rates ranging from 5.00% to 5.50%. The Series 2013B (Non-AMT/Governmental Purpose) bonds mature in May 2043, with an interest rate of 5.00%. The Series 2013C (Taxable) bonds mature from May 2017 through May 2019 with interest rates ranging from 2.12% to 2.86%. The bonds were issued to repay the entire outstanding balance of commercial paper notes, to finance the Airport's capital projects and to pay certain costs related to the issuance of the Series 2013A-C bonds.

In August 2013, the San Francisco Water Enterprise issued \$12.0 million of Series A-1-T taxable commercial paper. The proceeds of this issuance will provide the initial deposit to a special endowment fund that was created to provide long-term funding to benefit the Bioregional Habitat Restoration (BHR) Program of the San Francisco Water Enterprise. The BHR program is a Water System Improvement Program (WSIP) capital project. The commercial paper notes bear an interest rate at 0.19% and will mature on November 14, 2013.

In March 2013, Deutsche Bank National Trust Company sold its Municipal Bond Trustee Business, including the Trust Agreement with the City for San Francisco General Hospital Emergency Backup Generator Project, to U.S. Bank National Association. In connection with the sale, Deutsche Bank resigned as trustee under the Trust Indenture and U.S. Bank National Association was appointed as successor trustee and assumes all of the duties, obligations and responsibilities of the trustee under the Trust Indenture effective August 23, 2013.

In September 2013, based on approval by the MTA Board of Directors and concurrence by the Board of Supervisors, the MTA obtained an irrevocable, direct pay letter of credit issued by State Street

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (continued)
June 30, 2013
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Bank that will support the MTA's issuance of up to \$100.0 million in Commercial Paper (CP) Notes, the proceeds of which are expected to be used to pay for costs of projects pending the receipt of grant proceeds and/or to finance state of good repair and other capital projects. Such CP Notes, and the MTA's obligation to reimburse State Street Bank for draws under the letter of credit to pay the principal and interest on the CP Notes, will be secured by a pledge of Pledged Revenues that is junior and subordinate to the pledge securing the Series 2013 Bonds. The letter of credit issued by State Street Bank is scheduled to expire on September 10, 2018, subject to prior termination pursuant to its terms and as provided for in the related reimbursement agreement.

In September 2013, the Board of Supervisors approved the authorization by the MTA's Board of Directors to issue MTA revenue bonds not exceeding \$165.0 million to finance certain transportation projects. MTA will issue Revenue Bonds Series 2013 in December 2013 with par value of \$85.0 million, with the US Bank as trustee, to finance a portion of the cost of various capital projects for the MTA, to make a deposit to the Series 2013 reserve account of the reserve fund and pay the costs of issuance of the Series 2013 revenue bonds.

In October 2013, the Port Commission issued Certificates of Participation (COPs) in the total amount of \$37.7 million. The COPs were issued to finance the construction, reconstruction, equipping and improvement and rehabilitation of certain facilities to be operated by the Port, as well as to refinance commercial paper previously issued by the City for the same purpose. The COPs are issued in two series, consisting of Series 2013B (Non-AMT) in the amount of \$4.8 million and Series 2013C (AMT) in the amount of \$32.9 million. Series 2013B will mature March 2036 and March 2038, and carry coupon rates of 5.25% and 4.75%, respectively. Series 2013C will mature March 2014 through March 2043 with coupon rates ranging from 4.00% to 5.25%.

In October 2013, the City issued \$39.4 million taxable and \$27.8 million tax-exempt commercial paper to refund the August 2013 issuance and to provide \$9.9 million and \$1.7 million interim funding for the War Memorial Veterans Building Seismic Retrofit project and Port Cruise Ship Terminal project, respectively. The taxable notes bear interest rates at 0.15% and the tax-exempt notes at 0.07% and are all scheduled to mature on November 20, 2013.

In November 2013, the City issued \$8.3 million taxable and \$24.1 million tax-exempt commercial paper to refund the October 2013 issuance for the interim financing of the War Memorial Veterans Building Retrofit project, the Department of Public Works equipment purchase, and the HOPE SF affordable housing project. The taxable and tax-exempt notes are scheduled to mature on March 5, 2014 and bear interest rate at 0.18% and 0.10%, respectively.

(b) San Francisco General Hospital

SFGH participated in California's Medi-cal Hospital/Uninsured Care Demonstration Project (Demonstration Project), which paid selected hospitals for providing care to Medi-cal and uninsured patients. Payments under the Demonstration Project consisted of fee-for-service cost-based reimbursement, Disproportionate Share Hospital payments, and distribution from a pool of funding for uninsured care, known as the Safety Net Care Pool. The Demonstration Project began in fiscal year 2005-06 and participating hospitals are paid an estimated amount from each of these pools of funds, which is subject to a final reconciliation as determined by the Department of Health Care Services. Subsequent to year end, SFGH received notice of the final reconciliation amounts owed to SFGH for fiscal year 2005-06 and recognized revenue of previously deferred cash receipts of \$9.0 million from fiscal year 2005-06 in fiscal year 2012-13. SFGH will record the remaining \$10.2 million it is still owed in fiscal year 2013-14 when it receives the related cash.

(c) Rim Fire

In August 2013, the Rim Fire, one of the largest in California history was a massive wildfire in Tuolumne County and the Stanislaus National Forest, began and burned over 257,135 acres. It passed through an area containing two of Hetch Hetchy Power's generating stations and reaching the southern edge of the Hetch Hetchy Reservoir, which supplies 85% of San Francisco's drinking water. The City has critical assets in the area, managed by San Francisco Public Utilities Commission and

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Notes to Basic Financial Statements (continued)
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the Recreation and Parks Department. Other critical infrastructure, inclusive of power transmission and distribution lines, switch yards and structures were in the wildfire's direct path.

The City declared a State of Emergency, followed by Governor Jerry Brown's declaration of a State of Emergency for San Francisco, on August 23, 2013. Emergency response teams were immediately deployed to protect the City's resources and assets upcountry. There was no impact to drinking water quality despite some ash being observed falling onto the reservoir. The City's hydroelectric power generation system was interrupted by the fire, forcing Hetch Hetchy Power to spend approximately \$1.6 million buying power on the open market and using existing banked energy with PG&E.

The fire was fully contained on October 24, 2013. The Rim Fire has inflicted approximately \$40.0 million in damage to parts of the City's water and power infrastructure located upcountry in the region. SFPU retail and wholesale customers remained unaffected; water and power continued to be supplied with consistent quality and quantity. Cost recovery alternatives being considered include Federal Emergency Management Agency and California Emergency Management Agency assistance as well as purchased property insurance coverage for mission-critical assets. Both the Hetch Hetchy and Water Enterprise funds have available reserves, which may also be considered for use to backfill unrecovered costs.

(d) Claims

In July 2013, Asiana Airlines Flight 214 crashed on final approach to the Airport. The City anticipates litigation related to this matter but believes that any such litigation would not have a material financial impact. The City intends to tender all claims to Asiana Airlines and Asiana's insurance carriers. Under the Lease and Use Agreement, Asiana Airlines must defend, hold harmless and indemnify the City and the City is additionally insured under Asiana Airline's insurance policy. The City also believes that in the unlikely event that there is any potential liability not covered by Asiana Airlines and/or its insurance policies, the Airport's insurance policies will cover any such loss.

(e) Elections

On November 5, 2013, the San Francisco voters approved Propositions A, a charter amendment that will keep the Retiree Health Care Trust Fund (the Trust Fund) from being depleted and would allow the Trust Fund Board make payments toward City retiree health care costs from the City's account in the fund only when the Trust Fund is fully funded or only under certain circumstances as specified below.

Fiscal Impact: The City's ability to withdraw from the Trust Fund would be restricted. The restrictions would ensure that the Trust Fund more rapidly accumulates sufficient funding and investment earnings to pay for required City retiree health costs and would therefore reduce the burden of these costs on the City's annual budget. The City currently pays for the health care benefits of retired employees through the annual budget. These expenses are now approximately \$150.0 million annually, or about 6% of payroll expenditures, but are expected to grow over time to approximately \$250.0 million, or about 10% of payroll expenses. Instead of bearing this cost in the annual budget, as a sound financial management practice, employers can instead set-aside funds during a worker's career and use investment income from those funds to pay for the benefits.

Through earlier Charter amendments, the City established a Retiree Health Care Trust Fund into which both the City and the employees are required to contribute funds. Deposits are now required on behalf of employees hired after January 9, 2009 and, beginning in 2016, will be required on behalf of all employees. No withdrawals are currently permitted from the Trust Fund until 2020, ensuring that the balance will grow until that time, however no such prohibitions are in place following that date. The City's most recent actuarial analysis estimates that the cost of health benefits already earned by current and future retirees as of July 1, 2010 is \$4.4 billion, of which only \$3.2 million has been set aside to date.

CITY AND COUNTY OF SAN FRANCISCO

Notes to Basic Financial Statements (continued)

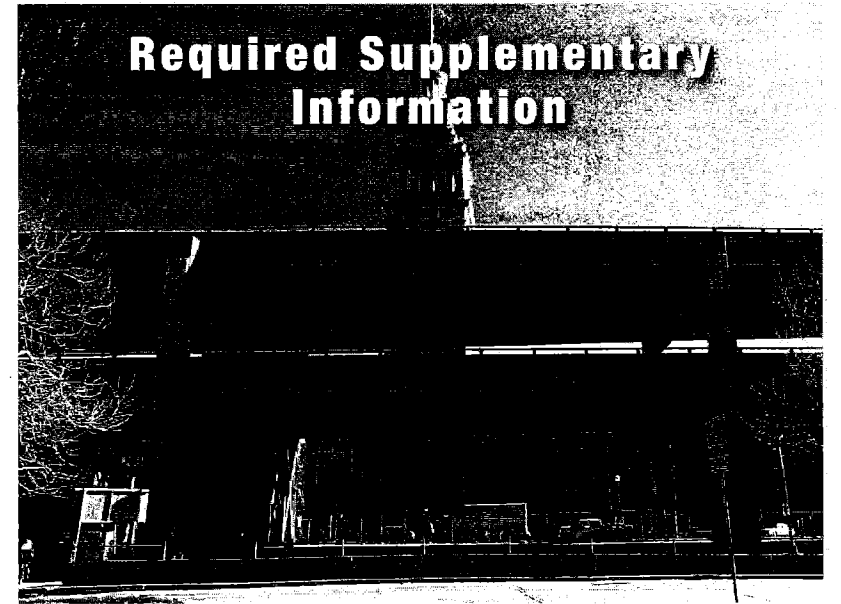
June 30, 2013

(Dollars in Thousands)

The Charter amendment will prohibit withdrawals from the Trust Fund until sufficient funds are set-aside to pay for all future retiree health care costs as determined by an actuarial study. Limited withdrawals prior to accumulating sufficient funds will be permitted only if annually budgeted retiree health care costs rise above 10% of payroll expenses, and will be limited to no more than 10% of the Trust Fund balance. Proposition A allows for revisions to these funding limitations and requirements only upon the recommendation of the Controller and an external actuary and if approved by the Retiree Health Care Trust Fund Board, two-thirds of the Board of Supervisors, and the Mayor.

The City's external actuary has estimated that given these proposed provisions, the Trust Fund would be fully funded in approximately 30 years. At that time, the City's annual costs would drop to approximately \$50.0 million in current dollars or about 2% of the payroll expenses. Current and future projections of the benefit costs and of the Trust's status are dependent on assumptions of future medical inflation, investment returns, and other trends, which will likely differ from those assumed. Higher rates of medical inflation or lower rates of investment returns would delay the shift to a fully funded Trust Fund.

Proposition A also (1) further clarifies the required segregation of moneys within the Trust Fund into sub-trusts for other participating employers such as the School District, (2) limits withdrawals from these sub-trusts by other participating government employers until their governing board has adopted a funding strategy by a two-thirds vote, and (3) allows the Treasurer, Controller and General Manager of the Retirement System to serve on the Trust Fund Board, rather than appoint members to the Trust Fund Board.



The Embarcadero Freeway covered the face of the Ferry Building from 1957 - 1991.



CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information –
Schedules of Funding Progress and Employer Contributions (unaudited)
June 30, 2013
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The schedules of funding progress presented below provide consolidated snapshots of the entity's ability to meet current and future liabilities with plan assets. Of particular interest to most is the funded status ratio. This ratio conveys a plan's level of assets to liabilities, an important indicator to determine the financial health of the pension or OPEB plans. The closer the plan is to a 100% funded status, the better position it will be in to meet all of its future liabilities.

Employees' Retirement System – Pension Plan ⁽¹⁾

Actuarial Valuation Date	Actuarial Asset Value	Accrued Liability (AAL) Entry Age	(Under) funded AAL (O/UAAAL)	Funded Ratio	Covered Payroll	O/UAAAL as a % of Covered Payroll
07/01/10	\$ 16,069,058	\$ 17,643,394	\$ (1,574,336)	91.1%	\$ 2,398,823	-65.6%
07/01/11	16,313,120	18,598,728	(2,285,608)	87.7%	2,360,413	-96.8%
07/01/12	16,027,683	19,393,854	(3,366,171)	82.6%	2,393,842	-140.6%

(1) As a result of the Retirement Board's decision to phase in a reduction of the Plan's assumed investment rate of return from 7.75% to 7.50% over three years, the assumed investment rate of return used for the most recent actuarial valuation as of July 1, 2012 was 7.58%. The unfunded actuarial liability (UAL) as of July 1, 2012 was \$3.37 billion, an increase of \$1.08 billion from the UAL of \$2.29 billion as of July 1, 2011. This increase in the unfunded liability is primarily a result of the market value losses during fiscal year 2008-09 that are being recognized over five years as well as liability experience losses related to changes to the economic and demographic assumptions approved by the Retirement Board.

The July 1, 2012 valuation results incorporate the following significant assumption changes approved by the Retirement Board at its December 14, 2011 Board meeting:

- Investment Rate of Return Assumption – phase in reduction from 7.75% to 7.50% over three years (fiscal year 2011-12 to 7.66%; fiscal year 2012-13 to 7.58%; and fiscal year 2013-14 to 7.50%)
- Wage/inflation Assumption – phase in reduction from 4.00% to 3.75% over three years (fiscal year 2011-12 to 3.91%; fiscal year 2012-13 to 3.83%; fiscal year 2013-14 to 3.75%)
- Long-term Consumer Price Index Assumption – phase in reduction from 3.50% to 3.25% over three years (fiscal year 2011-12 to 3.41%; fiscal year 2012-13 to 3.33%; fiscal year 2013-14 to 3.25%)

California Public Employees' Retirement System – Pension Plan (Safety Members)

Actuarial Valuation Date	Actuarial Asset Value	Accrued Liability (AAL) Entry Age	(Under) funded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
06/30/09	\$ 707,615	\$ 758,124	\$ (50,509)	93.3%	\$ 101,929	-49.6%
06/30/10	743,188	787,186	(43,998)	94.4%	104,072	-42.3%
06/30/11	788,580	836,171	(47,591)	94.3%	105,575	-45.1%



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CITY AND COUNTY OF SAN FRANCISCO
 Required Supplementary Information –
 Schedules of Funding Progress and Employer Contributions (unaudited) (continued)
 June 30, 2013
 (Dollars in Thousands)

**Schedule of Funding Progress – City and County of San Francisco –
 Other Postemployment Health Care Benefits**

Actuarial Valuation Date ⁽¹⁾	Actuarial Asset Value	Actuarial	(Under)	Funded Ratio	Covered Payroll	UAAAL as a % of Covered Payroll
		Liability (AAL) Entry Age	funded AAL (UAAL)			
07/01/06	\$ -	\$ 4,036,324	\$ (4,036,324)	0.0%	\$ 2,066,866	-195.3%
07/01/08	-	4,364,273	(4,364,273)	0.0%	2,296,336	-190.1%
07/01/10 ⁽²⁾	-	4,420,146	(4,420,146)	0.0%	2,393,930	-184.6%

- (1) The actuarial valuation report is conducted once every two years.
- (2) As of July 1, 2010, the City set-aside approximately \$3.2 million in assets for the OPEB plan. However, the Retiree Health Care Trust Fund was not established until December 2010 and these assets will be reflected in the next actuarial valuation report.

**Schedule of Employer Contributions – City and County of San Francisco –
 Other Postemployment Health Care Benefits**

Year ended June 30,	Annual Required Contribution	Percentage Contributed
2011	\$ 384,334	37.9%
2012	397,862	39.2%
2013	408,735	39.2%

**Schedule of Funding Progress – San Francisco County Transportation Authority –
 Other Postemployment Health Care Benefits**

Actuarial Valuation Date ⁽¹⁾	Actuarial Asset Value	Actuarial	(Under)	Funded Ratio	Covered Payroll	UAAAL as a % of Covered Payroll
		Liability (AAL) Entry Age	funded AAL (UAAL)			
01/01/08	\$ -	\$ 182	\$ (182)	0.0%	\$ 1,978	-9.2%
01/01/10	173	374	(201)	46.3%	2,858	-7.0%
6/30/11 ⁽²⁾	405	671	(266)	60.4%	3,251	-8.2%

- (1) The actuarial valuation report is conducted once every two years. The SFCTA's next valuation is scheduled to be performed in fiscal year 2013-14.
- (2) As of June 30, 2012, the SFCTA complied with GASB Statement No. 57 and completed an OPEB actuarial valuation based on a common date of its trust account with CalPERS. CalPERS requires June 30 valuations to be prepared for each odd numbered year. As such, the SFCTA performed its latest actuarial valuation as of June 30, 2011.

CITY AND COUNTY OF SAN FRANCISCO
 Required Supplementary Information –
 Schedules of Funding Progress and Employer Contributions (unaudited) (continued)
 June 30, 2013
 (Dollars in Thousands)

Schedule of Funding Progress – Successor Agency – Other Postemployment Health Care Benefits

Actuarial Valuation Date ⁽¹⁾	Actuarial Asset Value	Actuarial	(Under)	Funded Ratio	Covered Payroll	UAAAL as a % of Covered Payroll
		Accrued Liability (AAL) Entry Age	funded AAL (UAAL)			
6/30/07	\$ -	\$ 13,829	\$ (13,829)	0.0%	\$ 9,634	-143.5%
06/30/09	493	13,790	(13,297)	3.6%	10,515	-126.5%
06/30/11 ⁽²⁾	1,856	14,390	(12,534)	12.9%	4,185	-299.5%

- (1) The actuarial valuation report is conducted once every two years.
- (2) As of June 30, 2013, no actuarial valuation was performed.



The Fairchild Building, as the Fairchild Building Company is being torn down after the 1988 Loma Prieta Earthquake.



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CITY AND COUNTY OF SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Building Inspection Fund – Accounts for the revenues and expenditures of the Bureau of Building Inspection which provides enforcement and implementation of laws regulating the use, occupancy, location and maintenance of buildings. This fund shall be used by the Department of Building Inspection to defray the costs of the Bureau of Building Inspection in processing and reviewing permits applications and plans, filed inspections, code enforcement and reproduction of documents.

Children and Families Fund – Accounts for property tax revenues, tobacco tax funding from Proposition 10 and interest earnings designated by Charter provision. Monies in this fund are used as specified in the Charter and Proposition 10 to provide services to children less than eighteen years old, and to promote, support and improve the early development of children from the prenatal stage to five years of age.

Community/Neighborhood Development Fund – Accounts for various grants primarily from the Department of Housing and Urban Development including federal grants administered by the former Redevelopment Agency to provide for community development of rundown areas; to promote new housing, child care centers and public recreation areas; to provide a variety of social programs for the underprivileged and provide loans for various community development activities. This fund also includes proceeds from a bond issuance to benefit the Seismic Safety Loan Program which provides loans for seismic strengthening of privately-owned unreinforced masonry buildings in the City.

Community Health Services Fund – Accounts for state and federal grants used to promote public health and mental health programs.

Convention Facilities Fund – Accounts for operating revenues of the convention facilities: Moscone Center, Brooks Hall and Civic Auditorium. In addition to transfers for lease payments of the Moscone Center, this fund provides for operating costs of the various convention facilities and the San Francisco Convention and Visitors Bureau.

Court's Fund – Accounts for a portion of revenues from court filing fees that are specifically dedicated for Courthouse costs.

Culture and Recreation Fund – Accounts for revenues received from a variety of cultural and recreational funds such as Public Arts, Youth Arts and Yacht Harbor with revenues used for certain specified operating costs.

Environmental Protection Fund – Accounts for revenues received from state, federal and other sources for the preservation of the environment, recycling, and reduction of toxic waste from the City's waste stream.

Gasoline Tax Fund – Accounts for the subventions received from state gas taxes under the provision of the Streets and Highways Code and for operating transfers from other funds which are used for the same purposes. State subventions are restricted to uses related to local streets and highways, acquisitions of real property, construction and improvements, and maintenance and repairs.

General Services Fund – Accounts for the activities of several non-grant activities, generally established by administrative action.

Gift Fund – Accounts for certain cash gifts which have been accepted by the Board of Supervisors on behalf of the City and the operations of two smaller funds that cannot properly be grouped into the Gift Fund because of their specific terms. Disbursements are made by departments, boards and commissions in accordance with the purposes, if any, specified by the donor. Activities are controlled by project accounting procedures maintained by the Controller.

Golf Fund – Accounts for the revenue and expenditures related to the City's six golf courses.

Human Welfare Fund – Accounts for state and federal grants used to promote education and discourage domestic violence.

CITY AND COUNTY OF SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (Continued)

Low and Moderate Income Housing Asset Fund – Accounts for the former Redevelopment Agency's affordable housing assets upon its dissolution on January 31, 2012.

Open Space and Park Fund – Accounts for property tax revenues designated by Charter provision, interest earnings and miscellaneous service charges and gifts. Monies in this fund are used as specified in the Charter for acquisition and development of parks and open space parcels, for renovation of existing parks and recreation facilities, for maintenance of properties acquired and for after-school recreation programs.

Public Library Fund – Accounts for property tax revenues and interest earnings designated by Charter provision. Monies in this fund are to be expended or used exclusively by the library department to provide library services and materials and to operate library facilities.

Public Protection Fund – Accounts for grants received and revenues and expenditures of 21 special revenue funds including fingerprinting, vehicle theft crimes, peace officer training and other activities related to public protection.

Public Works, Transportation and Commerce Fund – Accounts for the revenues and expenditures of 13 special revenue funds including construction inspection, engineering inspection and other activities related to public works projects. In addition, the fund accounts for various grants from federal and state agencies expended for specific purposes, activities or facilities related to transportation and commerce.

Real Property Fund – Accounts for the lease revenue from real property purchased with the proceeds from certificates of participation. The lease revenue is used for operations and to pay for debt service of the certificates of participation. Sales and disposals of real property are also accounted for in this fund.

San Francisco County Transportation Authority Fund – Accounts for the proceeds of a one-half of one percent increase in local sales tax authorized by the voters for mass transit and other traffic and transportation purposes.

Senior Citizens' Program Fund – Accounts for grant revenues from the federal and state government to be used to promote the well-being of San Francisco senior citizens.

War Memorial Fund – Accounts for the costs of maintaining, operating and caring for the War Memorial buildings and grounds.

DEBT SERVICE FUNDS

The Debt Service Funds account for the accumulation of property taxes and other revenues for periodic payment of interest and principal on general obligation and certain lease revenue bonds and related authorized costs.

General Obligation Bond Fund – Accounts for property taxes and other revenues, (including the tobacco settlement revenues in excess of the \$100 million required to fund the Laguna Honda Hospital construction project) for periodic payment of interest and principal of general obligation bonds and related costs. Provisions are made in the general property tax levy for monies sufficient to meet these requirements in accordance with Article XIII of the State Constitution (Proposition 13).

Certificates of Participation (COP) Funds – Accounts for Base Rental payments from the various Special Revenue Funds and General Fund which provide for periodic payments of interest and principal. The COPs are being sold to provide funds to finance the acquisition of existing office buildings and certain improvements thereto, or the construction of City buildings such as the Courthouse, to be leased to the City for use of certain City departments as office space.

Other Bond Funds – Accounts for funds and debt service for the revolving fund loans operated and managed by the Mayor's Office of Community Development to assist with economic development efforts in low income neighborhoods (Facade Improvement Program) and for loans under the U.S. Department of Housing and Urban Development section 108 of the Housing and Community Development Act of 1974 (Fillmore Renaissance Center and Boys and Girls Club Hunters' Point Clubhouse) and the Asphalt Plant Expansion Loan.

CITY AND COUNTY OF SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources that are restricted, committed or assigned to expenditures for the acquisition of land or acquisition and construction of major facilities other than those financed in the proprietary fund types.

City Facilities Improvement Fund – Accounts for bond proceeds, capital lease financing, federal and local funds and transfers from other funds which are designated for various buildings and general improvements. Expenditures for acquisition and construction of public buildings and improvements are made in accordance with bond requirements and appropriation ordinances.

Earthquake Safety Improvement Fund – Accounts for bond proceeds, Federal/State grants and private gifts which are designated for earthquake facilities improvements to various City buildings and facilities. Expenditures for construction are made in accordance with bond requirements and grant regulations.

Fire Protection Systems Improvement Fund – Accounts for bond proceeds which are designated for improvements in fire protection facilities. Expenditures for construction are made in accordance with bond requirements.

Moscone Convention Center Fund – Accounts for proceeds from Moscone Convention Center Lease Revenue Bonds and transfers from the General Fund and Convention Facilities Special Revenue Fund. Expenditures are for construction of the George R. Moscone Convention Center and for related administrative costs.

Public Library Improvement Fund – Accounts for bond proceeds and private gifts which are designated for construction of public library facilities. Expenditures for construction are made in accordance with bond requirements and private funds agreements.

Recreation and Park Projects Fund – Accounts for bond proceeds, Federal and state grants, gifts and transfers from other funds which are designated for various recreation and park additions and development. Expenditures for acquisition and construction of recreation and park facilities are made in accordance with bond requirements and appropriation ordinances.

Street Improvement Fund – Accounts for gas tax subventions, bond fund proceeds and other revenues which are designated for general street improvements. Expenditures for land acquisition and construction of designated improvements are made in accordance with applicable state codes, City charter provisions and bond requirements.

PERMANENT FUND

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Bequest Fund – Accounts for income and disbursements of bequests accepted by the City. Disbursements are made in accordance with terms of the bequests.

CITY AND COUNTY OF SAN FRANCISCO
Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2013
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund Bequest Fund	Total Nonmajor Governmental Funds
Assets					
Deposits and investments with City Treasury.....	\$ 551,445	\$ 116,126	\$ 682,375	\$ 7,608	\$ 1,357,554
Deposits and investments outside City Treasury.....	16,568	31,489	23,356	-	71,413
Receivables:					
Property taxes and penalties.....	3,715	5,265	-	-	8,980
Other local taxes.....	15,191	-	-	-	15,191
Federal and state grants and subventions.....	104,005	-	5,303	-	109,308
Charges for services.....	11,532	6	-	-	11,538
Interest and other.....	1,759	125	165	2	2,071
Due from other funds.....	743	-	28,717	-	29,460
Due from component unit.....	421	-	36	-	457
Advance to component unit.....	10,336	-	-	-	10,336
Loans receivable (net of allowance for uncollectibles).....	70,169	-	-	-	70,169
Deferred charges and other assets.....	12,404	-	-	-	12,404
Total assets.....	\$ 798,288	\$ 153,011	\$ 739,972	\$ 7,610	\$ 1,698,881
Liabilities and Fund Balances					
Liabilities:					
Accounts payable.....	\$ 78,477	\$ 10	\$ 70,694	\$ 65	\$ 149,246
Accrued payroll.....	20,425	-	2,583	1	23,009
Deferred tax, grant and subvention revenues.....	38,449	4,640	1,136	81	44,306
Due to other funds.....	19,124	-	8,732	-	27,856
Due to component unit.....	280	-	-	-	280
Deferred credits and other liabilities.....	108,324	14,635	1,949	40	124,948
Bonds, loans, capital leases and other payables.....	151,821	-	49,725	-	201,546
Total liabilities.....	416,900	19,285	134,819	187	571,191
Fund balances:					
Nonspendable.....	274	-	-	-	274
Restricted.....	436,861	133,726	613,179	7,423	1,191,189
Assigned.....	30,759	-	-	-	30,759
Unassigned.....	(86,506)	-	(8,026)	-	(94,532)
Total fund balances.....	381,388	133,726	605,153	7,423	1,127,690
Total liabilities and fund balances.....	\$ 798,288	\$ 153,011	\$ 739,972	\$ 7,610	\$ 1,698,881

CITY AND COUNTY OF SAN FRANCISCO
Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2013
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund Bequest Fund	Total Nonmajor Governmental Funds
Revenues:					
Property taxes.....	\$ 122,899	\$ 176,857	\$ -	\$ -	\$ 299,756
Business taxes.....	504	-	-	-	504
Sales and use tax.....	85,754	-	-	-	85,754
Hotel room tax.....	56,386	-	-	-	56,386
Licenses, permits and franchises.....	14,628	-	-	-	14,628
Fines, forfeitures and penalties.....	19,989	23,646	-	-	43,635
Interest and investment income.....	4,201	583	580	-	5,364
Rents and concessions.....	61,717	738	312	730	63,497
Intergovernmental:					
Federal.....	240,618	-	5,404	-	246,022
State.....	107,586	721	5,054	-	113,341
Other.....	33,925	-	4,792	-	38,717
Charges for services.....	131,668	-	-	-	131,668
Other.....	60,360	3,918	2,502	92	66,872
Total revenues.....	940,195	206,463	18,644	822	1,166,124
Expenditures:					
Current:					
Public protection.....	88,433	-	-	-	88,433
Public works, transportation and commerce.....	155,204	-	-	-	155,204
Human welfare and neighborhood development.....	284,449	-	-	-	284,449
Community health.....	100,035	-	-	-	100,035
Culture and recreation.....	222,224	-	-	700	222,924
General administration and finance.....	24,796	-	-	-	24,796
General City responsibilities.....	118	-	-	-	118
Debt service:					
Principal retirement.....	-	154,542	-	-	154,542
Interest and fiscal charges.....	1,707	105,337	1,145	-	108,189
Bond issuance costs.....	-	2	2,911	-	2,913
Capital outlay.....	-	-	410,994	-	410,994
Total expenditures.....	876,966	259,881	415,050	700	1,552,597
Excess (deficiency) of revenues over (under) expenditures.....	63,229	(53,418)	(396,406)	122	(386,473)
Other financing sources (uses):					
Transfers in.....	135,495	106,922	10,045	-	252,462
Transfers out.....	(125,319)	(486)	(158,073)	(3)	(283,881)
Issuance of bonds and loans:					
Face value of bonds issued.....	-	-	557,490	-	557,490
Face value of loans issued.....	5,890	-	-	-	5,890
Premium on issuance of bonds.....	-	-	64,469	-	64,469
Other financing sources-capital leases.....	1,045	-	7,983	-	9,028
Total other financing sources (uses).....	17,111	106,436	481,914	(3)	605,458
Extraordinary loss from dissolution of the Redevelopment Agency.....	(172,851)	-	-	-	(172,851)
Net change in fund balances.....	(92,311)	53,018	85,508	119	46,334
Fund balances at beginning of year.....	473,699	80,708	519,645	7,304	1,081,356
Fund balances at end of year.....	\$ 381,388	\$ 133,726	\$ 605,153	\$ 7,423	\$ 1,127,690

CITY AND COUNTY OF SAN FRANCISCO
Combining Balance Sheet
Nonmajor Governmental Funds - Special Revenue Funds
June 30, 2013
(In Thousands)

	Building Inspection Fund	Children and Families Fund	Community/Neighborhood Development Fund	Community Health Services Fund	Convention Facilities Fund	Court's Fund
Assets						
Deposits and investments with City Treasury.....	\$ 90,189	\$ 71,251	\$ 88,369	\$ 30,271	\$ 36,711	\$ 5
Deposits and investments outside City Treasury.....	3	-	2,581	-	-	-
Receivables:						
Property taxes and penalties.....	-	1,393	-	-	-	-
Other local taxes.....	-	-	-	-	-	-
Federal and state grants and subventions.....	-	4,020	17,959	24,907	-	-
Charges for services.....	374	-	3	-	1,507	157
Interest and other.....	26	26	19	18	-	-
Due from other funds.....	-	-	62	-	-	-
Due from component unit.....	-	-	-	-	-	-
Advance to component unit.....	-	-	-	-	-	-
Loans receivable (net of allowance for uncollectibles).....	308	-	69,417	-	-	-
Deferred charges and other assets.....	-	-	1	-	-	-
Total assets.....	\$ 90,898	\$ 76,690	\$ 178,411	\$ 55,196	\$ 38,218	\$ 162
Liabilities and Fund Balances						
Liabilities:						
Accounts payable.....	\$ 1,611	\$ 13,686	\$ 10,434	\$ 15,389	\$ 2,437	\$ 10
Accrued payroll.....	1,939	931	810	2,052	54	-
Deferred tax, grant and subvention revenues.....	-	4,094	690	6,426	-	-
Due to other funds.....	-	-	-	615	-	4,396
Due to component unit.....	-	-	-	-	-	-
Deferred credits and other liabilities.....	16,217	3,972	69,751	782	2,437	-
Bonds, loans, capital leases and other payables.....	-	-	1,495	-	-	-
Total liabilities.....	19,767	22,683	83,180	25,264	4,928	4,406
Fund balances:						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	71,131	54,007	92,398	29,932	33,290	-
Assigned.....	-	-	2,833	-	-	-
Unassigned.....	-	-	-	-	-	(4,244)
Total fund balances.....	71,131	54,007	95,231	29,932	33,290	(4,244)
Total liabilities and fund balances.....	\$ 90,898	\$ 76,690	\$ 178,411	\$ 55,196	\$ 38,218	\$ 162

(Continued)

CITY AND COUNTY OF SAN FRANCISCO
Combining Balance Sheet
Nonmajor Governmental Funds - Special Revenue Funds (Continued)
 June 30, 2013
 (In Thousands)

	Culture and Recreation Fund	Environmental Protection Fund	Gasoline Tax Fund	General Services Fund	Gift and Other Expendable Trusts Fund	Golf Fund
Assets						
Deposits and investments with City Treasury.....	\$ 5	\$ 1,381	\$ 14,123	\$ 12,970	\$ 9,071	\$ 2,299
Deposits and investments outside City Treasury.....	7	373	2	1	192	-
Receivables:						
Property taxes and penalties.....	-	-	-	-	-	-
Other local taxes.....	-	-	-	-	-	-
Federal and state grants and subventions.....	151	1,773	2,498	532	56	-
Charges for services.....	119	-	426	1,859	-	384
Interest and other.....	-	-	3	591	1	1
Due from other funds.....	-	205	-	-	-	-
Due from component unit.....	-	-	-	-	-	-
Advance to component unit.....	-	-	-	-	-	-
Loans receivable (net of allowance for uncollectibles)...	-	-	-	-	-	-
Deferred charges and other assets.....	-	-	-	-	-	-
Total assets.....	\$ 282	\$ 3,732	\$ 16,962	\$ 15,753	\$ 9,320	\$ 2,684
Liabilities and Fund Balances						
Liabilities:						
Accounts payable.....	\$ 854	\$ 129	\$ 2,353	\$ 887	\$ 228	\$ 492
Accrued payroll.....	261	327	1,233	430	24	277
Deferred tax, grant and subvention revenues.....	217	2,230	-	111	151	-
Due to other funds.....	2,483	-	-	-	-	-
Due to component unit.....	-	-	-	-	-	-
Deferred credits and other liabilities.....	8	-	-	125	-	-
Bonds, loans, capital leases and other payables.....	-	-	-	-	-	-
Total liabilities.....	3,623	2,686	3,586	1,553	403	789
Fund balances:						
Nonspendable.....	-	-	-	-	192	-
Restricted.....	-	1,046	13,376	7,109	8,725	-
Assigned.....	-	-	-	7,091	-	1,915
Unassigned.....	(3,341)	-	-	-	-	-
Total fund balances.....	(3,341)	1,046	13,376	14,200	8,917	1,915
Total liabilities and fund balances.....	\$ 282	\$ 3,732	\$ 16,962	\$ 15,753	\$ 9,320	\$ 2,684

(Continued)

CITY AND COUNTY OF SAN FRANCISCO
Combining Balance Sheet
Nonmajor Governmental Funds - Special Revenue Funds (Continued)
 June 30, 2013
 (In Thousands)

	Human Welfare Fund	Low and Moderate Income Housing Asset Fund	Open Space and Park Fund	Public Library Fund	Public Protection Fund	Public Works, Transportation and Commerce Fund
Assets						
Deposits and investments with City Treasury.....	\$ -	\$ 19,357	\$ 24,186	\$ 41,112	\$ 16,805	\$ 16,580
Deposits and investments outside City Treasury.....	-	-	-	-	-	193
Receivables:						
Property taxes and penalties.....	-	-	1,161	1,161	-	-
Other local taxes.....	-	-	-	-	-	-
Federal and state grants and subventions.....	7,574	-	-	41	33,104	135
Charges for services.....	-	-	-	12	1,403	5,468
Interest and other.....	-	-	8	12	168	-
Due from other funds.....	-	-	-	-	-	2
Due from component unit.....	-	-	-	-	-	57
Advance to component unit.....	-	-	-	-	-	-
Loans receivable (net of allowance for uncollectibles)...	-	446	-	-	-	-
Deferred charges and other assets.....	-	6,233	-	-	1,457	4,631
Total assets.....	\$ 7,574	\$ 26,036	\$ 25,355	\$ 42,338	\$ 52,937	\$ 27,068
Liabilities and Fund Balances						
Liabilities:						
Accounts payable.....	\$ 2,131	\$ 1	\$ 189	\$ 2,692	\$ 12,257	\$ 1,376
Accrued payroll.....	53	21	1,247	3,887	1,514	3,497
Deferred tax, grant and subvention revenues.....	1,034	-	1,023	1,033	14,811	608
Due to other funds.....	4,106	-	-	-	-	358
Due to component unit.....	-	280	-	-	-	-
Deferred credits and other liabilities.....	-	3,137	3,311	3,310	1	4,873
Bonds, loans, capital leases and other payables.....	-	-	-	-	-	320
Total liabilities.....	7,324	3,439	5,770	10,922	28,583	11,032
Fund balances:						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	-	22,597	19,585	30,332	22,745	57
Assigned.....	250	-	-	1,084	1,609	15,977
Unassigned.....	-	-	-	-	-	-
Total fund balances.....	250	22,597	19,585	31,416	24,354	16,034
Total liabilities and fund balances.....	\$ 7,574	\$ 26,036	\$ 25,355	\$ 42,338	\$ 52,937	\$ 27,068

(Continued)

CITY AND COUNTY OF SAN FRANCISCO
Combining Balance Sheet
Nonmajor Governmental Funds - Special Revenue Funds (Continued)
 June 30, 2013
 (In Thousands)

	Real Property Fund	San Francisco County Transportation Authority Fund	Senior Citizens' Program Fund	War Memorial Fund	Total
Assets					
Deposits and investments with City Treasury.....	\$ 10,565	\$ 54,282	\$ 503	\$ 11,410	\$ 551,445
Deposits and investments outside City Treasury.....	419	12,797	-	-	16,568
Receivables					
Property taxes and penalties.....	-	-	-	-	3,715
Other local taxes.....	-	15,191	-	-	15,191
Federal and state grants and subventions.....	-	11,032	313	-	104,005
Charges for services.....	12	-	-	8	11,532
Interest and other.....	-	886	-	-	1,759
Due from other funds.....	-	474	-	-	743
Due from component unit.....	-	364	-	-	421
Advance to component unit.....	-	10,398	-	-	10,398
Loans receivable (net of allowance for uncollectibles).....	-	-	-	-	70,189
Deferred charges and other assets.....	-	82	-	-	12,404
Total assets.....	\$ 10,996	\$ 105,444	\$ 816	\$ 11,418	\$ 798,288
Liabilities and Fund Balances					
Liabilities:					
Accounts payable.....	\$ 993	\$ 9,533	\$ 796	\$ 199	\$ 78,477
Accrued payroll.....	1,183	288	-	417	20,425
Deferred tax, grant and subvention revenues.....	-	5,973	48	-	38,449
Due to other funds.....	-	7,166	-	-	19,124
Due to component unit.....	-	-	-	-	280
Deferred credits and other liabilities.....	-	385	-	15	108,324
Bonds, loans, capital leases and other payables.....	-	150,086	-	-	151,821
Total liabilities.....	2,176	173,331	844	631	416,900
Fund balances:					
Nonspendable.....	-	82	-	-	274
Restricted.....	8,820	10,924	-	10,787	436,861
Assigned.....	-	-	-	-	30,759
Unassigned.....	-	(78,893)	(28)	-	(86,506)
Total fund balances.....	8,820	(67,867)	(28)	10,787	381,388
Total liabilities and fund balances.....	\$ 10,996	\$ 105,444	\$ 816	\$ 11,418	\$ 798,288

CITY AND COUNTY OF SAN FRANCISCO
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
 Year Ended June 30, 2013
 (In Thousands)

	Building Inspection Fund	Children and Families Fund	Community/Neighborhood Development Fund	Community Health Services Fund	Convention Facilities Fund	Court's Fund
Revenues:						
Property taxes.....	\$ -	\$ 46,087	\$ -	\$ -	\$ -	\$ -
Business taxes.....	-	-	504	-	-	-
Sales and use tax.....	-	-	-	-	-	-
Hotel room tax.....	-	-	-	-	47,227	-
Licenses, permits and franchises.....	6,684	-	-	-	-	-
Fines, forfeitures and penalties.....	-	-	695	2,565	-	30
Interest and investment income.....	-	-	3,853	-	-	31
Rents and concessions.....	-	-	4,987	-	23,433	-
Intergovernmental:						
Federal.....	-	9,328	53,625	63,760	-	-
State.....	-	14,510	10,050	33,423	-	-
Other.....	-	-	447	10	-	-
Charges for services.....	60,307	-	8,252	4,784	-	2,937
Other.....	-	696	35,020	422	1,497	-
Total revenues.....	66,991	70,619	115,433	104,944	72,166	2,968
Expenditures:						
Current:						
Public protection.....	-	-	-	-	-	371
Public works, transportation and commerce.....	45,228	-	11,812	2,860	944	175
Human welfare and neighborhood development.....	-	132,009	68,207	-	5,876	-
Community health.....	-	-	-	100,035	-	-
Culture and recreation.....	-	-	45	-	57,340	-
General administration and finance.....	-	-	2,296	-	41	-
General City responsibilities.....	-	-	-	-	-	-
Debt service:						
Interest and fiscal charges.....	-	-	12	-	-	-
Total expenditures.....	45,228	132,009	102,372	102,895	64,201	546
Excess (deficiency) of revenues over (under) expenditures.....	21,763	(61,390)	13,061	2,049	7,987	2,423
Other financing sources (uses):						
Transfers in.....	4	61,777	5,577	19	-	-
Transfers out.....	-	(12)	(9,019)	-	(7,365)	(4,189)
Issuance of bonds and loans:						
Face value of loans issued.....	-	-	-	-	-	-
Other financing sources-capital leases.....	-	-	-	-	-	-
Total other financing sources (uses).....	4	61,765	(3,442)	19	(7,365)	(4,189)
Extraordinary loss from dissolution of the Redevelopment Agency.....	-	-	(618)	-	-	-
Net change in fund balances.....	21,767	375	9,001	2,068	622	(1,766)
Fund balances at beginning of year.....	49,384	53,632	86,230	27,854	32,668	(2,478)
Fund balances at end of year.....	\$ 71,131	\$ 54,007	\$ 95,231	\$ 29,932	\$ 33,290	\$ (4,244)

(Continued)

CITY AND COUNTY OF SAN FRANCISCO
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds (Continued)
Year Ended June 30, 2013
(In Thousands)

	Culture and Recreation Fund	Environmental Protection Fund	Gasoline Tax Fund	General Services Fund	Gift and Other Expendable Trusts Fund	Golf Fund
Revenues:						
Property taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business taxes.....	-	-	-	-	-	-
Sales and use tax.....	-	-	-	-	-	-
Hotel room tax.....	-	-	-	-	-	-
Licenses, permits and franchises.....	259	-	-	2,219	-	-
Fines, forfeitures and penalties.....	-	-	-	-	219	-
Interest and investment income.....	-	-	-	-	7	-
Rents and concessions.....	383	-	-	1,127	-	3,030
Intergovernmental:						
Federal.....	63	3,348	-	3,544	-	-
State.....	-	8,780	26,036	-	-	-
Other.....	-	612	-	-	-	-
Charges for services.....	5,378	9	1,900	2,614	55	6,392
Other.....	281	640	-	2,091	-	-
Total revenues.....	6,364	13,389	27,936	9,828	2,372	9,422
Expenditures:						
Current:						
Public protection.....	-	-	-	260	23	-
Public works, transportation and commerce.....	7,522	-	28,664	-	321	-
Human welfare and neighborhood development.....	-	13,106	-	-	544	-
Community health.....	-	-	-	-	-	-
Culture and recreation.....	8,597	-	-	951	1,815	10,697
General administration and finance.....	-	-	-	7,079	97	-
General City responsibilities.....	-	10	-	59	9	-
Debt service.....	-	-	-	-	-	-
Interest and fiscal charges.....	211	-	-	-	-	-
Total expenditures.....	16,330	13,116	28,664	8,389	2,809	10,697
Excess (deficiency) of revenues over (under) expenditures.....	(9,966)	273	(728)	1,439	(437)	(1,275)
Other financing sources (uses):						
Transfers in.....	3,640	13	765	184	9	2,265
Transfers out.....	(40)	(61)	(2,587)	-	(134)	(861)
Issuance of bonds and loans.....	-	-	-	-	-	-
Face value of loans issued.....	5,890	-	-	-	-	-
Other financing sources-capital leases.....	-	-	1,045	-	-	-
Total other financing sources (uses).....	9,490	(48)	(777)	184	(125)	1,404
Extraordinary loss from dissolution of the Redevelopment Agency.....	-	-	-	-	-	-
Net change in fund balances.....	(476)	225	(1,505)	1,623	(562)	129
Fund balances at beginning of year.....	(2,865)	821	14,881	12,577	9,479	1,786
Fund balances at end of year.....	\$ (3,341)	\$ 1,046	\$ 13,376	\$ 14,200	\$ 8,917	\$ 1,915

(Continued)

CITY AND COUNTY OF SAN FRANCISCO
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds (Continued)
Year Ended June 30, 2013
(In Thousands)

	Human Welfare Fund	Low and Moderate Income Housing Asset Fund	Open Space and Park Fund	Public Library Fund	Public Protection Fund	Public Works, Transportation and Commerce Fund
Revenues:						
Property taxes.....	\$ -	\$ -	\$ 38,406	\$ 38,406	\$ -	\$ -
Business taxes.....	-	-	-	-	-	-
Sales and use tax.....	-	-	-	-	-	-
Hotel room tax.....	-	-	-	-	-	-
Licenses, permits and franchises.....	249	-	-	-	-	493
Fines, forfeitures and penalties.....	11	-	-	-	-	16,304
Interest and investment income.....	-	187	-	-	-	48
Rents and concessions.....	-	564	-	24	-	10
Intergovernmental:						
Federal.....	18,704	-	-	80	77,997	-
State.....	548	-	79	220	12,347	57
Other.....	54	504	-	-	-	1,442
Charges for services.....	150	-	1	741	14,420	25,334
Other.....	43	16,344	-	20	178	445
Total revenues.....	19,759	17,596	38,486	39,491	121,790	27,465
Expenditures:						
Current:						
Public protection.....	-	-	-	-	87,779	-
Public works, transportation and commerce.....	-	-	1,088	22	562	16,891
Human welfare and neighborhood development.....	22,618	802	-	-	4,430	11,204
Community health.....	-	-	-	-	-	-
Culture and recreation.....	-	-	41,467	89,168	-	16
General administration and finance.....	-	-	-	12	30	122
General City responsibilities.....	-	-	-	-	-	-
Debt service.....	-	-	-	-	-	-
Interest and fiscal charges.....	-	-	-	-	-	1
Total expenditures.....	22,618	802	42,555	89,202	92,601	28,234
Excess (deficiency) of revenues over (under) expenditures.....	(2,859)	16,797	(4,069)	(49,711)	29,989	(769)
Other financing sources (uses):						
Transfers in.....	2,984	-	861	55,333	1,532	538
Transfers out.....	-	(101)	-	(2,760)	(2,963)	(52)
Issuance of bonds and loans.....	-	-	-	-	-	-
Face value of loans issued.....	-	-	-	-	-	-
Other financing sources-capital leases.....	-	-	-	-	-	-
Total other financing sources (uses).....	2,984	(101)	861	52,573	(551)	486
Extraordinary loss from dissolution of the Redevelopment Agency.....	-	(172,033)	-	-	-	-
Net change in fund balances.....	25	(155,337)	(3,208)	2,862	28,438	(283)
Fund balances at beginning of year.....	226	177,934	22,783	28,554	(4,084)	16,317
Fund balances at end of year.....	\$ 250	\$ 22,597	\$ 19,585	\$ 31,416	\$ 24,354	\$ 16,034

(Continued)

CITY AND COUNTY OF SAN FRANCISCO
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds (Continued)
Year Ended June 30, 2013
(In Thousands)

	San Francisco County				Total
	Real Property Fund	Transportation Authority Fund	Senior Citizens' Program Fund	War Memorial Fund	
Revenues:					
Property taxes.....	\$ -	\$ -	\$ -	\$ -	\$ 122,899
Business taxes.....	-	-	-	-	504
Sales and use tax.....	-	85,754	-	-	85,754
Hotel room tax.....	-	-	-	9,199	56,386
Licenses, permits and franchises.....	-	4,724	-	-	14,628
Fines, forfeitures and penalties.....	-	-	-	-	19,969
Interest and investment income.....	-	21	-	-	4,201
Rents and concessions.....	25,764	-	-	2,395	61,717
Intergovernmental:					
Federal.....	-	5,379	4,792	-	240,618
State.....	-	760	756	-	107,566
Other.....	466	30,397	-	-	33,925
Charges for services.....	42	-	-	372	131,958
Other.....	-	2,305	74	-	60,360
Total revenues.....	26,262	129,340	5,622	11,826	940,195
Expenditures:					
Current:					
Public protection.....	-	-	-	-	88,433
Public works, transportation and commerce.....	1,023	38,092	-	-	155,204
Human welfare and neighborhood development.....	-	-	5,653	-	284,449
Community health.....	-	-	-	-	100,035
Culture and recreation.....	-	-	-	12,128	222,224
General administration and finance.....	15,119	-	-	-	24,796
General City responsibilities.....	-	-	-	-	118
Debt service:					
Interest and fiscal charges.....	-	1,483	-	-	1,707
Total expenditures.....	16,142	39,575	5,653	12,128	876,966
Excess (deficiency) of revenues over (under) expenditures.....	10,120	89,765	(31)	(202)	63,229
Other financing sources (uses):					
Transfers in.....	85	-	3	6	135,495
Transfers out.....	(14,967)	(81,089)	-	-	(125,319)
Issuance of bonds and loans	-	-	-	-	-
Face value of loans issued.....	-	-	-	-	5,690
Other financing sources-capital leases.....	-	-	-	-	1,045
Total other financing sources (uses).....	(14,882)	(81,088)	3	6	17,111
Extraordinary loss from dissolution of the Redevelopment Agency.....	-	-	-	-	(172,651)
Net change in fund balances.....	(4,762)	8,577	(28)	(196)	(92,311)
Fund balances at beginning of year.....	13,582	(76,564)	-	10,983	473,699
Fund balances at end of year.....	\$ 8,820	\$ (67,987)	\$ (28)	\$ 10,787	\$ 381,388

CITY AND COUNTY OF SAN FRANCISCO
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances -
Budget and Actual - Budget Basis
Special Revenue Funds
Year Ended June 30, 2013
(In Thousands)

	Building Inspection Fund				Children and Families Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes.....	\$ -	\$ -	\$ -	\$ -	\$ 44,716	\$ 44,716	\$ 46,087	\$ 1,371
Business taxes.....	-	-	-	-	-	-	-	-
Sales and use tax.....	-	-	-	-	-	-	-	-
Hotel room tax.....	-	-	-	-	-	-	-	-
Licenses, permits, and franchises.....	6,761	6,781	6,684	(77)	-	-	-	-
Fines, forfeitures, and penalties.....	-	-	-	-	-	-	-	-
Interest and investment income.....	252	252	58	(194)	295	295	583	288
Rents and concessions.....	-	-	-	-	-	-	-	-
Intergovernmental:								
Federal.....	-	-	-	-	9,576	9,557	9,328	(229)
State.....	-	-	-	-	13,489	12,953	12,939	(14)
Other.....	-	-	-	-	-	-	-	-
Charges for services.....	42,766	42,767	60,794	18,027	-	-	-	-
Other revenues.....	-	-	-	-	160	764	783	(1)
Total revenues.....	49,779	49,780	67,536	17,756	68,236	68,285	69,700	1,415
Expenditures:								
Public protection.....	-	-	-	-	-	-	-	-
Public works, transportation and commerce.....	50,039	52,371	45,225	7,146	-	-	-	-
Human welfare and neighborhood development.....	-	-	-	-	133,270	133,552	132,009	1,543
Community health.....	-	-	-	-	-	-	-	-
Culture and recreation.....	-	-	-	-	-	-	-	-
General administration and finance.....	-	-	-	-	-	-	-	-
Total expenditures.....	50,039	52,371	45,225	7,146	133,270	133,552	132,009	1,543
Excess (deficiency) of revenues over (under) expenditures.....	(260)	(2,591)	22,311	24,902	(65,034)	(65,267)	(62,309)	2,958
Other financing sources (uses):								
Transfers in.....	-	-	-	-	60,040	61,777	61,777	-
Transfers out.....	-	-	-	-	-	-	-	-
Issuance of loans.....	-	-	-	-	-	-	-	-
Issuance of commercial paper.....	-	-	-	-	-	-	-	-
Budget reserves and designations.....	-	-	-	-	-	-	-	-
Loan repayments and other financing sources (uses).....	-	-	-	-	-	-	-	-
Total other financing sources (uses).....	-	-	-	-	60,040	61,777	61,777	-
Extraordinary loss from dissolution of the Redevelopment Agency.....	-	-	-	-	-	-	-	-
Net change in fund balances.....	(260)	(2,591)	22,311	24,902	(4,964)	(3,480)	(532)	2,958
Budgetary fund balances (deficit), July 1.....	260	48,884	48,884	-	4,984	56,735	56,735	-
Budgetary fund balances (deficit), June 30.....	\$ -	\$ 46,293	\$ 71,195	\$ 24,902	\$ -	\$ 53,245	\$ 56,203	\$ 2,958

(Continued)

CITY AND COUNTY OF SAN FRANCISCO
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances -
Budget and Actual - Budget Basis
Special Revenue Funds (Continued)
Year Ended June 30, 2013
(In Thousands)

	Community/Neighborhood Development Fund				Community Health Services Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business taxes.....	1,000	1,000	504	(498)	-	-	-	-
Sales and use tax.....	-	-	-	-	-	-	-	-
Hotel room tax.....	-	-	-	-	-	-	-	-
Licenses, permits, and franchises.....	-	-	-	-	-	-	-	-
Fines, forfeitures, and penalties.....	-	695	695	-	2,513	2,513	2,585	72
Interest and investment income.....	-	3,406	4,336	930	235	238	210	(28)
Rents and concessions.....	3,000	3,000	4,988	1,988	-	-	-	-
Intergovernmental:								
Federal.....	10,135	53,749	53,749	-	67,171	64,434	64,434	-
State.....	793	8,331	8,331	-	23,166	33,789	33,789	-
Other.....	-	447	447	-	30	10	10	-
Charges for services.....	5,156	5,156	6,252	1,096	210	4,718	4,764	46
Other revenues.....	1,613	30,515	34,842	4,327	438	408	408	-
Total revenues.....	21,667	106,299	114,144	7,845	93,763	106,110	106,200	90
Expenditures:								
Public protection.....	-	-	-	-	-	-	-	-
Public works, transportation and commerce.....	10,135	11,812	11,812	-	2,860	2,860	-	-
Human welfare and neighborhood development.....	9,896	73,218	72,571	647	-	-	-	-
Community health.....	-	-	-	-	93,763	100,016	100,016	-
Culture and recreation.....	1,000	45	45	-	-	-	-	-
General administration and finance.....	3,201	2,347	2,347	-	-	-	-	-
Total expenditures.....	24,232	87,422	86,775	647	93,763	102,876	102,876	-
Excess (deficiency) of revenues over (under) expenditures.....	(2,565)	18,877	27,369	8,492	-	3,234	3,324	90
Other financing sources (uses):								
Transfers in.....	-	5,543	5,543	-	-	-	-	-
Transfers out.....	-	(9,019)	(9,019)	-	-	-	-	-
Issuance of loans.....	-	-	-	-	-	-	-	-
Issuance of commercial paper.....	-	-	-	-	-	-	-	-
Budget reserves and designations.....	-	-	-	-	-	-	-	-
Loan repayments and other financing sources (uses).....	-	(18)	(18)	-	-	-	-	-
Total other financing sources (uses).....	-	(3,494)	(3,494)	-	-	-	-	-
Extraordinary loss from dissolution of the Redevelopment Agency.....	-	-	(618)	(618)	-	-	-	-
Net change in fund balances.....	(2,565)	15,383	23,257	7,874	-	3,234	3,324	90
Budgetary fund balances (deficit), July 1.....	2,565	81,270	81,270	-	-	32,089	32,089	-
Budgetary fund balances (deficit), June 30.....	\$ -	\$ 96,653	\$ 104,527	\$ 7,874	\$ -	\$ 35,323	\$ 35,413	\$ 90

(Continued)

CITY AND COUNTY OF SAN FRANCISCO
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances -
Budget and Actual - Budget Basis
Special Revenue Funds (Continued)
Year Ended June 30, 2013
(In Thousands)

	Convention Facilities Fund				Court's Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business taxes.....	-	-	-	-	-	-	-	-
Sales and use tax.....	-	-	-	-	-	-	-	-
Hotel room tax.....	47,227	47,227	47,227	-	-	-	-	-
Licenses, permits, and franchises.....	-	-	-	-	-	-	-	-
Fines, forfeitures, and penalties.....	-	-	-	-	35	35	30	(5)
Interest and investment income.....	-	4	4	-	-	-	-	-
Rents and concessions.....	23,439	21,942	23,433	1,491	-	-	-	-
Intergovernmental:								
Federal.....	-	-	-	-	-	-	-	-
State.....	-	-	-	-	-	-	-	-
Other.....	-	-	-	-	-	-	-	-
Charges for services.....	-	-	-	-	3,500	3,500	2,913	(587)
Other revenues.....	-	1,497	1,497	-	-	-	-	-
Total revenues.....	70,666	70,670	72,161	1,491	3,535	3,535	2,943	(592)
Expenditures:								
Public protection.....	-	-	-	-	4,574	385	371	14
Public works, transportation and commerce.....	-	944	944	-	-	175	175	-
Human welfare and neighborhood development.....	5,500	5,876	5,876	-	-	-	-	-
Community health.....	-	-	-	-	-	-	-	-
Culture and recreation.....	74,660	66,162	57,340	8,822	-	-	-	-
General administration and finance.....	-	41	41	-	-	-	-	-
Total expenditures.....	80,160	73,023	64,201	8,822	4,574	580	546	14
Excess (deficiency) of revenues over (under) expenditures.....	(9,494)	(2,353)	7,960	10,313	(1,039)	2,975	2,397	(578)
Other financing sources (uses):								
Transfers in.....	-	-	-	-	-	-	-	-
Transfers out.....	-	(6,831)	(6,831)	-	-	(4,189)	(4,189)	-
Issuance of loans.....	-	-	-	-	-	-	-	-
Issuance of commercial paper.....	-	-	-	-	-	-	-	-
Budget reserves and designations.....	-	-	-	-	-	-	-	-
Loan repayments and other financing sources (uses).....	(506)	(506)	(506)	-	-	-	-	-
Total other financing sources (uses).....	(506)	(7,337)	(7,337)	-	-	(4,189)	(4,189)	-
Extraordinary loss from dissolution of the Redevelopment Agency.....	-	-	-	-	-	-	-	-
Net change in fund balances.....	(10,000)	(9,690)	623	10,313	(1,039)	(1,214)	(1,792)	(578)
Budgetary fund balances (deficit), July 1.....	10,000	37,432	37,432	-	1,039	(2,449)	(2,449)	-
Budgetary fund balances (deficit), June 30.....	\$ -	\$ 27,742	\$ 38,055	\$ 10,313	\$ -	\$ (3,663)	\$ (4,241)	\$ (578)

(Continued)

CITY AND COUNTY OF SAN FRANCISCO
 Combining Schedule of Revenues, Expenditures
 and Changes in Fund Balances -
 Budget and Actual - Budget Basis
 Special Revenue Funds (Continued)
 Year Ended June 30, 2013
 (In Thousands)

	Culture and Recreation Fund				Environmental Protection Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business taxes.....	-	-	-	-	-	-	-	-
Sales and use tax.....	-	-	-	-	-	-	-	-
Hotel room tax.....	-	-	-	-	-	-	-	-
Licenses, permits, and franchises.....	312	312	259	(53)	-	-	-	-
Fines, forfeitures, and penalties.....	10	10	-	(10)	-	-	-	-
Interest and investment income.....	45	45	-	(45)	-	-	-	-
Rents and concessions.....	327	327	383	56	-	-	-	-
Intergovernmental:								
Federal.....	-	63	63	-	-	1,803	3,293	1,490
State.....	-	82	82	-	470	8,623	8,623	-
Other.....	-	40	40	-	419	563	563	-
Charges for services.....	6,982	7,278	5,377	(1,901)	-	9	9	-
Other revenues.....	-	222	277	55	4,132	2,039	640	(1,399)
Total revenues.....	7,676	8,379	6,461	(1,899)	5,021	13,257	13,348	91
Expenditures:								
Public protection.....	-	-	-	-	-	-	-	-
Public works, transportation and commerce.....	892	7,522	7,522	-	-	-	-	-
Human welfare and neighborhood development.....	-	-	-	-	5,021	13,261	13,106	155
Community health.....	-	-	-	-	-	-	-	-
Culture and recreation.....	7,547	9,033	8,594	439	-	-	-	-
General administration and finance.....	-	-	-	-	-	-	-	-
Total expenditures.....	8,439	16,555	16,116	439	5,021	13,261	13,106	155
Excess (deficiency) of revenues over (under) expenditures.....	(763)	(8,176)	(9,655)	(1,459)	-	(4)	242	246
Other financing sources (uses):								
Transfers in.....	700	3,637	3,637	-	-	-	-	-
Transfers out.....	-	(40)	(40)	-	-	(61)	(61)	-
Issuance of loans.....	-	5,890	5,890	-	-	-	-	-
Issuance of commercial paper.....	-	-	-	-	-	-	-	-
Budget reserves and designations.....	(673)	(673)	-	673	-	-	-	-
Loan repayments and other financing sources (uses).....	(257)	(317)	(211)	106	-	-	-	-
Total other financing sources (uses).....	(230)	8,497	9,276	779	-	(61)	(61)	-
Extraordinary loss from dissolution of the Redevelopment Agency.....	-	-	-	-	-	-	-	-
Net change in fund balances.....	(993)	321	(359)	(680)	-	(65)	161	246
Budgetary fund balances (deficit), July 1.....	993	2,043	2,043	-	-	977	977	-
Budgetary fund balances (deficit), June 30.....	\$ -	\$ 2,364	\$ 1,684	\$ (680)	\$ -	\$ 912	\$ 1,156	\$ 246

(Continued)

CITY AND COUNTY OF SAN FRANCISCO
 Combining Schedule of Revenues, Expenditures
 and Changes in Fund Balances -
 Budget and Actual - Budget Basis
 Special Revenue Funds (Continued)
 Year Ended June 30, 2013
 (In Thousands)

	Gasoline Tax Fund				General Services Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business taxes.....	-	-	-	-	-	-	-	-
Sales and use tax.....	-	-	-	-	-	-	-	-
Hotel room tax.....	-	-	-	-	-	-	-	-
Licenses, permits, and franchises.....	-	-	-	-	2,472	2,472	2,219	(253)
Fines, forfeitures, and penalties.....	-	-	-	-	-	-	-	-
Interest and investment income.....	42	42	105	63	44	45	48	3
Rents and concessions.....	-	-	-	-	-	1,127	1,127	-
Intergovernmental:								
Federal.....	-	-	-	-	-	3,543	3,544	1
State.....	32,032	30,147	26,036	(4,111)	-	-	-	-
Other.....	-	-	-	-	-	-	-	-
Charges for services.....	800	786	1,666	880	2,288	2,334	2,614	280
Other revenues.....	-	14	14	-	459	414	414	-
Total revenues.....	32,874	30,969	27,821	(3,158)	5,263	9,935	9,968	31
Expenditures:								
Public protection.....	-	-	-	-	280	260	260	-
Public works, transportation and commerce.....	33,639	27,922	27,619	303	-	-	-	-
Human welfare and neighborhood development.....	-	-	-	-	-	-	-	-
Community health.....	-	-	-	-	-	-	-	-
Culture and recreation.....	-	-	-	-	-	951	951	-
General administration and finance.....	-	-	-	-	6,673	7,296	7,079	219
Total expenditures.....	33,639	27,922	27,619	303	6,953	8,509	8,290	219
Excess (deficiency) of revenues over (under) expenditures.....	(765)	3,067	202	(2,865)	(1,690)	1,426	1,676	250
Other financing sources (uses):								
Transfers in.....	765	765	765	-	154	85	85	-
Transfers out.....	-	(2,587)	(2,587)	-	-	-	-	-
Issuance of loans.....	-	-	-	-	-	-	-	-
Issuance of commercial paper.....	-	-	-	-	-	-	-	-
Budget reserves and designations.....	-	-	-	-	(20)	-	-	-
Loan repayments and other financing sources (uses).....	-	-	-	-	-	-	-	-
Total other financing sources (uses).....	765	(1,822)	(1,822)	-	134	85	85	-
Extraordinary loss from dissolution of the Redevelopment Agency.....	-	-	-	-	-	-	-	-
Net change in fund balances.....	-	1,245	(1,620)	(2,865)	(1,556)	1,511	1,761	250
Budgetary fund balances (deficit), July 1.....	-	15,009	15,009	-	1,556	12,538	12,538	-
Budgetary fund balances (deficit), June 30.....	\$ -	\$ 16,254	\$ 13,389	\$ (2,865)	\$ -	\$ 14,049	\$ 14,299	\$ 250

(Continued)

CITY AND COUNTY OF SAN FRANCISCO
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances -
Budget and Actual - Budget Basis
Special Revenue Funds (Continued)
Year Ended June 30, 2013
(In Thousands)

	Gift and Other Expendable Trusts Fund				Golf Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business taxes.....	-	-	-	-	-	-	-	-
Sales and use tax.....	-	-	-	-	-	-	-	-
Hotel room tax.....	-	-	-	-	-	-	-	-
Licenses, permits, and franchises.....	-	-	-	-	-	-	-	-
Fines, forfeitures, and penalties.....	-	160	219	59	-	-	-	-
Interest and investment income.....	-	46	35	(11)	10	10	21	11
Rents and concessions.....	-	-	-	-	3,383	3,383	3,031	(352)
Intergovernmental:								
Federal.....	-	-	-	-	-	-	-	-
State.....	-	-	-	-	-	-	-	-
Other.....	-	-	-	-	-	-	-	-
Charges for services.....	-	55	55	-	7,407	7,407	6,392	(1,015)
Other revenues.....	864	2,525	2,091	(434)	-	-	-	-
Total revenues.....	864	2,766	2,400	(366)	10,800	10,800	9,444	(1,356)
Expenditures:								
Public protection.....	-	23	23	-	-	-	-	-
Public works, transportation and commerce.....	-	321	321	-	-	-	-	-
Human welfare and neighborhood development.....	446	544	544	-	-	-	-	-
Community health.....	-	-	-	-	-	-	-	-
Culture and recreation.....	418	1,815	1,815	-	12,204	12,132	10,697	1,435
General administration and finance.....	-	97	97	-	-	-	-	-
Total expenditures.....	864	2,800	2,800	-	12,204	12,132	10,697	1,435
Excess (deficiency) of revenues over (under) expenditures.....	-	(14)	(400)	(386)	(1,404)	(1,332)	(1,253)	79
Other financing sources (uses):								
Transfers in.....	-	-	-	-	2,265	2,265	2,265	-
Transfers out.....	-	(134)	(134)	-	(861)	(861)	(861)	-
Issuance of loans.....	-	-	-	-	-	-	-	-
Issuance of commercial paper.....	-	-	-	-	-	-	-	-
Budget reserves and designations.....	-	-	-	-	-	-	-	-
Loan repayments and other financing sources (uses).....	-	-	-	-	-	-	-	-
Total other financing sources (uses).....	-	(134)	(134)	-	1,404	1,404	1,404	-
Extraordinary loss from dissolution of the Redevelopment Agency.....	-	-	-	-	-	-	-	-
Net change in fund balances.....	-	(148)	(534)	(386)	-	72	151	79
Budgetary fund balances (deficit), July 1.....	-	9,443	9,443	-	-	1,769	1,769	-
Budgetary fund balances (deficit), June 30.....	\$ -	\$ 9,295	\$ 8,909	\$ (386)	\$ -	\$ 1,841	\$ 1,920	\$ 79

(Continued)

CITY AND COUNTY OF SAN FRANCISCO
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances -
Budget and Actual - Budget Basis
Special Revenue Funds (Continued)
Year Ended June 30, 2013
(In Thousands)

	Human Welfare Fund				Low and Moderate Income Housing Asset Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business taxes.....	-	-	-	-	-	-	-	-
Sales and use tax.....	-	-	-	-	-	-	-	-
Hotel room tax.....	-	-	-	-	-	-	-	-
Licenses, permits, and franchises.....	210	210	249	39	-	-	-	-
Fines, forfeitures, and penalties.....	-	11	11	-	-	-	-	-
Interest and investment income.....	-	-	-	-	205	208	208	3
Rents and concessions.....	-	-	-	-	594	564	564	-
Intergovernmental:								
Federal.....	21,568	17,563	17,563	-	-	-	-	-
State.....	1,080	542	542	-	-	-	-	-
Other.....	-	55	54	(1)	504	504	504	-
Charges for services.....	165	165	150	(15)	-	-	-	-
Other revenues.....	30	36	43	7	-	17,441	16,344	(1,097)
Total revenues.....	23,053	18,582	18,612	30	-	18,714	17,620	(1,094)
Expenditures:								
Public protection.....	-	-	-	-	-	-	-	-
Public works, transportation and commerce.....	-	-	-	-	-	-	-	-
Human welfare and neighborhood development.....	25,534	22,615	22,615	-	802	802	802	-
Community health.....	-	-	-	-	-	-	-	-
Culture and recreation.....	-	-	-	-	-	-	-	-
General administration and finance.....	-	-	-	-	-	-	-	-
Total expenditures.....	25,534	22,615	22,615	-	802	802	802	-
Excess (deficiency) of revenues over (under) expenditures.....	(2,481)	(4,033)	(4,003)	30	-	17,912	16,818	(1,094)
Other financing sources (uses):								
Transfers in.....	2,481	2,880	2,880	-	-	-	-	-
Transfers out.....	-	-	-	-	(101)	(101)	(101)	-
Issuance of loans.....	-	-	-	-	-	-	-	-
Issuance of commercial paper.....	-	-	-	-	-	-	-	-
Budget reserves and designations.....	-	-	-	-	-	-	-	-
Loan repayments and other financing sources (uses).....	-	-	-	-	-	-	-	-
Total other financing sources (uses).....	2,481	2,880	2,880	-	(101)	(101)	(101)	-
Extraordinary loss from dissolution of the Redevelopment Agency.....	-	-	-	-	-	-	(172,033)	(172,033)
Net change in fund balances.....	-	(1,153)	(1,123)	30	-	17,811	(155,316)	(173,127)
Budgetary fund balances (deficit), July 1.....	-	2,395	2,395	-	2,439	177,934	177,934	-
Budgetary fund balances (deficit), June 30.....	\$ -	\$ 1,242	\$ 1,272	\$ 30	\$ 2,439	\$ 195,745	\$ 22,618	\$ (173,127)

(Continued)

CITY AND COUNTY OF SAN FRANCISCO
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances -
Budget and Actual - Budget Basis
Special Revenue Funds (Continued)
Year Ended June 30, 2013
(In Thousands)

	Open Space and Park Fund				Public Library Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes.....	\$ 37,265	\$ 37,265	\$ 38,406	\$ 1,141	\$ 37,265	\$ 37,265	\$ 38,406	\$ 1,141
Business taxes.....	-	-	-	-	-	-	-	-
Sales and use tax.....	-	-	-	-	-	-	-	-
Hotel room tax.....	-	-	-	-	-	-	-	-
Licenses, permits, and franchises.....	-	-	-	-	-	-	-	-
Fines, forfeitures, and penalties.....	-	-	-	-	-	-	-	-
Interest and investment income.....	452	452	160	(292)	223	223	117	(106)
Rents and concessions.....	-	-	-	-	24	24	24	-
Intergovernmental:								
Federal.....	-	-	-	-	-	80	80	-
State.....	152	151	166	15	165	218	220	2
Other.....	-	-	-	-	-	-	-	-
Charges for services.....	-	1	1	-	1,001	1,001	872	(129)
Other revenues.....	-	-	-	-	-	20	20	-
Total revenues.....	37,869	37,869	38,733	864	38,878	38,831	39,739	908
Expenditures:								
Public protection.....	-	-	-	-	-	-	-	-
Public works, transportation and commerce.....	-	1,088	1,088	-	-	22	22	-
Human welfare and neighborhood development.....	-	-	-	-	-	-	-	-
Community health.....	-	-	-	-	-	-	-	-
Culture and recreation.....	41,301	43,029	41,467	1,562	91,841	90,872	89,165	1,707
General administration and finance.....	-	-	-	-	-	12	12	-
Total expenditures.....	41,301	44,117	42,555	1,562	91,841	90,906	89,199	1,707
Excess (deficiency) of revenues over (under) expenditures.....	(3,432)	(6,248)	(3,822)	2,426	(53,163)	(52,075)	(49,460)	2,615
Other financing sources (uses):								
Transfers in.....	861	861	861	-	52,950	55,330	55,330	-
Transfers out.....	-	-	-	-	-	-	-	-
Issuance of loans.....	-	-	-	-	-	-	-	-
Issuance of commercial paper.....	-	-	-	-	-	-	-	-
Budget reserves and designations.....	-	-	-	-	-	-	-	-
Loan repayments and other financing sources (uses).....	-	-	-	-	-	-	-	-
Total other financing sources (uses).....	861	861	861	-	52,950	55,330	55,330	-
Extraordinary loss from dissolution of the Redevelopment Agency.....	-	-	-	-	-	-	-	-
Net change in fund balances.....	(2,571)	(5,387)	(2,961)	2,426	(213)	3,255	5,870	2,615
Budgetary fund balances (deficit), July 1.....	2,571	22,563	22,563	-	213	28,338	28,338	-
Budgetary fund balances (deficit), June 30.....	\$ -	\$ 17,176	\$ 19,602	\$ 2,426	\$ -	\$ 31,593	\$ 34,208	\$ 2,615

(Continued)

CITY AND COUNTY OF SAN FRANCISCO
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances -
Budget and Actual - Budget Basis
Special Revenue Funds (Continued)
Year Ended June 30, 2013
(In Thousands)

	Public Protection Fund				Public Works, Transportation and Commerce Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business taxes.....	-	-	-	-	-	-	-	-
Sales and use tax.....	-	-	-	-	-	-	-	-
Hotel room tax.....	-	-	-	-	-	-	-	-
Licenses, permits, and franchises.....	501	501	493	(8)	-	-	-	-
Fines, forfeitures, and penalties.....	1,688	1,688	16,304	14,616	-	133	133	-
Interest and investment income.....	52	74	26	(48)	-	-	-	-
Rents and concessions.....	-	-	-	-	-	10	10	-
Intergovernmental:								
Federal.....	10,280	68,586	68,586	-	-	-	-	-
State.....	9,574	12,355	12,355	-	83	213	130	(83)
Other.....	-	3	3	-	-	1,441	1,441	-
Charges for services.....	3,463	14,243	13,000	(1,243)	12,141	19,744	24,678	5,134
Other revenues.....	1,356	178	178	-	-	445	445	-
Total revenues.....	26,914	97,628	110,945	13,317	12,224	21,986	27,037	5,051
Expenditures:								
Public protection.....	22,355	89,230	89,230	-	-	-	-	-
Public works, transportation and commerce.....	-	562	562	-	1,055	16,891	16,891	-
Human welfare and neighborhood development.....	3,609	4,430	4,430	-	10,957	11,204	11,204	-
Community health.....	-	-	-	-	-	-	-	-
Culture and recreation.....	-	-	-	-	-	16	16	-
General administration and finance.....	-	30	30	-	-	122	122	-
Total expenditures.....	25,964	94,252	94,252	-	12,022	28,233	28,233	-
Excess (deficiency) of revenues over (under) expenditures.....	950	3,376	16,693	13,317	202	(6,247)	(1,196)	5,051
Other financing sources (uses):								
Transfers in.....	-	1,532	1,532	-	-	538	538	-
Transfers out.....	(1,841)	(2,120)	(1,990)	130	-	-	-	-
Issuance of loans.....	-	-	-	-	-	-	-	-
Issuance of commercial paper.....	-	-	-	-	-	-	-	-
Budget reserves and designations.....	-	-	-	-	-	-	-	-
Loan repayments and other financing sources (uses).....	-	-	-	-	(202)	(148)	(148)	-
Total other financing sources (uses).....	(1,841)	(588)	(458)	130	(202)	390	390	-
Extraordinary loss from dissolution of the Redevelopment Agency.....	-	-	-	-	-	-	-	-
Net change in fund balances.....	(891)	2,788	16,235	13,447	-	(5,857)	(806)	5,051
Budgetary fund balances (deficit), July 1.....	891	18,542	18,542	-	-	16,133	16,133	-
Budgetary fund balances (deficit), June 30.....	\$ -	\$ 21,330	\$ 34,777	\$ 13,447	\$ -	\$ 10,276	\$ 15,327	\$ 5,051

(Continued)

CITY AND COUNTY OF SAN FRANCISCO
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances -
Budget and Actual - Budget Basis
Special Revenue Funds (Continued)
 Year Ended June 30, 2013
 (In Thousands)

	Real Property Fund				San Francisco County Transportation Authority Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business taxes.....	-	-	-	-	-	-	-	-
Sales and use tax.....	-	-	-	-	77,464	84,492	85,754	1,262
Hotel room tax.....	-	-	-	-	-	-	-	-
Licenses, permits, and franchises.....	-	-	-	-	4,812	4,812	4,724	(88)
Fines, forfeitures, and penalties.....	-	-	-	-	-	-	-	-
Interest and investment income.....	-	-	-	-	1,012	1,012	21	(991)
Rents and concessions.....	1,289	25,932	25,764	(168)	-	-	-	-
Intergovernmental:								
Federal.....	-	-	-	-	7,369	7,871	5,379	(2,492)
State.....	-	-	-	-	656	668	760	92
Other.....	-	466	466	-	1,408	35,613	30,397	(5,216)
Charges for services.....	-	42	42	-	-	-	-	-
Other revenues.....	-	-	-	-	-	-	2,305	2,305
Total revenues.....	1,289	26,430	26,262	(168)	92,741	134,468	129,340	(5,128)
Expenditures:								
Public protection.....	-	-	-	-	-	-	-	-
Public works, transportation and commerce.....	-	1,023	1,023	-	170,554	191,399	121,174	70,225
Human welfare and neighborhood development.....	-	-	-	-	-	-	-	-
Community health.....	-	-	-	-	-	-	-	-
Culture and recreation.....	-	-	-	-	-	-	-	-
General administration and finance.....	3,357	15,034	15,034	-	-	-	-	-
Total expenditures.....	3,357	16,057	16,057	-	170,554	191,399	121,174	70,225
Excess (deficiency) of revenues over (under) expenditures.....	(2,068)	10,373	10,206	(168)	(77,813)	(56,931)	8,166	65,097
Other financing sources (uses):								
Transfers in.....	-	-	-	-	-	-	-	-
Transfers out.....	-	(14,967)	(14,967)	-	-	-	-	-
Issuance of loans.....	-	-	-	-	-	-	-	-
Issuance of commercial paper.....	-	-	-	-	116,955	-	-	-
Budget reserves and designations.....	-	-	-	-	-	-	-	-
Loan repayments and other financing sources (uses).....	-	-	-	-	-	-	-	-
Total other financing sources (uses).....	-	(14,967)	(14,967)	-	116,955	-	-	-
Extraordinary loss from dissolution of the Redevelopment Agency.....	-	-	-	-	-	-	-	-
Net change in fund balances.....	(2,068)	(4,594)	(4,762)	(168)	39,142	(56,931)	8,166	65,097
Budgetary fund balances (deficit), July 1.....	2,068	13,586	13,586	-	75,600	75,600	75,600	-
Budgetary fund balances (deficit), June 30.....	\$ -	\$ 8,992	\$ 8,824	\$ (168)	\$ 114,742	\$ 18,669	\$ 83,766	\$ 65,097

(Continued)

CITY AND COUNTY OF SAN FRANCISCO
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances -
Budget and Actual - Budget Basis
Special Revenue Funds (Continued)
 Year Ended June 30, 2013
 (In Thousands)

	Senior Citizens' Program Fund				War Memorial Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business taxes.....	-	-	-	-	-	-	-	-
Sales and use tax.....	-	-	-	-	-	-	-	-
Hotel room tax.....	-	-	-	-	9,159	9,159	9,159	-
Licenses, permits, and franchises.....	-	-	-	-	-	-	-	-
Fines, forfeitures, and penalties.....	-	-	-	-	-	-	-	-
Interest and investment income.....	-	-	-	-	-	-	-	-
Rents and concessions.....	-	-	-	-	1,751	2,137	2,395	258
Intergovernmental:								
Federal.....	8,659	4,791	4,791	-	-	-	-	-
State.....	729	756	756	-	-	-	-	-
Other.....	-	-	-	-	-	-	-	-
Charges for services.....	-	-	-	-	297	353	372	19
Other revenues.....	100	102	102	-	-	-	-	-
Total revenues.....	9,488	5,649	5,649	-	11,207	11,649	11,926	277
Expenditures:								
Public protection.....	-	-	-	-	-	-	-	-
Public works, transportation and commerce.....	-	-	-	-	-	-	-	-
Human welfare and neighborhood development.....	9,488	5,649	5,649	-	-	-	-	-
Community health.....	-	-	-	-	-	-	-	-
Culture and recreation.....	-	-	-	-	11,884	12,623	12,122	501
General administration and finance.....	-	-	-	-	-	-	-	-
Total expenditures.....	9,488	5,649	5,649	-	11,884	12,623	12,122	501
Excess (deficiency) of revenues over (under) expenditures.....	-	-	-	-	(677)	(974)	(196)	778
Other financing sources (uses):								
Transfers in.....	-	-	-	-	-	-	-	-
Transfers out.....	-	-	-	-	-	-	-	-
Issuance of loans.....	-	-	-	-	-	-	-	-
Issuance of commercial paper.....	-	-	-	-	-	-	-	-
Budget reserves and designations.....	-	-	-	-	-	-	-	-
Loan repayments and other financing sources (uses).....	-	-	-	-	-	-	-	-
Total other financing sources (uses).....	-	-	-	-	-	-	-	-
Extraordinary loss from dissolution of the Redevelopment Agency.....	-	-	-	-	-	-	-	-
Net change in fund balances.....	-	-	-	-	(677)	(974)	(196)	778
Budgetary fund balances (deficit), July 1.....	-	2	2	-	677	10,946	10,946	-
Budgetary fund balances (deficit), June 30.....	\$ -	\$ 2	\$ 2	\$ -	\$ -	\$ 9,972	\$ 10,750	\$ 778

(Continued)

CITY AND COUNTY OF SAN FRANCISCO
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances -
Budget and Actual - Budget Basis
Special Revenue Funds (Continued)
Year Ended June 30, 2013
(In Thousands)

	TOTAL			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property taxes.....	\$ 119,248	\$ 119,246	\$ 122,899	\$ 3,653
Business taxes.....	1,000	1,000	504	(496)
Sales and use tax.....	77,464	84,492	85,754	1,262
Hotel room tax.....	58,386	58,386	58,386	-
Licenses, permits, and franchises.....	15,068	15,068	14,628	(440)
Fines, forfeitures, and penalties.....	4,246	5,245	19,977	14,732
Interest and investment income.....	2,662	6,349	5,932	(417)
Rents and concessions.....	33,213	58,446	61,719	3,273
Intergovernmental:				
Federal.....	134,778	232,040	230,810	(1,230)
State.....	82,359	109,028	104,929	(4,099)
Other.....	1,857	39,152	33,935	(5,217)
Charges for services.....	86,176	109,559	130,151	20,582
Other revenues.....	9,152	56,620	60,383	3,763
Total revenues.....	623,607	892,631	928,007	35,376
Expenditures:				
Public protection.....	27,209	89,898	89,884	14
Public works, transportation and commerce.....	266,314	314,912	237,238	77,674
Human welfare and neighborhood development.....	203,731	271,151	288,806	2,345
Community health.....	93,763	100,016	100,016	-
Culture and recreation.....	240,855	236,678	222,212	14,466
General administration and finance.....	13,231	24,981	24,762	219
Total expenditures.....	845,103	1,027,636	942,918	94,718
Excess (deficiency) of revenues over (under) expenditures.....	(221,496)	(145,005)	(14,911)	130,094
Other financing sources (uses):				
Transfers in.....	120,216	135,213	135,213	-
Transfers out.....	(2,702)	(40,910)	(40,780)	130
Issuance of loans.....	-	5,890	5,890	-
Issuance of commercial paper.....	116,955	-	-	-
Budget reserves and designations.....	(693)	(673)	-	673
Loan repayments and other financing sources (uses).....	(965)	(989)	(883)	106
Total other financing sources (uses).....	232,811	98,531	99,440	909
Extraordinary loss from dissolution of the Redevelopment Agency.....	-	-	(172,651)	(172,651)
Net change in fund balances.....	11,315	(46,474)	(88,122)	(41,648)
Budgetary fund balances (deficit), July 1.....	105,866	681,779	661,779	-
Budgetary fund balances (deficit), June 30.....	\$ 117,181	\$ 615,305	\$ 573,657	\$ (41,648)

CITY AND COUNTY OF SAN FRANCISCO
Schedule of Expenditures by Department
Budget and Actual - Budget Basis
Special Revenue Funds
Year Ended June 30, 2013
(In Thousands)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
BUILDING INSPECTION FUND				
Public Works, Transportation and Commerce				
Building Inspection.....	\$ 50,039	\$ 51,568	\$ 44,422	\$ 7,146
Public Utilities Commission.....	-	749	749	-
Public Works.....	-	54	54	-
Total Building Inspection Fund.....	50,039	52,371	45,225	7,146
CHILDREN AND FAMILIES FUND				
Human Welfare and Neighborhood Development				
Child Support Services.....	12,845	12,845	12,638	207
Children and Families Commission.....	30,562	26,092	26,092	-
Mayor's Office.....	89,863	94,615	93,279	1,336
Total Children and Families Fund.....	133,270	133,552	132,009	1,543
COMMUNITY/NEIGHBORHOOD DEVELOPMENT FUND				
Public Works, Transportation and Commerce				
Mayor's Office.....	10,135	10,472	10,472	-
Public Works.....	-	1,340	1,340	-
Total Public Works, Transportation and Commerce.....	10,135	11,812	11,812	-
Human Welfare and Neighborhood Development				
Mayor's Office.....	3,991	67,344	67,344	-
Rent Arbitration Board.....	5,905	5,874	5,227	647
Total Human Welfare and Neighborhood Development.....	9,896	73,218	72,571	647
Culture and Recreation				
Recreation and Park Commission.....	1,000	45	45	-
General Administration and Finance				
Administrative Services.....	1,786	1,350	1,350	-
City Planning.....	1,435	997	997	-
Total Community/Neighborhood Development Fund.....	24,232	87,422	86,775	647
COMMUNITY HEALTH SERVICES FUND				
Public Works, Transportation and Commerce				
Public Works.....	-	2,880	2,880	-
Community Health				
Community Health Network.....	93,763	100,016	100,016	-
Total Community Health Services Fund.....	93,763	102,876	102,876	-
CONVENTION FACILITIES FUND				
Public Works, Transportation and Commerce				
Mayor's Office.....	-	102	102	-
Public Works.....	-	842	842	-
Total Public Works, Transportation and Commerce.....	-	944	944	-
Human Welfare and Neighborhood Development				
Mayor's Office.....	5,500	5,876	5,876	-
Culture and Recreation				
Arts Commission.....	-	19	19	-
Administrative Services.....	74,680	66,143	57,321	8,822
Total Culture and Recreation.....	74,680	66,162	57,340	8,822
General Administration and Finance				
City Attorney.....	-	41	41	-
Total Convention Facilities Fund.....	80,180	73,023	64,201	8,822

(Continued)

CITY AND COUNTY OF SAN FRANCISCO
Schedule of Expenditures by Department
Budget and Actual - Budget Basis
Special Revenue Funds (Continued)
Year Ended June 30, 2013
(In Thousands)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
COURT'S FUND				
Public Protection				
Trial Courts.....	4,574	385	371	14
Public Works, Transportation and Commerce				
Public Works.....	-	175	175	-
Total Court's Fund.....	4,574	560	546	14
CULTURE AND RECREATION FUND				
Public Works, Transportation and Commerce				
Mayor's Office.....	892	459	459	-
Public Utilities Commission.....	-	17	17	-
Public Works.....	-	7,046	7,046	-
Total.....	892	7,522	7,522	-
Culture and Recreation				
Arts Commission.....	708	2,368	2,356	-
Asian Art Museum.....	482	572	572	-
Fine Arts Museum.....	3,231	3,192	3,192	-
Recreation and Park Commission.....	3,126	2,913	2,474	439
Total.....	7,547	9,033	8,594	439
Total Culture and Recreation Fund.....	8,439	16,555	16,116	439
ENVIRONMENTAL PROTECTION FUND				
Human Welfare and Neighborhood Development				
Mayor's Office.....	5,021	13,261	13,106	155
Total Environmental Protection Fund.....	5,021	13,261	13,106	155
GASOLINE TAX FUND				
Public Works, Transportation and Commerce				
Municipal Transportation Agency.....	-	1,268	1,268	-
Public Utilities Commission.....	-	1,842	1,842	-
Public Works.....	33,639	24,812	24,509	303
Total Gasoline Tax Fund.....	33,639	27,922	27,619	303
GENERAL SERVICES FUND				
Public Protection				
District Attorney.....	-	6	6	-
Mayor's Office.....	-	5	5	-
Trial Courts.....	280	249	249	-
Total.....	280	260	260	-
Culture and Recreation				
Fine Arts Museum.....	-	951	951	-
General Administration and Finance				
Administrative Services.....	328	223	223	-
Assessor/Recorder.....	3,370	1,370	1,370	-
Board of Supervisors.....	-	26	26	-
Telecommunications and Information Services.....	2,516	5,048	5,047	1
Human Resources.....	-	218	-	218
Treasurer/Tax Collector.....	459	413	413	-
Total.....	6,673	7,298	7,079	219
Total General Services Fund.....	6,953	8,509	8,290	219

(Continued)

CITY AND COUNTY OF SAN FRANCISCO
Schedule of Expenditures by Department
Budget and Actual - Budget Basis
Special Revenue Funds (Continued)
Year Ended June 30, 2013
(In Thousands)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
GIFT AND OTHER EXPENDABLE TRUSTS FUND				
Public Protection				
District Attorney.....	-	2	2	-
Fire Department.....	-	4	4	-
Police Department.....	-	17	17	-
Total.....	-	23	23	-
Public Works, Transportation and Commerce				
Public Works.....	-	321	321	-
Human Welfare and Neighborhood Development				
Mayor's Office.....	-	23	23	-
Social Services.....	446	519	519	-
Commission on Status of Women.....	-	2	2	-
Total.....	446	544	544	-
Culture and Recreation				
Arts Commission.....	-	86	86	-
Fine Arts Museum.....	-	1,104	1,104	-
Public Library.....	10	163	163	-
Recreation and Park Commission.....	408	249	249	-
War Memorial.....	-	213	213	-
Total.....	418	1,815	1,815	-
General Administration and Finance				
Administrative Services.....	-	96	96	-
Telecommunications and Information Services.....	-	1	1	-
Total.....	-	97	97	-
Total Gift and Other Expendable Trusts Fund.....	864	2,800	2,800	-
GOLF FUND				
Culture and Recreation				
Recreation and Park Commission.....	12,204	12,132	10,697	1,435
Total Golf Fund.....	12,204	12,132	10,697	1,435
HUMAN WELFARE FUND				
Human Welfare and Neighborhood Development				
Commission on Status of Women.....	210	194	194	-
Social Services.....	25,324	22,421	22,421	-
Total Human Welfare Fund.....	25,534	22,615	22,615	-
LOW AND MODERATE INCOME HOUSING ASSET FUND				
Human Welfare and Neighborhood Development				
Mayor's Office.....	-	802	802	-
Total Low and Moderate Income Housing Asset Fund.....	-	802	802	-

(Continued)

CITY AND COUNTY OF SAN FRANCISCO
Schedule of Expenditures by Department
Budget and Actual - Budget Basis
Special Revenue Funds (Continued)
Year Ended June 30, 2013
(In Thousands)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
OPEN SPACE AND PARK FUND				
Public Works, Transportation and Commerce				
Municipal Transportation Agency.....	-	35	35	-
Public Utilities Commission.....	-	79	79	-
Public Works.....	-	974	974	-
	-	1,088	1,088	-
Culture and Recreation				
Arts Commission.....	-	33	33	-
Recreation and Park Commission.....	41,301	42,996	41,434	1,562
	41,301	43,029	41,467	1,562
Total Open Space and Park Fund.....	41,301	44,117	42,555	1,562
PUBLIC LIBRARY FUND				
Public Works, Transportation and Commerce				
Public Utilities Commission.....	-	22	22	-
Culture and Recreation				
Arts Commission.....	-	50	50	-
Public Library.....	91,841	90,822	89,115	1,707
	91,841	90,872	89,165	1,707
General Administration and Finance				
City Attorney.....	-	12	12	-
Total Public Library Fund.....	91,841	90,906	89,199	1,707
PUBLIC PROTECTION FUND				
Public Protection				
District Attorney.....	4,141	5,209	5,209	-
Emergency Communications Department.....	4,618	50,398	50,398	-
Fire Department.....	-	1,933	1,933	-
Mayor's Office.....	-	34	34	-
Police Commission.....	6,786	23,994	23,994	-
Public Defender.....	89	417	417	-
Sheriff.....	3,256	3,177	3,177	-
Trial Courts.....	3,465	4,068	4,068	-
	22,355	89,230	89,230	-
Public Works, Transportation and Commerce				
Public Works.....	-	562	562	-
Human Welfare and Neighborhood Development				
Mayor's Office.....	3,609	4,375	4,375	-
Commission on Status of Women.....	-	55	55	-
	3,609	4,430	4,430	-
General Administration and Finance				
Administrative Services.....	-	30	30	-
Total Public Protection Fund.....	25,964	94,252	94,252	-

(Continued)

CITY AND COUNTY OF SAN FRANCISCO
Schedule of Expenditures by Department
Budget and Actual - Budget Basis
Special Revenue Funds (Continued)
Year Ended June 30, 2013
(In Thousands)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
PUBLIC WORKS, TRANSPORTATION AND COMMERCE FUND				
Public Works, Transportation and Commerce				
Public Works.....	1,055	16,891	16,891	-
Human Welfare and Neighborhood Development				
Mayor's Office.....	10,967	11,204	11,204	-
Culture and Recreation				
Arts Commission.....	-	16	16	-
General Administration and Finance				
Administrative Services.....	-	26	26	-
City Planning.....	-	96	96	-
	-	122	122	-
Total Public Works, Transportation and Commerce Fund.....	12,022	28,233	28,233	-
REAL PROPERTY FUND				
Public Works, Transportation and Commerce				
Public Utilities Commission.....	-	348	348	-
Public Works.....	-	675	675	-
	-	1,023	1,023	-
General Administration and Finance				
Administrative Services.....	3,357	15,002	15,002	-
Telecommunications and Information Services.....	-	32	32	-
	3,357	15,034	15,034	-
Total Real Property Fund.....	3,357	16,057	16,057	-
SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY FUND				
Public Works, Transportation and Commerce				
Board of Supervisors.....	170,554	191,399	121,174	70,225
Total SF County Transportation Authority Fund.....	170,554	191,399	121,174	70,225
SENIOR CITIZENS' PROGRAM FUND				
Human Welfare and Neighborhood Development				
Social Services Department.....	9,488	5,649	5,649	-
Total Senior Citizens' Program Fund.....	9,488	5,649	5,649	-
WAR MEMORIAL FUND				
Culture and Recreation				
War Memorial.....	11,884	12,623	12,122	501
Total War Memorial Fund.....	11,884	12,623	12,122	501
Total Special Revenue Funds With Legally Adopted Budgets	\$ 845,103	\$ 1,037,636	\$ 942,918	\$ 94,718

CITY AND COUNTY OF SAN FRANCISCO
Combining Balance Sheet
Nonmajor Governmental Funds - Debt Service Funds
June 30, 2013
(In Thousands)

	General Obligation Bond Fund	Certificates of Participation Funds	Other Bond Funds	Total
Assets				
Deposits and investments with City Treasury.....	\$ 116,116	\$ -	\$ 10	\$ 116,126
Deposits and investments outside City Treasury.....	-	31,489	-	31,489
Receivables:				
Property taxes and penalties.....	5,265	-	-	5,265
Charges for services.....	6	-	-	6
Interest and other.....	76	49	-	125
Total assets.....	\$ 121,463	\$ 31,538	\$ 10	\$ 153,011
Liabilities and Fund Balances				
Liabilities:				
Accounts payable.....	\$ -	\$ -	\$ 10	\$ 10
Deferred tax, grant and subvention revenues.....	4,640	-	-	4,640
Deferred credits and other liabilities.....	14,635	-	-	14,635
Total liabilities.....	19,275	-	10	19,285
Fund balances:				
Restricted.....	102,188	31,538	-	133,726
Total fund balances.....	102,188	31,538	-	133,726
Total liabilities and fund balances.....	\$ 121,463	\$ 31,538	\$ 10	\$ 153,011

CITY AND COUNTY OF SAN FRANCISCO
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds - Debt Service Funds
Year Ended June 30, 2013
(In Thousands)

	General Obligation Bond Fund	Certificates of Participation Funds	Other Bond Funds	Total
Revenues:				
Property taxes.....	\$ 176,857	\$ -	\$ -	\$ 176,857
Fines, forfeitures and penalties.....	23,646	-	-	23,646
Interest and investment income.....	577	6	-	583
Rents and concessions.....	-	738	-	738
Intergovernmental:				
State.....	721	-	-	721
Other.....	3,849	69	-	3,918
Total revenues.....	205,650	813	-	206,463
Expenditures:				
Debt service:				
Principal retirement.....	138,562	15,396	584	154,542
Interest and fiscal charges.....	81,656	23,338	343	105,337
Bond issuance costs.....	2	-	-	2
Total expenditures.....	220,220	38,734	927	259,881
Deficiency of revenues				
under expenditures.....	(14,570)	(37,921)	(927)	(53,418)
Other financing sources (uses):				
Transfers in.....	66,211	39,784	927	106,922
Transfers out.....	(486)	-	-	(486)
Total other financing sources, net.....	65,725	39,784	927	106,436
Net change in fund balances.....	51,155	1,863	-	53,018
Fund balances at beginning of year.....	51,033	29,675	-	80,708
Fund balances at end of year.....	\$ 102,188	\$ 31,538	\$ -	\$ 133,726

CITY AND COUNTY OF SAN FRANCISCO
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances -
Budget and Actual - Budget Basis
Debt Service Funds
Year ended June 30, 2013
(In Thousands)

	General Obligation Bond Fund			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property taxes.....	\$170,851	\$170,851	\$176,857	\$ 6,006
Fines, forfeitures, and penalties.....	-	23,646	23,646	-
Interest and investment income.....	-	-	1,224	1,224
Intergovernmental:				
State.....	750	750	721	(29)
Other revenues.....	-	4,018	3,849	(169)
Total revenues.....	171,601	199,265	206,297	7,032
Expenditures:				
Debt service:				
Principal retirement.....	176,601	138,562	138,562	-
Interest and fiscal charges.....	-	81,656	81,656	-
Bond issuance costs.....	-	2	2	-
Total expenditures.....	176,601	220,220	220,220	-
Excess (deficiency) of revenues over (under) expenditures.....	(5,000)	(20,955)	(13,923)	7,032
Other financing sources:				
Transfers in.....	5,000	66,211	66,211	-
Total other financing sources.....	5,000	66,211	66,211	-
Net change in fund balances.....	-	45,256	52,288	7,032
Budgetary fund balance, July 1.....	-	58,175	58,175	-
Budgetary fund balance, June 30.....	\$ -	\$103,431	\$110,463	\$ 7,032

CITY AND COUNTY OF SAN FRANCISCO
Combining Balance Sheet
Nonmajor Governmental Funds - Capital Projects Funds
June 30, 2013
(In Thousands)

	City Facilities Improvement Fund	Earthquake Safety Improvement Fund	Fire Protection Systems Improvement Fund	Moscone Convention Center Fund
Assets				
Deposits and investments with City Treasury.....	\$ 378,705	\$ 17	\$ 7,451	\$ 4
Deposits and investments outside City Treasury.....	12,891	-	-	849
Receivables:				
Federal and state grants and subventions.....	-	-	-	-
Interest and other.....	138	-	2	-
Due from other funds.....	26,785	-	-	-
Due from component unit.....	-	-	-	35
Total assets.....	\$ 418,517	\$ 17	\$ 7,453	\$ 889
Liabilities and Fund Balances				
Liabilities:				
Accounts payable.....	\$ 50,626	\$ -	\$ 67	\$ 264
Accrued payroll.....	722	-	2	5
Deferred tax, grant and subvention revenues.....	-	-	-	-
Due to other funds.....	5	-	-	8,646
Deferred credits and other liabilities.....	-	-	-	-
Bonds, loans, capital leases and other payables..	49,725	-	-	-
Total liabilities.....	101,078	-	69	8,915
Fund balances:				
Restricted.....	317,439	17	7,384	-
Unassigned.....	-	-	-	(8,026)
Total fund balances.....	317,439	17	7,384	(8,026)
Total liabilities and fund balances.....	\$ 418,517	\$ 17	\$ 7,453	\$ 889

(Continued)

CITY AND COUNTY OF SAN FRANCISCO
Combining Balance Sheet
Nonmajor Governmental Funds - Capital Projects Funds (Continued)
June 30, 2013
(In Thousands)

	Public Library Improvement Fund	Recreation and Park Projects	Street Improvement Fund	Total
Assets				
Deposits and investments with City Treasury.....	\$ 1,536	\$ 125,950	\$ 168,712	\$ 682,375
Deposits and investments outside City Treasury.....	-	-	9,616	23,356
Receivables:				
Federal and state grants and subventions.....	-	2,376	2,927	5,303
Interest and other.....	-	27	20	185
Due from other funds.....	1,006	925	1	28,717
Due from component unit.....	-	-	-	36
Total assets.....	\$ 2,542	\$ 129,278	\$ 181,276	\$ 739,972
Liabilities and Fund Balances				
Liabilities:				
Accounts payable.....	\$ 1,198	\$ 7,815	\$ 10,724	\$ 70,694
Accrued payroll.....	8	438	1,408	2,583
Deferred tax, grant and subvention revenues.....	-	1,107	29	1,136
Due to other funds.....	-	12	69	8,732
Deferred credits and other liabilities.....	248	69	1,632	1,949
Bonds, loans, capital leases and other payables..	-	-	-	49,725
Total liabilities.....	1,454	9,441	13,862	134,819
Fund balances:				
Restricted.....	1,088	119,837	167,414	613,179
Unassigned.....	-	-	-	(8,026)
Total fund balances.....	1,088	119,837	167,414	605,153
Total liabilities and fund balances.....	\$ 2,542	\$ 129,278	\$ 181,276	\$ 739,972

CITY AND COUNTY OF SAN FRANCISCO
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds - Capital Projects Funds
Year Ended June 30, 2013
(In Thousands)

	City Facilities Improvement Fund	Earthquake Safety Improvement Fund	Fire Protection Systems Improvement Fund	Moscone Convention Center Fund
Revenues:				
Interest and investment income.....	\$ 526	\$ -	\$ -	\$ -
Rents and concessions.....	-	-	-	-
Intergovernmental:				
Federal.....	-	-	-	-
State.....	-	-	-	-
Other.....	-	-	-	-
Other.....	-	-	-	-
Total revenues.....	526	-	-	-
Expenditures:				
Debt service:				
Interest and fiscal charges.....	664	-	-	326
Bond issuance costs.....	1,237	-	-	607
Capital outlay.....	262,787	28	928	2,674
Total expenditures.....	284,688	28	928	3,607
Deficiency of revenues under expenditures.....				
	(284,162)	(28)	(928)	(3,607)
Other financing sources (uses):				
Transfers in.....	2,329	-	-	3,276
Transfers out.....	(107,566)	-	-	(3,558)
Issuance of bonds and loans:				
Face value of bonds issued.....	320,385	-	-	35,575
Premium on issuance of bonds.....	44,007	-	-	3,536
Other financing sources-capital leases.....	-	-	-	-
Total other financing sources, net..	259,155	-	-	38,829
Net change in fund balances.....	(25,007)	(28)	(928)	35,222
Fund balances at beginning of year.....	342,446	45	8,312	(43,248)
Fund balances at end of year.....	\$ 317,439	\$ 17	\$ 7,384	\$ (8,026)

(Continued)

CITY AND COUNTY OF SAN FRANCISCO
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds - Capital Projects Funds (Continued)
Year Ended June 30, 2013
(In Thousands)

	Public Library Improvement Fund	Recreation and Park Projects	Street Improvement Fund	Total
Revenues:				
Interest and investment income.....	\$ 54	\$ -	\$ -	\$ 580
Rents and concessions.....	-	-	312	312
Intergovernmental:				
Federal.....	-	-	5,404	5,404
State.....	-	1,730	3,324	5,054
Other.....	-	67	4,725	4,792
Other.....	-	12	2,490	2,502
Total revenues.....	54	1,809	16,255	18,644
Expenditures:				
Debt service:				
Interest and fiscal charges.....	-	-	155	1,145
Bond issuance costs.....	-	384	683	2,911
Capital outlay.....	8,527	45,278	70,772	410,994
Total expenditures.....	8,527	45,662	71,610	415,050
Deficiency of revenues under expenditures.....	(8,473)	(43,853)	(55,355)	(396,408)
Other financing sources (uses):				
Transfers in.....	-	457	3,983	10,045
Transfers out.....	-	(24,299)	(22,650)	(158,073)
Issuance of bonds and loans:				
Face value of bonds issued.....	-	71,970	129,560	557,490
Premium on issuance of bonds.....	-	6,044	10,882	64,469
Other financing sources-capital leases.....	6,195	1,788	-	7,983
Total other financing sources, net..	6,195	55,960	121,775	481,914
Net change in fund balances.....	(2,278)	12,107	66,420	85,508
Fund balances at beginning of year.....	3,366	107,730	100,994	519,645
Fund balances at end of year.....	\$ 1,088	\$ 119,837	\$ 167,414	\$ 605,153

CITY AND COUNTY OF SAN FRANCISCO
INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies on a cost reimbursement basis.

Central Shops Fund – Accounts for Central Shops equipment (primarily vehicle) maintenance service charges and the related billings to various departments.

Finance Corporation – Accounts for the lease financing services provided by the Finance Corporation to City departments. On July 1, 2001 the City established the Finance Corporation Internal Service fund because its sole purpose is to provide lease financing to the City. Previously, the activities of the Finance Corporation were reported within governmental funds.

Reproduction Fund – Accounts for printing, design and mail services required by various City departments and agencies.

Telecommunications and Information Fund – Accounts for centralized telecommunications activities in the City's Wide Area Network, radio communication and telephone systems. In addition, it accounts for application support provided to many department-specific and citywide systems, management of the City's Web site, operations of the City's mainframe computers and technology training provided to city personnel. It also accounts for the related billings to various departments for specific services performed and operating support from the General Fund.

CITY AND COUNTY OF SAN FRANCISCO
Combining Statement of Net Position
Internal Service Funds
June 30, 2013
(In Thousands)

	Central Shops Fund	Finance Corporation	Reproduction Fund	Telecommunications & Information Fund	Total
Assets					
Current assets:					
Deposits and investments with City Treasury.....	\$ 2,523	\$ -	\$ 1,482	\$ 28,363	\$ 32,368
Receivables:					
Interest and other.....	-	109	5	649	763
Due from other funds.....	-	198	-	-	198
Capital leases receivable.....	-	22,545	-	-	22,545
Restricted assets:					
Deposits and investments outside City Treasury.....	-	55,337	-	-	55,337
Total current assets.....	2,523	78,189	1,487	29,012	111,211
Noncurrent assets:					
Restricted assets					
Deposits and investments outside City Treasury.....	-	4,777	-	-	4,777
Capital leases receivable.....	-	239,998	-	-	239,998
Capital assets:					
Facilities and equipment, net of depreciation.....	276	-	109	5,535	5,920
Deferred charges and other assets.....	-	4,535	-	-	4,535
Total noncurrent assets.....	276	249,310	109	5,535	255,230
Total assets.....	2,799	327,499	1,596	34,547	366,441
Liabilities					
Current liabilities:					
Accounts payable.....	1,113	308	172	3,933	5,526
Accrued payroll.....	655	-	89	1,647	2,391
Accrued vacation and sick leave pay.....	375	-	-	1,033	1,408
Accrued workers' compensation.....	-	-	-	290	290
Bonds, loans, capital leases, and other payables.....	-	20,760	30	334	21,144
Accrued interest payable.....	-	1,650	-	-	1,650
Due to other funds.....	-	1,963	-	198	2,161
Deferred credits and other liabilities.....	-	60,080	-	34	60,114
Total current liabilities.....	2,143	84,781	291	7,469	94,684
Noncurrent liabilities:					
Accrued vacation and sick leave pay.....	329	-	-	995	1,324
Accrued workers' compensation.....	-	-	-	1,218	1,218
Other postemployment benefits obligation.....	4,178	-	-	13,669	17,847
Bonds, loans, capital leases, and other payables.....	-	242,718	-	-	242,718
Total noncurrent liabilities.....	4,507	242,718	-	15,882	263,107
Total liabilities.....	6,650	327,499	291	23,351	357,791
Net Position					
Net investment in capital assets.....	276	-	79	5,201	5,556
Unrestricted (deficit).....	(4,127)	-	1,226	5,995	3,094
Total net position (deficit).....	\$ (3,851)	\$ -	\$ 1,305	\$ 11,196	\$ 8,650

Notes:

(1) Intra-entity due to and due from eliminated for presentation in the Statement of Net Position - Proprietary Funds on page 34.

CITY AND COUNTY OF SAN FRANCISCO
Combining Statement of Revenues, Expenses
and Changes in Fund Net Position
Internal Service Funds
Year Ended June 30, 2013
(In Thousands)

	Central Shops Fund	Finance Corporation	Reproduction Fund	Telecommunications & Information Fund	Total
Operating revenues:					
Charges for services.....	\$ 28,571	\$ -	\$ 6,313	\$ 71,798	\$ 106,682
Rent and concessions.....	-	-	-	90	90
Total operating revenues.....	28,571	-	6,313	71,888	106,772
Operating expenses:					
Personal services.....	12,698	-	1,561	30,402	44,661
Contractual services.....	2,332	-	3,502	29,020	34,854
Materials and supplies.....	12,444	-	254	6,400	19,098
Depreciation and amortization.....	113	130	161	1,273	1,677
General and administrative.....	99	-	1	409	509
Services provided by other departments.....	1,237	-	509	4,657	6,403
Other.....	-	-	6	981	987
Total operating expenses.....	28,923	130	5,994	73,142	108,189
Operating income (loss).....	(352)	(130)	319	(1,254)	(1,417)
Nonoperating revenues (expenses):					
Interest and investment income.....	-	5,936	-	-	5,936
Interest expense.....	(44)	(5,806)	(13)	(120)	(5,963)
Other, net.....	-	-	-	1	1
Total nonoperating revenues (expenses).....	(44)	130	(13)	(119)	(46)
Income (loss) before transfers.....	(396)	-	306	(1,373)	(1,463)
Transfers in.....	44	-	13	120	177
Change in net position.....	(352)	-	319	(1,253)	(1,286)
Total net position (deficit) - beginning.....	(3,499)	-	986	12,449	9,936
Total net position (deficit) - ending.....	\$ (3,851)	\$ -	\$ 1,305	\$ 11,196	\$ 8,650

CITY AND COUNTY OF SAN FRANCISCO
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2013
(In Thousands)

	Central Shops Fund	Finance Corporation	Reproduction Fund	Telecom- munications & Information Fund	Total
Cash flows from operating activities:					
Cash received from customers.....	\$ 28,650	\$ 26,991	\$ 6,340	\$ 71,743	\$ 133,734
Cash paid to employees for services.....	(12,181)	-	(1,557)	(28,222)	(41,960)
Cash paid to suppliers for goods and services.....	(16,827)	(16,632)	(4,215)	(42,246)	(79,920)
Net cash provided by (used in) operating activities.....	(348)	10,359	568	1,275	11,854
Cash flows from noncapital financing activities:					
Transfers in.....	44	-	13	120	177
Net cash provided by noncapital financing activities.....	44	-	13	120	177
Cash flows from capital and related financing activities:					
Bond sale proceeds.....	-	11,829	-	-	11,829
Acquisition of capital assets.....	(97)	-	-	(1,899)	(1,996)
Retirement of capital lease obligation.....	-	(22,515)	(132)	(323)	(22,970)
Bond issue costs paid.....	-	(143)	-	-	(143)
Interest paid on long-term debt.....	-	(5,915)	-	-	(5,915)
Net cash (used in) capital financing activities.....	(97)	(16,744)	(132)	(2,222)	(19,195)
Cash flows from investing activities:					
Purchases of investments with trustees.....	-	(4,727)	-	-	(4,727)
Proceeds from sale of investments with trustees.....	-	5,042	-	-	5,042
Interest income received.....	-	(31)	-	-	(31)
Other investing activities.....	(44)	(324)	(13)	(120)	(501)
Net cash (used in) investing activities.....	(44)	(40)	(13)	(120)	(217)
Increase (decrease) in cash and cash equivalents.....	(445)	(6,425)	436	(947)	(7,381)
Cash and cash equivalents - beginning of year.....	2,968	56,962	1,048	28,310	90,288
Cash and cash equivalents - end of year.....	\$ 2,523	\$ 50,537	\$ 1,482	\$ 28,363	\$ 82,905
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss).....	\$ (352)	\$ (130)	\$ 319	\$ (1,254)	\$ (1,417)
Adjustments for non-cash activities:					
Depreciation and amortization.....	113	130	161	1,273	1,677
Other.....	-	-	-	1	1
Changes in assets/liabilities:					
Receivables, net.....	89	22,515	27	(40)	22,591
Accounts payable.....	(715)	-	57	(969)	(1,627)
Accrued payroll.....	(22)	-	4	86	68
Accrued vacation and sick leave pay.....	(115)	-	-	(232)	(347)
Accrued workers' compensation.....	-	-	-	513	513
Other postemployment benefits obligation.....	654	-	-	1,813	2,467
Due to other funds.....	-	-	-	190	190
Deferred credits and other liabilities.....	-	(12,156)	-	(105)	(12,262)
Total adjustments.....	4	10,489	249	2,529	13,271
Net cash provided by (used in) operating activities.....	\$ (348)	\$ 10,359	\$ 568	\$ 1,275	\$ 11,854
Reconciliation of cash and cash equivalents to the combining statement of net position:					
Deposits and investments with City Treasury:					
Unrestricted.....	\$ 2,523	\$ -	\$ 1,482	\$ 28,363	\$ 32,368
Deposits and investments outside City Treasury:					
Restricted.....	-	60,114	-	-	60,114
Total deposits and investments.....	2,523	60,114	1,482	28,363	92,482
Less: Investments outside of City Treasury not meeting the definition of cash equivalents.....	-	(9,577)	-	-	(9,577)
Cash and cash equivalents at end of year on combining statement of cash flows.....	\$ 2,523	\$ 50,537	\$ 1,482	\$ 28,363	\$ 82,905
Non-cash capital and related financing activities:					
Acquisition of capital assets on accounts payable and capital lease.....	\$ -	\$ 2,104	\$ -	\$ -	\$ 2,104

CITY AND COUNTY OF SAN FRANCISCO
FIDUCIARY FUNDS

Fiduciary Funds include all Trust and Agency Funds which account for assets held by the City as a trustee or as an agent for individuals or other governmental units.

Trust Funds

Employees' Retirement System - Accounts for the contributions from employees, City contributions and the earnings and profits from investments of monies. Disbursements are made for retirements, withdrawal, disability, and death benefits of the employees as well as administrative expenses.

Health Service System - Accounts for the contributions from active and retired employees, and surviving spouses, City contributions and the earnings and profits from investment of monies. Disbursements are made for medical expenses and to various health plans of the beneficiaries.

Retiree Health Care Trust - Accounts for the contributions from employees, City contributions and the earnings and profits from investment of monies. Disbursements are to be made for benefits, expenses and other charges properly allocable to the trust fund.

Agency Funds

Agency Funds are custodial in nature and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time.

Assistance Program Fund - Accounts for collections and advances received as an agent under various human welfare and community health programs. Monies are disbursed in accordance with legal requirements and program regulations.

Deposits Fund - Accounts for all deposits under the control of the City departments. Dispositions of the deposits are governed by the terms of the statutes and ordinances establishing the deposit requirement.

Payroll Deduction Fund - Accounts for monies held for payroll charges including federal, state and other payroll related deductions.

State Revenue Collection Fund - Accounts for various fees, fines and penalties collected by City departments for the State of California which are passed through to the State.

Tax Collection Fund - Accounts for monies received for current and delinquent taxes which must be held pending authority for distribution. Included are prepaid taxes, disputed taxes, duplicate payment of taxes, etc. This fund also accounts for monies deposited by third parties pending settlement of litigation and claims. Upon final settlement, monies are disbursed as directed by the courts or by parties to the dispute.

Transit Fund - Accounts for the quarter of one percent sales tax collected by the State Board of Equalization and deposited with the County of origin for local transportation support. The Metropolitan Transportation Commission, the regional agency responsible for administration of these monies, directs their use and distribution.

Other Agency Funds - Accounts for monies held as agent for a variety of purposes.

CITY AND COUNTY OF SAN FRANCISCO
Combining Statement of Fiduciary Net Position
Fiduciary Funds
Pension and Other Employee Benefit Trust Funds
June 30, 2013
(In Thousands)

	Pension Trust Fund	Other Employee Benefit Trust Fund	Other Post-employment Benefit Trust Fund	Total
	Employees' Retirement System	Health Service System	Retiree Health Care	
Assets				
Deposits and investments with City Treasury.....	\$ 7,769	\$ 135,135	\$ 30,260	\$ 173,164
Deposits and investments outside City Treasury:				
Cash and deposits.....	60,874	-	-	60,874
Short term investments.....	572,556	-	-	572,556
Alternative investments.....	2,129,578	-	-	2,129,578
Debt securities.....	4,290,577	-	-	4,290,577
Equity securities.....	8,621,434	-	-	8,621,434
Real estate.....	1,430,711	-	-	1,430,711
Foreign currency contracts, net.....	(7,403)	-	-	(7,403)
Invested in securities lending collateral.....	1,004,266	-	-	1,004,266
Receivables:				
Employer and employee contributions.....	39,593	38,217	904	78,714
Brokers, general partners and others.....	315,076	-	-	315,076
Interest and other.....	34,961	5,195	9	40,165
Total assets.....	<u>18,499,992</u>	<u>178,547</u>	<u>31,173</u>	<u>18,709,712</u>
Liabilities				
Accounts payable.....	17,337	16,994	-	34,331
Estimated claims payable.....	-	25,593	-	25,593
Payable to brokers.....	445,447	-	-	445,447
Deferred Retirement Option Program liabilities.....	20,502	-	-	20,502
Payable to borrowers of securities.....	1,005,161	-	-	1,005,161
Deferred credits and other liabilities.....	-	58,596	-	58,596
Total liabilities.....	<u>1,488,447</u>	<u>101,183</u>	<u>-</u>	<u>1,589,630</u>
Net Position				
Held in trust for pension benefits and other purposes	\$ 17,011,545	\$ 77,364	\$ 31,173	\$ 17,120,082

CITY AND COUNTY OF SAN FRANCISCO
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Pension and Other Employee Benefit Trust Funds
Year Ended June 30, 2013
(In Thousands)

	Pension Trust Fund	Other Employee Benefit Trust Fund	Other Post-employment Benefit Trust Fund	Total
	Employees' Retirement System	Health Service System	Retiree Health Care	
Additions:				
Employees' contributions.....	\$ 258,726	\$ 118,057	\$ 8,822	\$ 385,605
Employer contributions.....	442,870	630,128	4,411	1,077,409
Total contributions.....	<u>701,596</u>	<u>748,185</u>	<u>13,233</u>	<u>1,463,014</u>
Investment income/loss:				
Interest.....	182,160	749	25	182,934
Dividends.....	188,644	-	-	188,644
Net appreciation/(depreciation) in fair value of investments...	1,729,781	(997)	-	1,728,784
Securities lending income.....	5,096	-	-	5,096
Total investment income.....	<u>2,105,681</u>	<u>(248)</u>	<u>25</u>	<u>2,105,458</u>
Less investment expenses:				
Securities lending borrower rebates and expenses.....	523	-	-	523
Other investment expenses.....	(41,654)	-	-	(41,654)
Total investment expenses.....	<u>(41,131)</u>	<u>-</u>	<u>-</u>	<u>(41,131)</u>
Total additions, net.....	<u>2,766,146</u>	<u>747,937</u>	<u>13,258</u>	<u>3,527,341</u>
Deductions:				
Benefit payments.....	1,023,354	723,792	-	1,747,146
Refunds of contributions.....	9,453	-	-	9,453
Administrative expenses.....	15,518	-	75	15,593
Total deductions.....	<u>1,048,325</u>	<u>723,792</u>	<u>75</u>	<u>1,772,192</u>
Change in net position.....	1,717,821	24,145	13,183	1,755,149
Net position at beginning of year.....	15,293,724	53,219	17,990	15,364,933
Net position at end of year.....	\$ 17,011,545	\$ 77,364	\$ 31,173	\$ 17,120,082

CITY AND COUNTY OF SAN FRANCISCO
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2013
(In Thousands)

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Assistance Program Fund				
Assets				
Deposits and investments with City Treasury.....	\$ 28,808	\$ 4,948	\$ 7,955	\$ 25,801
Deposits and investments outside City Treasury.....	-	15	-	15
Receivables:				
Interest and other.....	16	207	215	8
Total assets.....	\$ 28,824	\$ 5,170	\$ 8,170	\$ 25,824
Liabilities				
Accounts payable.....	\$ 147	\$ 2,887	\$ 3,024	\$ 10
Agency obligations.....	28,677	5,394	9,257	25,814
Total liabilities.....	\$ 28,824	\$ 9,281	\$ 12,281	\$ 25,824

Deposits Fund

Assets				
Deposits and investments with City Treasury.....	\$ 14,040	\$ 34,372	\$ 35,324	\$ 13,088
Deposits and investments outside City Treasury.....	23	2	23	2
Receivables:				
Interest and other.....	54	111	86	79
Deferred charges and other assets.....	34,538	-	-	34,538
Total assets.....	\$ 48,655	\$ 34,485	\$ 35,433	\$ 47,707
Liabilities				
Accounts payable.....	\$ 853	\$ 12,824	\$ 12,937	\$ 740
Agency obligations.....	47,802	33,289	34,124	46,967
Total liabilities.....	\$ 48,655	\$ 46,113	\$ 47,061	\$ 47,707

Payroll Deduction Fund

Assets				
Deposits and investments with City Treasury.....	\$ 14,111	\$ 24,587	\$ -	\$ 38,698
Receivables:				
Employer and employee contributions.....	58,441	1,296	-	59,737
Total assets.....	\$ 72,552	\$ 25,883	\$ -	\$ 98,435
Liabilities				
Accounts payable.....	\$ 12,704	\$ -	\$ 3,415	\$ 9,289
Agency obligations.....	59,848	29,298	-	89,146
Total liabilities.....	\$ 72,552	\$ 29,298	\$ 3,415	\$ 98,435

CITY AND COUNTY OF SAN FRANCISCO
Combining Statement of Changes in Assets and Liabilities
Agency Funds (Continued)
For the Year Ended June 30, 2013
(In Thousands)

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
State Revenue Collection Fund				
Assets				
Deposits and investments with City Treasury.....	\$ 826	\$ 4,826	\$ 3,888	\$ 1,764
Deposits and investments outside City Treasury.....	2	3	2	3
Receivables:				
Interest and other.....	-	1	1	-
Total assets.....	\$ 828	\$ 4,830	\$ 3,891	\$ 1,767
Liabilities				
Accounts payable.....	\$ 398	\$ 3,576	\$ 3,791	\$ 183
Agency obligations.....	430	4,817	3,663	1,584
Total liabilities.....	\$ 828	\$ 8,393	\$ 7,454	\$ 1,767

Tax Collection Fund

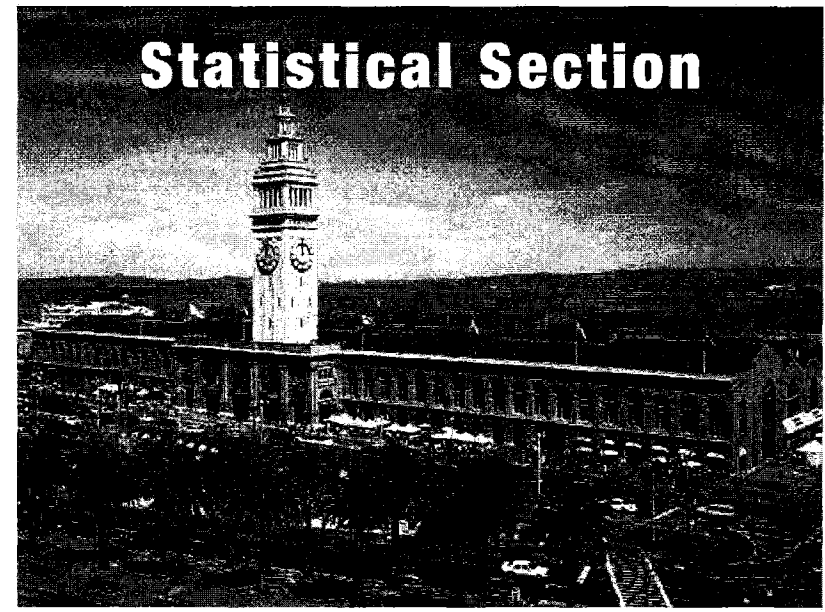
Assets				
Deposits and investments with City Treasury.....	\$ 60,281	\$ 3,467,450	\$ 3,473,470	\$ 54,261
Deposits and investments outside City Treasury.....	179	125	179	125
Receivables:				
Interest and other.....	171,653	173,900	171,621	173,832
Total assets.....	\$ 232,113	\$ 3,641,375	\$ 3,645,270	\$ 228,218
Liabilities				
Accounts payable.....	\$ 16,961	\$ 106,839	\$ 115,729	\$ 8,071
Agency obligations.....	215,152	2,366,269	2,361,274	220,147
Total liabilities.....	\$ 232,113	\$ 2,473,108	\$ 2,477,003	\$ 228,218

Transit Fund

Assets				
Deposits and investments with City Treasury.....	\$ 8,065	\$ 58,108	\$ 61,379	\$ 4,794
Receivables:				
Interest and other.....	2	34	35	1
Total assets.....	\$ 8,067	\$ 58,142	\$ 61,414	\$ 4,795
Liabilities				
Accounts payable.....	\$ 1,167	\$ 18,034	\$ 17,180	\$ 2,021
Agency obligations.....	6,900	41,496	45,622	2,774
Total liabilities.....	\$ 8,067	\$ 59,530	\$ 62,802	\$ 4,795

CITY AND COUNTY OF SAN FRANCISCO
Combining Statement of Changes in Assets and Liabilities
Agency Funds (Continued)
For the Year Ended June 30, 2013
(In Thousands)

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Other Agency Funds				
Assets				
Deposits and investments with City Treasury.....	\$ 15,573	\$ 252,636	\$ 251,371	\$ 16,838
Deposits and investments outside City Treasury.....	4	-	4	-
Receivables:				
Interest and other.....	370	436	402	404
Total assets.....	\$ 15,947	\$ 253,072	\$ 251,777	\$ 17,242
Liabilities				
Accounts payable.....	\$ 2,359	\$ 68,052	\$ 66,929	\$ 3,482
Agency obligations.....	13,588	244,563	244,391	13,760
Total liabilities.....	\$ 15,947	\$ 312,615	\$ 311,320	\$ 17,242
 Total Agency Funds				
Assets				
Deposits and investments with City Treasury.....	\$ 141,704	\$ 3,846,927	\$ 3,833,387	\$ 155,244
Deposits and investments outside City Treasury.....	208	145	208	145
Receivables:				
Employer and employee contributions.....	58,441	1,296	-	59,737
Interest and other.....	172,095	174,589	172,360	174,324
Deferred charges and other assets.....	34,538	-	-	34,538
Total assets.....	\$ 406,986	\$ 4,022,957	\$ 4,005,955	\$ 423,988
Liabilities				
Accounts payable.....	\$ 34,589	\$ 212,212	\$ 223,005	\$ 23,796
Agency obligations.....	372,397	2,726,126	2,698,331	400,192
Total liabilities.....	\$ 406,986	\$ 2,938,338	\$ 2,921,336	\$ 423,988



Statistical Section

The Ferry Building after 2003 renovation.



CITY AND COUNTY OF SAN FRANCISCO
Statistical Section

This section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



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CITY AND COUNTY OF SAN FRANCISCO
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)
(In Thousands)

	Fiscal Year									
	2004	2005 ⁽¹⁾	2006	2007	2008	2008 ⁽²⁾	2010	2011	2012	2013
Other financing sources (uses):										
Transfers in.....	204,680	271,553	224,523	217,298	244,770	352,693	302,790	304,682	335,600	447,734
Transfers out.....	(456,952)	(513,423)	(555,195)	(668,847)	(724,172)	(746,178)	(740,349)	(630,825)	(742,719)	(930,793)
Issuance of bonds and loans:										
Face value of bonds issued.....	116,645	346,225	219,120	312,955	310,155	456,935	393,010	232,965	804,090	557,490
Face value of loans issued.....	2,156	500	5,359	141	1,829	-	599	1,813	4,359	5,890
Premium on issuance of bonds.....	1,411	11,989	10,233	3,521	13,071	12,875	16,647	16,799	89,336	64,469
Discount on issuance of bonds.....	-	-	-	(1,856)	-	-	-	-	-	-
Payment to refunded bond escrow agent.....	(65,802)	(38,913)	-	(159,610)	(283,494)	(120,000)	-	(142,458)	(487,360)	-
Other financing sources - capital leases.....	6,165	4,542	6,882	12,789	24,254	24,881	20,746	18,769	12,324	13,470
Total other financing sources (uses).....	(191,617)	82,473	(89,038)	(283,809)	(413,587)	(18,794)	(6,557)	(197,055)	15,580	158,290
Extraordinary gain (loss).....	-	-	-	-	-	-	-	-	197,314	(172,651)
Net change in fund balances.....	\$ (165,764)	\$ 350,682	\$ 247,328	\$ (63,645)	\$ (280,270)	\$ 13,343	\$ 14,073	\$ 128,481	\$ 409,515	\$ 131,480
Debt service as a percentage of noncapital expenditures.....	5.25%	5.31%	5.71%	5.51%	5.34%	5.79%	6.90%	7.07%	7.30%	6.80%
Debt service as a percentage of total expenditures.....	4.92%	5.08%	5.39%	5.04%	5.15%	5.51%	6.47%	6.62%	6.68%	6.04%

Notes:

- (1) Prior to fiscal year 2004-2005, transfers of base rental payments from various Certificate of Participation Special Revenue Funds which provide for debt service payments were recorded as current expenditures in paying departments/funds and rental income in debt service funds. Beginning fiscal year 2004-2005, they were recorded as transfers.
- (2) In fiscal year 2008-2009, the City transferred its Emergency Communications Department and General Service Agency - Technology's function from Public Works, Transportation and Commerce to Public Protection and General Administration and Finance.

CITY AND COUNTY OF SAN FRANCISCO
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(In Thousands)

	Fiscal Year									
	2004	2005 ⁽¹⁾	2006	2007	2008	2008 ⁽²⁾	2010	2011	2012	2013
Revenues:										
Property taxes.....	\$ 721,437	\$ 918,646	\$ 1,008,151	\$ 1,107,864	\$ 1,179,688	\$ 1,272,385	\$ 1,331,957	\$ 1,380,356	\$ 1,352,857	\$ 1,421,764
Business taxes.....	284,832	292,763	323,153	337,592	396,025	388,653	354,019	391,779	437,678	480,131
Sales and use tax.....	182,567	161,451	175,138	184,723	190,967	172,794	164,769	181,474	198,236	208,025
Hotel room tax.....	142,437	151,993	173,923	194,290	219,089	214,460	186,849	209,962	239,567	238,782
Utility users tax.....	70,938	72,574	76,444	78,729	86,964	88,801	94,537	91,683	91,676	91,871
Other local taxes.....	113,513	152,067	170,159	211,082	155,951	126,017	194,070	251,285	353,899	359,808
Licenses, permits and franchises.....	23,788	25,942	27,662	27,428	30,943	32,153	33,625	35,977	39,770	40,601
Fines, forfeitures and penalties.....	25,183	12,509	14,449	8,871	13,217	9,694	22,255	11,770	30,090	49,841
Interest and investment income.....	11,630	28,288	70,046	83,846	54,258	33,547	27,038	17,041	31,371	7,489
Rent and concessions.....	58,978	49,450	52,426	52,493	70,160	77,014	78,527	78,995	89,183	98,770
Intergovernmental:										
Federal.....	344,155	348,764	350,985	381,888	328,315	362,582	448,890	484,704	420,874	420,775
State.....	630,953	522,937	565,969	582,666	561,095	575,774	552,641	581,119	588,532	656,141
Other.....	18,259	25,783	23,500	15,689	15,907	15,186	7,397	32,017	33,181	41,789
Charges for services.....	217,647	241,750	263,994	273,057	288,689	280,407	243,128	258,015	264,856	296,059
Other.....	57,144	57,487	61,565	44,084	81,321	30,318	51,023	97,194	83,634	81,014
Total revenues.....	2,883,462	3,062,383	3,357,584	3,584,102	3,672,587	3,680,785	3,790,725	4,103,371	4,255,494	4,493,160
Expenditures										
Public protection.....	706,759	738,494	787,398	865,556	1,018,212	999,518	1,021,505	1,031,181	1,079,203	1,145,884
Public works, transportation and commerce.....	185,555	195,896	274,669	280,907	236,569	248,181	243,454	228,820	250,879	223,218
Human welfare and neighborhood development.....	662,948	644,899	697,102	740,171	828,903	886,686	916,301	870,091	918,414	945,106
Community health.....	512,914	501,050	471,741	509,844	543,046	578,828	581,392	595,222	653,263	734,736
Culture and recreation.....	273,163	239,022	256,979	286,135	309,612	313,442	303,134	310,392	311,156	328,794
General administration and finance.....	153,709	135,118	161,195	167,505	215,054	190,880	187,221	181,641	203,157	211,138
General City responsibilities.....	74,623	62,799	53,763	57,532	71,205	73,147	86,488	85,463	96,150	81,775
Debt service:										
Principal retirement.....	78,831	80,306	86,970	96,169	106,580	126,501	154,051	148,231	167,465	154,542
Interest and fiscal charges.....	61,886	61,524	75,975	71,266	75,844	74,466	89,946	101,716	103,706	108,189
Bond issuance costs.....	1,350	4,842	1,933	3,983	1,090	4,746	2,145	2,161	5,386	2,913
Capital outlay.....	165,872	130,224	153,493	283,370	133,155	152,473	182,448	214,817	270,094	410,994
Total expenditures.....	2,857,609	2,794,174	3,021,218	3,364,138	3,539,270	3,648,648	3,770,095	3,777,835	4,058,873	4,347,289
Excess (deficiency) of revenues over (under) expenditures.....	25,853	268,209	336,366	219,964	133,317	32,137	20,630	325,536	196,621	145,871

**CITY AND COUNTY OF SAN FRANCISCO
ASSESSED VALUE OF TAXABLE PROPERTY ⁽¹⁾⁽³⁾⁽⁴⁾
Last Ten Fiscal Years
(In Thousands)**

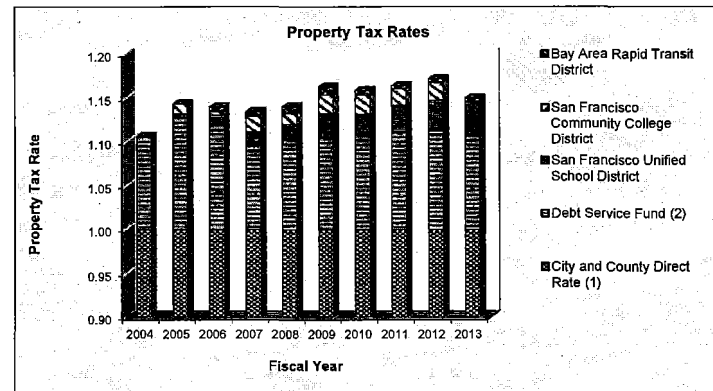
Fiscal Year ⁽⁴⁾	Assessed Value			Exemptions ⁽²⁾			Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property	Total	Non-reimbursable	Reimbursable	Redevelopment Tax Increments		
2004.....	\$ 99,876,960	\$ 3,848,851	\$ 103,727,811	\$ 3,706,357	\$ 689,558	\$ 3,892,143	\$ 95,439,753	1.00%
2005.....	106,805,910	3,736,998	110,542,908	4,017,052	678,120	5,198,856	100,647,880	1.00%
2006.....	114,767,252	3,465,752	118,233,004	4,248,112	657,834	6,453,299	106,875,759	1.00%
2007.....	126,074,101	3,524,897	129,598,998	4,617,851	657,144	7,333,916	116,960,087	1.00%
2008.....	136,887,654	3,807,362	140,695,016	5,867,576	652,034	10,134,313	124,221,093	1.00%
2009.....	152,150,004	3,943,357	156,093,361	6,193,368	657,320	8,880,502	140,382,171	1.00%
2010.....	164,449,745	4,093,813	168,543,558	6,751,558	650,435	9,289,538	151,842,027	1.00%
2011.....	162,347,329	4,066,754	166,414,083	6,910,812	663,664	11,540,067	147,299,540	1.00%
2012.....	166,914,782	3,716,092	172,630,874	7,205,992	690,247	13,842,390	150,922,245	1.00%
2013.....	171,327,361	3,801,645	175,129,006	7,460,708	690,586	14,032,211	152,975,521	1.00%

Source:
Controller, City and County of San Francisco

- Notes:
- (1) Assessed value of taxable property represents all property within the City. The maximum tax rate is 1% of the full cash value or \$1/\$100 of the assessed value, excluding the tax rate for debt service.
 - (2) Exemptions are summarized as follows:
 - (a) Non-reimbursable exemptions are revenues lost to the City because of provisions of California Constitution, Article XIII(3).
 - (b) Reimbursable exemptions arise from Article XII(25) which reimburses local governments for revenues lost through the homeowners' exemption in Article XIII(3) (k).
 - (c) Tax increments were allocations made to the former San Francisco Redevelopment Agency under authority of California Constitution, Article XVI and Section 33675 of the California Health & Safety Code. Actual allocations are limited under an indebtedness agreement between the City and the former Redevelopment Agency, through January 31, 2012, and to the Successor Agency after January 31, 2012.
 - (3) Based on certified assessed values.
 - (4) Based on year end actual assessed values.

**CITY AND COUNTY OF SAN FRANCISCO
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(Rate Per \$1,000 of Assessed Value)**

Fiscal Year	City and County Direct Rate ⁽¹⁾	Debt Service Fund ⁽²⁾	Overlapping Rates			Total
			San Francisco Unified School District	San Francisco Community College District	Bay Area Rapid Transit District	
2004	1.00000000	0.10682335	0.00017665	-	-	1.1070
2005	1.00000000	0.12838968	0.00393518	0.01167514	-	1.1440
2006	1.00000000	0.12012547	0.01092226	0.00415227	0.00480000	1.1400
2007	1.00000000	0.09657879	0.01532351	0.01809770	0.00500000	1.1350
2008	1.00000000	0.10365766	0.01666683	0.01307551	0.00760000	1.1410
2009	1.00000000	0.10532566	0.02737873	0.02129561	0.00900000	1.1630
2010	1.00000000	0.10839903	0.02336031	0.02154066	0.00570000	1.1590
2011	1.00000000	0.11210000	0.03020000	0.01860000	0.00310000	1.1640
2012	1.00000000	0.11470000	0.03340000	0.01960000	0.00410000	1.1718
2013	1.00000000	0.10830000	0.03750000	0.01900000	0.00430000	1.1691



- Notes:
- (1) Proposition 13 allows each county to levy a maximum tax of \$1 per \$100 of full cash value. Full cash value is equivalent to assessed value pursuant to Statutes of 1978, Senate Bill 1656.
 - (2) On June 6, 1978, California voters approved a constitutional amendment to Article XIII A of the California Constitution, commonly known as Proposition 13, that limits the taxing power of California public agencies. Legislation enacted to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that notwithstanding any other law, local agencies may not levy property taxes except to pay debt service on indebtedness approved by voters prior to July 1, 1978 or any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the voting public.

**CITY AND COUNTY OF SAN FRANCISCO
PRINCIPAL PROPERTY ASSESSEES
Current Fiscal Year and Nine Fiscal Years Ago
(Dollar in Thousands)**

Assessee	Type of Business	Fiscal Year 2013			Fiscal Year 2004		
		Taxable Assessed Value ⁽¹⁾	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ⁽²⁾
HNA 555 Owners LLC	Office, Commercial	\$ 922,958	1	0.56%	\$ -	-	-
Paramount Group Real Estate Fund	Office, Commercial	755,777	2	0.46%	-	-	-
Emporium Mall LLC	Retail, Commercial	422,217	3	0.25%	-	-	-
HD333 LLC	Office, Commercial	394,666	4	0.24%	-	-	-
SHC Embarcadero LLC	Office, Commercial	389,419	5	0.24%	-	-	-
Post-Montgomery Associates	Office, Commercial	379,574	6	0.23%	375,146	7	0.38
SF Hilton Inc	Hotel	376,676	7	0.23%	-	-	-
SHR St. Francis LLC	Hotel	367,002	8	0.22%	-	-	-
PPF Off One Maritime Plaza LP	Office, Commercial	360,181	9	0.22%	-	-	-
One Embarcadero Center Venture	Office, Commercial	337,278	10	0.20%	-	-	-
Embarcadero Center Venture	Office, Commercial	-	-	-	1,385,665	1	1.40
Pacific Gas & Electric Company	Utilities	-	-	-	910,808	2	0.92
555 California Street Partners	Office, Commercial	-	-	-	907,510	3	0.92
Pacific Bell	Utilities, Communications	-	-	-	558,035	4	0.57
National Office Partners	Office, Garage	-	-	-	395,054	5	0.40
YBG Associates LLC	Hotel	-	-	-	378,527	6	0.38
BR- St. Francis LLC	Hotels	-	-	-	350,297	8	0.36
CB-1 Entertainment Partners	Hotels, Condos	-	-	-	349,652	9	0.35
China Basin Ballpark Company LLC	Possessory Interest-Stadium	-	-	-	344,474	10	0.35
Total		\$ 4,705,448		2.85%	\$ 5,955,248		6.03%

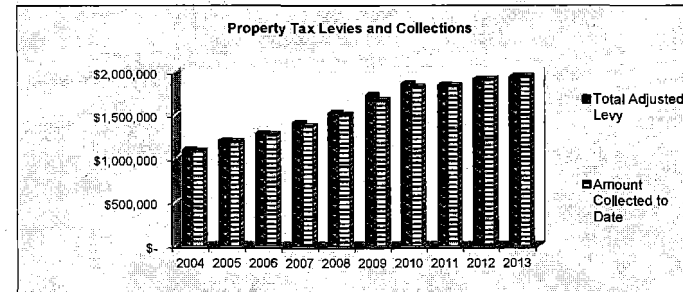
Source: Assessor, City and County of San Francisco

Notes:

- (1) Data for fiscal year 2012-2013 updated as of July 1, 2012.
- (2) Assessed values for fiscal years 2012-2013 and 2003-2004 are from the tax rolls of calendar years 2012 and 2003, respectively.

**CITY AND COUNTY OF SAN FRANCISCO
PROPERTY TAX LEVIES AND COLLECTIONS ⁽¹⁾⁽²⁾
Last Ten Fiscal Years
(In Thousands)**

Fiscal Year	Collected within the Fiscal Year of the Levy			Total Collections to Date		
	Total Adjusted Levy	Amount	Percentage of Original Levy	Collections in Subsequent Years ⁽³⁾	Amount	Percentage of Adjusted Levy
2004	\$ 1,100,951	\$ 1,079,354	98.04%	\$ 9,092	\$ 1,088,446	98.86%
2005	1,208,044	1,179,959	97.68	18,010	1,197,969	99.17
2006	1,291,491	1,263,396	97.82	17,524	1,280,920	99.18
2007	1,411,316	1,372,174	97.23	5,959	1,378,133	97.65
2008	1,530,484	1,487,715	97.21	20,781	1,508,496	98.56
2009	1,731,668	1,658,599	95.78	21,463	1,680,062	97.02
2010	1,868,098	1,787,809	95.70	40,111	1,827,920	97.85
2011	1,849,132	1,799,523	97.32	45,787	1,845,310	99.79
2012	1,922,368	1,883,666	97.99	37,566	1,921,232	99.94
2013	1,952,525	1,919,060	98.29	31,580	1,950,640	99.90



Source: Controller, City and County of San Francisco

Notes:

- (1) Includes San Francisco Unified School District, San Francisco Community College District, Bay Area Rapid Transit District, Bay Area Air Quality Management District, the former San Francisco Redevelopment Agency, and the Successor Agency to San Francisco Redevelopment Agency.
- (2) Does not include SB-813 supplemental property taxes.
- (3) Collections in subsequent years reflect assessment appeals reduction.

**CITY AND COUNTY OF SAN FRANCISCO
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(In Thousands, except per capita amount)**

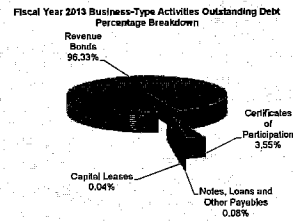
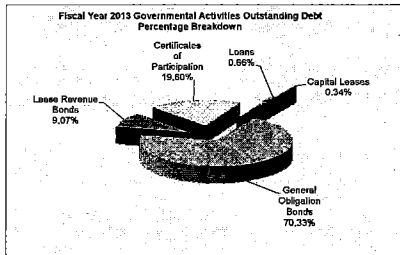
**CITY AND COUNTY OF SAN FRANCISCO
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(In Thousands, except per capita amount)**

Fiscal Year	Governmental Activities							Total Primary Government
	General Obligation Bonds	Lease Revenue Bonds	Certificates of Participation	Loans	Capital Leases	Settlement Obligation and Others ⁽¹⁾	Subtotal	
2004.....	\$ 843,499	\$ 245,826	\$ 287,493	\$ 9,515	\$ 194,815	\$ 94,199	\$ 1,875,334	
2005.....	1,097,060	230,738	280,581	7,861	198,703	189,602	2,003,615	
2006.....	1,252,217	231,497	273,522	12,377	190,279	182,899	2,142,791	
2007.....	1,172,363	250,065	416,258	11,840	185,736	177,062	2,213,154	
2008.....	1,120,688	283,469	408,020	12,495	174,149	170,577	2,169,399	
2009.....	1,193,927	293,326	584,110	11,329	194,383	163,905	2,390,980	
2010.....	1,429,899	285,065	591,949	10,507	152,273	162,114	2,631,027	
2011.....	1,401,080	281,274	582,221	10,072	141,377	-	2,416,024	
2012.....	1,606,170	274,467	547,251	13,878	22,878	-	2,464,644	
2013.....	2,042,553	263,498	569,280	19,194	9,741	-	2,904,355	

Fiscal Year	Business-Type Activities ⁽¹⁾⁽²⁾							Total Primary Government	Percentage of Personal Income ⁽³⁾	Per Capita ⁽⁴⁾
	Revenue Bonds	General Obligation Bonds	State of California - Revolving Fund Loans	Certificates of Participation	Notes, Loans and Other Payables	Capital Leases	Subtotal			
2004.....	\$ 5,105,883	\$ 400	\$ 150,198	\$ -	\$ 30,995	\$ 4,891	\$ 5,292,285	6,967,699	15.55%	\$ 9,011
2005.....	5,017,282	-	134,783	-	27,278	4,754	5,184,107	7,187,722	14.64	9,249
2006.....	5,450,983	-	118,868	-	22,962	5,522	5,588,315	7,741,106	14.36	9,847
2007.....	5,321,584	-	102,438	-	18,447	4,499	5,446,948	7,690,102	13.60	9,595
2008.....	5,239,031	-	88,101	-	13,749	3,843	5,345,724	7,515,122	12.91	9,301
2009.....	4,803,690	-	75,339	-	324,042	2,635	5,205,658	7,598,638	13.98	9,317
2010.....	7,009,495	-	61,140	194,112 ⁽²⁾	73,322	1,416	7,339,475	9,970,502	17.60	12,392
2011.....	7,959,399	-	46,492	193,579	31,730	652	8,231,852	10,547,876	18.16	13,100
2012.....	9,124,807	-	36,898	348,641	7,163	3,155	9,520,684	11,995,308	19.96	14,512
2013.....	9,206,063	-	-	339,007	7,370	3,606	9,555,046	12,460,402	20.29	14,850

Fiscal Year	General Obligation Bonds ⁽¹⁾	Less: Amounts Restricted for Debt Service ⁽¹⁾	Total	Per Capita ⁽²⁾⁽³⁾	Percentage of Taxable Assessed Value ⁽⁴⁾
2004	\$ 843,499	\$ 1,533	\$ 841,966	\$ 1,089	0.84%
2005	1,097,050	33,774	1,063,276	1,367	1.00
2006	1,252,217	46,929	1,205,288	1,533	1.06
2007	1,172,363	35,249	1,137,114	1,423	0.91
2008	1,120,688	31,883	1,088,805	1,348	0.81
2009	1,193,927	40,907	1,153,020	1,414	0.77
2010	1,429,898	36,901	1,392,997	1,730	0.86
2011	1,401,080	39,330	1,361,750	1,675	0.85
2012	1,606,170	51,033	1,555,137	1,883	0.94
2013	2,042,553	102,188	1,940,365	2,312	1.16

- Notes
- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements. The amounts of general obligation bonds include unamortized bond discount, bond premium, and bond refunding loss.
 - (2) Population data can be found in Demographic and Economic Statistics.
 - (3) FY2012 updated with newly available data.
 - (4) Taxable property data can be found in Assessed Value of Taxable Property.



- Notes:
- ⁽¹⁾ The amount for fiscal year 2004 to fiscal year 2010 includes obligation on 2003 Refunding Settlement Obligation Bonds S2003-R1, which matured on March 15, 2011. The amount for fiscal year 2011 to fiscal year 2012 were revised to exclude commercial paper issued by the San Francisco County Transportation Authority and the City for multiple capital projects.
 - ⁽²⁾ Includes \$22,550 in Certificates of Participation which was presented in FY 2010 in Capital Leases.
 - ⁽³⁾ See Demographic and Economic Statistics, for personal income and population data.

**CITY AND COUNTY OF SAN FRANCISCO
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(In Thousands)**

	Fiscal Year				
	2004	2005	2006	2007	2008
Debt limit	\$ 3,000,644	\$ 3,195,776	\$ 3,419,607	\$ 3,749,434	\$ 4,050,223
Total net debt applicable to limit ⁽¹⁾	844,350	1,088,355	1,232,205	1,155,944	1,098,913
Legal debt margin	\$ 2,156,294	\$ 2,109,421	\$ 2,187,402	\$ 2,593,490	\$ 2,951,310
Total net debt applicable to the limit as a percentage of debt limit	28.14%	33.99%	36.03%	30.83%	27.13%

	Fiscal Year				
	2009	2010	2011	2012	2013
Debt limit	\$ 4,497,000	\$ 4,853,760	\$ 4,785,098	\$ 4,962,746	\$ 5,030,049
Total net debt applicable to limit ⁽¹⁾	1,165,141	1,386,640	1,355,992	1,506,330	1,889,683
Legal debt margin	\$ 3,331,859	\$ 3,467,120	\$ 3,429,106	\$ 3,456,416	\$ 3,140,366
Total net debt applicable to the limit as a percentage of debt limit	25.91%	28.57%	28.34%	30.35%	37.57%

Legal Debt Margin Calculation for Fiscal Year 2013

Total assessed value	\$ 175,129,006
Less: non-reimbursable exemptions ⁽²⁾	7,460,708
Assessed value ⁽³⁾	\$ 167,668,298
Debt limit (three percent of valuation subject to taxation ⁽³⁾)	\$ 5,030,049
Debt applicable to limit - general obligation bonds	1,889,683
Legal debt margin	\$ 3,140,366

**CITY AND COUNTY OF SAN FRANCISCO
DIRECT AND OVERLAPPING DEBT
June 30, 2013**

District	Total General Debt Outstanding	Estimated Percentage Applicable to City and County ⁽¹⁾	Estimated Share of Overlapping Debt
Bay Area Rapid Transit District.....	\$ 410,690,000	33.00%	\$ 135,527,700
San Francisco Unified School District.....	647,360,000	100.00	647,360,000
San Francisco Community College District.....	343,730,000	100.00	343,730,000
Subtotal, overlapping debt.....			1,126,617,700
City and County of San Francisco direct debt ⁽¹⁾			1,889,683,268
Total net direct and overlapping debt.....			\$ 3,016,300,968
Population - 2013 ⁽²⁾			839,109
Estimated direct and overlapping debt per capita.....			\$ 3,594.66

Note: Overlapping districts are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping districts that is borne by the residents and businesses of the City. This process recognizes that, when considering the districts' ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

⁽¹⁾ The percentage of overlapping debt applicable is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the City's taxable assessed value that is within the districts' boundaries and dividing it the City's total taxable assessed value.

⁽²⁾ Sources: US Census Bureau.

Notes:

⁽¹⁾ Per outstanding bonds, without adjustment for unamortized bond discount, bond premium and bond refunding loss.

⁽²⁾ Source: Assessor, City and County of San Francisco

⁽³⁾ City's Administrative Code Section 2.60 Limitations on Bonded Indebtedness.

"There shall be a limit on outstanding general obligation bond indebtedness of three percent of the assessed value of all taxable real and personal property, located within the City and County."

**CITY AND COUNTY OF SAN FRANCISCO
PLEGDED-REVENUE COVERAGE
Last Ten Fiscal Years
(In Thousands)**

Fiscal Year	San Francisco International Airport ⁽¹⁾						
	Operating Revenues ⁽²⁾	Less: Operating Expenses ⁽³⁾	Net Available Revenue		Debt Service		Coverage
			Principal	Interest	Principal	Interest	
2004	\$ 493,682	\$ 235,765	\$ 257,917	\$ 70,630	\$ 221,208	\$ 291,838	0.88
2005	496,485	253,931	242,554	78,555	207,430	285,985	0.85
2006	480,673	287,387	213,286	79,125	199,419	278,544	0.77
2007	540,186	284,692	255,494	79,415	192,746	272,161	0.94
2008	565,139	295,849	269,290	75,510	214,839	290,349	0.93
2009	574,088	315,823	258,265	88,205	178,372	269,577	0.97
2010	597,429	305,965	291,434	97,715	190,490	288,205	1.01
2011	622,709	331,389	291,310	134,800	177,581	312,381	0.93
2012	701,025	369,376	331,649	135,760	189,696	325,456	1.02
2013	728,044	380,543	347,501	152,355	185,000	337,355	1.03

- (1) The pledged-revenue coverage calculations presented in this schedule conform to the requirements of GASB Statement No. 44 and as such differs significantly from those calculated in accordance with the Airport Commission's 1991 Master Bond Resolution which authorized the sale and issuance of these bonds.
 (2) Operating revenues consist of Airport operating revenues and interest and investment income.
 (3) In accordance with GASB Statement No. 44, Airport operating expenses related to the pledged revenues exclude interest, depreciation and amortization.

Fiscal Year	San Francisco Water Department ⁽⁴⁾							
	Gross Revenues ⁽⁵⁾	Less: Operating Expenses ⁽⁶⁾	Net Available Revenue		Debt Service		Coverage	
			Adjustments ⁽⁷⁾	Principal	Interest	Total		
2004	\$ 174,528	\$ 187,378	\$ 122,180	\$ 109,330	\$ 13,345	\$ 24,537	\$ 37,892	2.89
2005	189,928	175,453	83,078	96,553	14,055	23,309	37,994	2.54
2006	213,459	168,934	110,638	137,203	14,790	20,585	35,375	3.88
2007	241,078	202,498	112,101	150,681	16,160	48,955	65,115	2.31
2008	246,885	223,052	134,215	158,048	19,170	45,023	64,193	2.46
2009	272,869	248,315	125,203	149,757	25,520	44,065	69,585	2.15
2010	275,041	277,970	141,615	138,688	26,605	42,990	69,595	1.99
2011	305,678	261,927	128,126	169,877	27,795	58,759 ⁽⁸⁾	86,554	1.96
2012	375,551	304,562	115,687	189,656	44,050	78,239 ⁽⁸⁾	122,289	1.53
2013	721,169	305,739	157,518	574,968	45,965	93,569 ⁽⁸⁾	139,534	4.12

- (4) The pledged-revenue coverage calculations presented in this schedule conform to the requirements of GASB Statement No. 44 and as such differs significantly from those calculated in accordance with the bond indenture.
 (5) Gross Revenue consists of charges for services, rental income and other income, investing activities and capacity fees.
 (6) In accordance with GASB Statement No. 44, Water Department operating expenses related to the pledged revenues exclude interest.
 (7) Interest payment was related to exclude capitalized interest in FY 2011 through FY 2012. FY2012 and FY2013 also includes "springing" amendments.
 (8) Adjustments column included adjustment to investing activities, depreciation and non-cash expenses, changes in working capital and other available funds presented in the published Annual Disclosure Reports.

Fiscal Year	Municipal Transportation Agency						
	Base Rental Payment and Gross Meter Revenue ⁽⁹⁾⁽¹⁰⁾	Less: Operating Expenses ⁽¹¹⁾⁽¹²⁾	Net Available Revenue		Debt Service		Coverage
			Principal	Interest	Principal	Interest	
2004	\$ 25,604	\$ 10,430	\$ 15,174	\$ 4,943	\$ 2,854	\$ 7,797	1.86
2005	25,623	14,071	11,552	5,193	2,573	7,786	1.49
2006	31,116	14,960	16,156	5,471	2,317	7,788	2.07
2007	31,901	16,907	14,894	5,734	1,989	7,723	1.93
2008	33,091	18,038	15,053	6,017	1,747	7,764	1.94
2009	33,970	18,879	15,091	5,165	1,395	8,560	2.30
2010	39,538	19,018	20,520	2,690	1,148	3,829	5.36
2011	41,204	21,077	20,127	1,815	1,068	2,663	7.50
2012	47,810	19,419	28,391	1,685	995	2,680	10.59
2013	607,126	474,106	133,019	3,075	1,856	4,931	26.98

- (9) Prior to FY2013 revenue bonds were issued by the Parking Authority, the Parking Authority leased North Beach, Moscone, and San Francisco Hospital garages to the City. In return, the City pledged to pay off the debt service with a base (lease) rental payment. The gross revenue reflects base rental payments plus revenue from all meters in San Francisco except the meters on Port property. All the related revenue bonds were defeased/paid off in FY2013.
 (10) In July 2012, the SFMTA issued its first revenue bonds, Series 2012A and B. Series 2012A refunded the bonds described above in Note (9) plus bonds issued by the City's nonprofit garage corporations. The gross pledged revenues consist of transit fares, parking fines and fees, rental income, investment income plus operating grants from Transportation Development Act (codified as Sections 99200 et seq. of the California Public Utilities Code) (the "TDA"), AB 1107 (codified at Section 29140 et seq. of the Public Utilities Code) (the "AB 1107"), and State Transit Assistance.
 (11) Prior to FY2013, the operating expense includes only the costs related to parking meter program excluding debt service payments.
 (12) Effective FY2013, related to the new bonds as described in Note (10), the operating expense excludes expenses funded by the City's General Fund support paratransit restricted grants. In accordance with GASB Statement No. 44, operating expenses related to the pledged revenues exclude interest, depreciation and amortization.

**CITY AND COUNTY OF SAN FRANCISCO
PLEGDED-REVENUE COVERAGE (Continued)
Last Ten Fiscal Years
(In Thousands)**

Fiscal Year	San Francisco Wastewater Enterprise ⁽¹³⁾							
	Gross Revenues ⁽¹⁴⁾	Less: Operating Expenses ⁽¹⁵⁾	Net Available Revenue ⁽¹⁶⁾		Debt Service		Coverage ⁽¹⁷⁾	
			Adjustments ⁽¹⁸⁾	Principal	Interest ⁽¹⁷⁾	Total ⁽¹⁷⁾		
2004	\$ 136,842	\$ 129,916	\$ 57,461	\$ 66,382	\$ -	\$ 20,233	\$ 20,233	3.28
2005	151,981	139,290	36,700	49,391	-	17,219	17,219	2.87
2006	170,517	140,954	35,788	65,351	-	17,219	17,219	3.80
2007	199,160	151,600	49,600	97,160	33,445	16,718	50,163	1.94
2008	206,848	195,245	86,109	107,512	34,500	15,698	50,196	2.14
2009	210,546	169,300	77,800	119,146	35,665	14,846	50,311	2.37
2010	211,899	185,512	86,880	113,267	37,130	13,183	50,313	2.25
2011	231,143	179,084	56,239	108,298	26,320	18,563 ⁽¹⁸⁾	44,883	2.41
2012	247,130	195,857	107,125	158,398	22,010	20,180 ⁽¹⁸⁾	42,190	3.75
2013	253,078	208,260	109,323	154,141	23,095	15,855 ⁽¹⁸⁾	38,750	3.98

- (13) The pledged-revenue coverage calculations presented in this schedule conform to the requirements of GASB Statement No. 44 and as such differs significantly from those calculated in accordance with the bond indenture.
 (14) Gross revenue consists of charges for services, rental income and other income.
 (15) In accordance with GASB Statement No. 44, Wastewater Enterprise operating expenses related to the pledged revenues exclude interest.
 (16) Adjustments includes Depreciation and Non-Cash Expense, Changes in Working Capital, Investment Income, SRF Loan Payments, and other available Funds that are printed in published Annual Disclosure Reports.
 (17) Restated to match the published Annual Disclosure Reports for FY 2004, 2005, 2007, 2008, 2009.
 (18) Interest payment was related to exclude capitalized interest in FY 2011 through FY 2012. FY2012 & FY2013 also includes a "springing" amendment.

Fiscal Year	Port of San Francisco ⁽¹⁹⁾						
	Total Operating Revenues ⁽²⁰⁾	Less: Operating Expenses ⁽²¹⁾	Net Available Revenue		Debt Service		Coverage
			Principal	Interest	Total	Coverage	
2004	\$ 57,782	\$ 49,707	\$ 8,075	\$ 3,595	\$ 1,719	\$ 5,314	1.52
2005	59,217	43,786	15,431	3,920	1,012	4,932	3.13
2006	61,581	44,893	16,688	3,390	554	3,944	4.23
2007	65,416	50,887	14,529	3,875	453	4,428	3.28
2008	68,111	56,406	11,705	4,070	348	4,418	2.65
2009	68,722	57,574	11,148	4,185	222	4,407	2.53
2010	68,892	58,756	10,136	4,320	75	4,395	2.31
2011	73,774	51,788	21,966	485	2,358	2,843	7.73
2012	78,819	55,470	24,349	670	2,175	2,845	8.56
2013	81,536	63,615	17,921	695	2,151	2,846	6.30

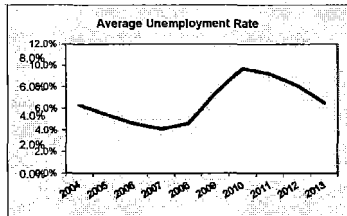
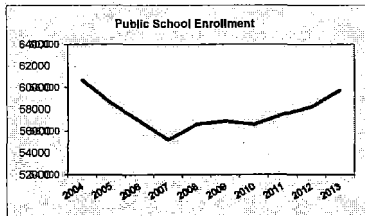
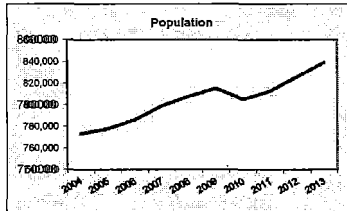
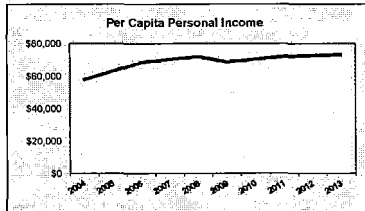
- (19) The pledged-revenue coverage calculations presented in this schedule conform to the requirements of GASB Statement No. 44 and as such differs significantly from those calculated in accordance with the bond indenture.
 (20) Total revenues consist of operating revenues and interest and investment income.
 (21) In accordance with GASB Statement No. 44, operating expenses related to the pledged-revenue stream exclude interest, depreciation and amortization. Details regarding outstanding debt can be found in the notes to the financial statements. Operating expenses, as defined by the bond indenture, also excludes amortized dredging costs.

Fiscal Year	Hetch Hetchy Water and Power ⁽²²⁾⁽²³⁾							
	Gross Revenues ⁽²⁴⁾	Less: Operating Expenses ⁽²⁵⁾	Net Available Revenue		Debt Service		Coverage	
			Adjustments ⁽²⁶⁾	Principal	Interest	Total		
2004	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2005	-	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-
2009	97,671	49,337	4,907	53,241	422	-	422	126.16
2010	105,711	86,334	14,521	33,898	422	-	422	80.33
2011	113,253	86,266	14,786	41,773	422	-	422	96.99
2012	100,622	93,607	13,536	20,551	422	-	422	48.70
2013	101,191	93,259	8,765	14,897	1,009	898	1,907	7.71

- (22) The pledged-revenue coverage calculations presented in this schedule conform to the requirements of GASB Statement No. 44 and as such differs significantly from those calculated in accordance with the bond indenture.
 (23) There were no Hetch Hetchy bonds from 2003 to 2008.
 (24) Gross revenues consists of charges for power services, rental income and other income.
 (25) Operating expenses only include power operating expense.
 (26) Adjustments include adjustments to investment income, depreciation, non-cash items and changes to working capital.

**CITY AND COUNTY OF SAN FRANCISCO
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years**

Fiscal Year	Population ⁽¹⁾	Personal Income (In Thousands) ⁽²⁾	Per Capita Personal Income ⁽³⁾	Median Age ⁽⁴⁾	Public School Enrollment ⁽⁵⁾	Average Unemployment Rate ⁽⁶⁾
2004	773,284	\$44,820,235	\$57,961	39.2	58,323	6.3%
2005	777,660	49,085,123	63,119	39.4	57,276	5.4%
2006	786,149	53,902,906	68,566	39.4	56,459	4.6%
2007	799,185	56,306,703	70,455	40.0	55,590	4.1%
2008	808,001	58,199,006	72,028	40.4	56,315	4.6%
2009	815,358	56,037,063	68,727	38.5	56,454	7.4%
2010	805,235	56,665,228	70,371	38.5	56,299	9.7%
2011	812,826	58,619,826	72,119	37.3	56,758	9.2%
2012	825,863 ⁽⁷⁾	60,059,972 ⁽⁸⁾	72,724 ⁽⁹⁾	37.3 ⁽¹⁰⁾	57,105	8.1%
2013	839,109 ⁽⁷⁾	61,420,297 ⁽⁸⁾	73,197 ⁽⁹⁾	37.4 ⁽¹⁰⁾	57,860	6.5%



Sources:
 (1) US Census Bureau released on December 2012. Fiscal year 2012 is updated from last year's CAFR with newly available data
 (2) US Bureau of Economic Analysis
 (3) US Bureau of Economic Analysis
 (4) US Census Bureau, American Community Survey
 (5) California Department of Education
 (6) California Employment Development Department

Note:
 (7) 2012 is updated from last year's CAFR with newly available data. 2013 population was estimated by multiplying the estimated 2012 population by the 2011 - 2012 population growth rate.
 (8) Personal income was estimated by assuming that its percentage of state personal income in 2012 and 2013 remained at the 2011 level of 3.51 percent. Fiscal year 2012 is updated from last year's CAFR with newly available data.
 (9) Per capita personal income for 2012 and 2013 was estimated by dividing the estimated personal income for 2012 and 2013 by the reported and estimated population in 2012 and 2013, respectively. Fiscal year 2012 is updated from last year's CAFR with newly available data.
 (10) Median age in 2013 was estimated by averaging the median age in 2011 and 2012. 2012 is updated from last year's CAFR with newly available data.

**CITY AND COUNTY OF SAN FRANCISCO
Principal Employers - Current Year and Nine Years Ago**

Employer	Year 2012 ⁽¹⁾			Year 2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
City and County of San Francisco.....	25,458	1	5.33%	28,718	1	6.64%
University of California, San Francisco....	22,664	2	4.74%	8,630	2	2.00%
California Pacific Medical Center.....	8,559	3	1.79%	3,800	10	0.88%
Wells Fargo & Co.....	8,300	4	1.74%	7,279	3	1.68%
San Francisco Unified School District....	8,189	5	1.71%	6,600	5	1.53%
Gap, Inc.....	6,000	6	1.26%	-	-	-
PG&E Corporation.....	4,415	7	0.92%	4,700	8	1.09%
State of California.....	4,184	8	0.88%	7,048	4	1.63%
Salesforce.com Inc.....	4,000	9	0.84%	-	-	-
Kaiser Permanente.....	3,581	10	0.75%	-	-	-
United States Postal Service.....	-	-	-	5,295	6	1.22%
AT&T.....	-	-	-	5,200	7	1.20%
Pacific Bell/SBC Communications.....	-	-	-	4,600	9	1.06%
Total.....	95,350		19.96%	81,870		18.93%

Source: Total City and County of San Francisco employe count is obtained from the State of California Employee Development Department. All other data is obtained from the San Francisco Business Times Book of Lists.

Note:
 (1) The latest data as of calendar year-end 2012 is presented.

CITY AND COUNTY OF SAN FRANCISCO
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION (1)
Last Ten Fiscal Years

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Protection										
Fire Department.....	1,835	1,752	1,706	1,665	1,726	1,602	1,532	1,512	1,474	1,463
Police.....	2,669	2,616	2,664	2,765	2,870	2,949	2,757	2,681	2,665	2,655
Sheriff.....	937	929	944	939	961	1,018	1,048	953	1,010	1,013
Other.....	954	930	958	979	1,019	996	981	969	956	1,021
Total Public Protection.....	6,395	6,227	6,272	6,347	6,566	6,563	6,316	6,115	6,105	6,152
Public Works, Transportation and Commerce										
Municipal Transportation Agency.....	4,518	4,386	4,232	4,374	4,358	4,528	4,358	4,160	4,141	4,388
Airport Commission.....	1,214	1,203	1,248	1,220	1,228	1,248	1,233	1,294	1,377	1,443
Department of Public Works.....	1,053	1,059	1,035	1,040	1,000	1,030	822	791	783	808
Public Utilities Commission.....	1,589	1,513	1,573	1,596	1,609	1,580	1,549	1,594	1,616	1,620
Other.....	507	505	532	538	543	565	490	508	536	583
Total Public Works, Transportation and Commerce.....	8,881	8,668	8,620	8,768	8,798	8,951	8,452	8,337	8,453	8,842
Community Health										
Public Health.....	6,093	5,928	5,956	5,988	6,196	6,023	5,838	5,696	5,671	5,800
Total Community Health.....	6,093	5,928	5,956	5,988	6,196	6,023	5,838	5,696	5,671	5,800
Human Welfare and Neighborhood Development										
Human Services.....	1,735	1,697	1,663	1,745	1,812	1,810	1,662	1,685	1,691	1,750
Other.....	317	312	306	313	312	309	296	284	269	244
Total Human Welfare and Neighborhood Development.....	2,052	2,009	1,969	2,058	2,124	2,119	1,958	1,969	1,960	1,994
Culture and Recreation										
Recreation and Park Commission.....	1,001	954	916	922	942	919	898	851	834	841
Public Library.....	617	616	606	631	641	649	649	645	628	640
War Memorial.....	95	96	95	96	96	97	63	63	63	63
Other.....	156	149	200	199	204	203	199	201	199	210
Total Culture and Recreation.....	1,869	1,815	1,817	1,848	1,883	1,868	1,809	1,760	1,724	1,754
General Administration and Finance										
Administrative Services.....	405	383	378	438	505	539	647	616	637	723
City Attorney.....	319	308	321	324	327	318	306	300	299	303
Telecommunications and Information Services.....	313	278	261	270	307	265	252	210	196	199
Controller.....	141	170	179	184	188	198	180	194	201	198
Human Resources.....	188	172	151	156	155	144	138	119	123	124
Treasurer/Tax Collector.....	192	197	199	208	208	212	220	211	208	202
Mayor.....	56	51	48	51	57	55	49	42	37	49
Other.....	468	454	491	520	571	547	554	540	567	581
Total General Administration and Finance.....	2,080	2,011	2,028	2,151	2,318	2,278	2,346	2,232	2,268	2,359
General City Responsibility	4	4	3	-	-	-	-	-	-	-
Subtotal annually funded positions.....	27,374	26,660	26,665	27,180	27,885	27,802	26,721	26,109	26,181	26,901
Capital project funded positions.....	1,567	1,597	1,588	1,628	1,750	1,519	1,928	1,885	1,892	1,496
Total annually funded positions.....	28,941	28,257	28,253	28,788	29,635	29,321	28,649	27,994	28,073	28,387

Source: Controller, City and County of San Francisco

Note:
(1) Data represent budgeted and funded full-time equivalent positions.

CITY AND COUNTY OF SAN FRANCISCO
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Protection										
Five and Emergency Communications										
Total response time of first unit to highest priority incidents requiring possible medical care, 90th percentile.....	8:00	7:50	8:01	8:04	7:35	7:06	7:10	7:19	7:18	7:30
Police										
Average time from dispatch to arrival on scene for highest priority calls.....	2:58	3:07	3:00	3:15	4:08	3:49	3:33	4:07	4:15	4:59
Number of homicides per 100,000 population.....	12.8	9.8	12.8	9.8	11.8	8.2	5.3	8.3	7.4	8.2
Percentage of San Franciscans who report feeling safe or very safe crossing the street.....	49%	51%	N/A	48%	N/A	59%	N/A	N/A	N/A	N/A
Public Works, Transportation, and Commerce										
General Services Agency - Public Works										
Percentage of San Franciscans who rate cleanliness of neighborhood streets as good or very good.....	52%	49%	N/A	49%	N/A	50%	N/A	52%	N/A	N/A
Number of blocks of City streets repaired.....	154	190	207	243	334	310	312	427	348	521
Municipal Transportation Agency										
Average rating of Muni's timeliness and reliability by residents of San Francisco (Survey only): Swamy good.....	3.20	3.13	N/A	2.84	N/A	2.98	N/A	3.85	3.02	3.38
Percentage of vehicles that run on time according to published schedules (no more than 4 minutes late or 1 minute early) measured at terminals and established intermediate points.....	66.8%	71.0%	69.2%	70.6%	70.8%	74.4%	73.5%	72.6%	61.9%	59.3%
Percentage of scheduled service hours delivered.....	97.2%	95.3%	94.2%	94.3%	85.9%	86.9%	96.2%	96.2%	97.5%	97.6%
Airport										
Percent change in air passenger volume.....	5.3%	5.5%	1.5%	2.8%	8.6%	-0.8%	4.6%	5.3%	8.0%	4.0%
Human Welfare and Neighborhood Development										
Environment										
Percentage of total solid waste materials diverted in a calendar year.....	63%	67%	67%	69%	70%	72%	77%	76%	80%	N/A
Culture and Recreation										
Recreation and Park										
Percentage of San Franciscans who rate the quality of the City's park grounds (landscaping) as good or very good.....	67%	60%	N/A	57%	N/A	65%	N/A	N/A	N/A	N/A
Citywide percentage of park maintenance standards met for all parks inspected.....	N/A	N/A	83%	86%	86%	89%	91%	80%	91%	91%
Public Library										
Percentage of San Franciscans who rate the quality of library staff assistance as good or very good.....	51%	79%	N/A	75%	N/A	79%	N/A	79%	N/A	65%
Circulation of materials at San Francisco libraries.....	5,755,843	7,276,520	7,459,821	7,685,692	8,334,301	8,856,162	10,949,592	10,678,061	10,671,974	10,987,213
Asian and Fine Arts Museums										
Number of visitors to City-owned art museums.....	763,242	698,271	1,546,617	1,870,886	1,730,009	2,893,469	2,590,322	2,428,861	1,779,573	1,865,259

Source: Controller, City and County of San Francisco

Notes:

- (1) Measure changed from median time to average time in FY 2008. Values for FY 2004 through FY 2007 reflect median time, FY 2008 through FY 2013 reflect average time.
- (2) Value for FY 2008 is based on a different source for population data than prior fiscal years. FY 2008 and FY 2010 have been restated.
- (3) Value for FY 2005 has been restated to be consistent with City Survey data.
- (4) Values for FY 2003 through FY 2005 have been restated to be consistent as annual average for fiscal year from the MTA service standards reports.
- (5) Values for FY 2003 and FY 2005 have been restated to be consistent as annual average for fiscal year from the MTA service standards reports.
- (6) The California Academy of Sciences opened on September 27, 2008.
- (7) N/A = Information is not available. Note that in most cases this is due to the fact that the City Survey, which was administered annually until 2005, then biennially afterwards, is the data source.

CITY AND COUNTY OF SAN FRANCISCO
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police protection (1)										
Number of stations.....	10	10	10	10	10	10	10	10	10	10
Number of police officers.....	2,170	2,160	2,070	2,304	2,455	2,356	2,261	2,266	2,243	2,164
Fire protection (2)										
Number of stations.....	45	45	48	42	42	42	42	46	46	46
Number of firefighters.....	1,690	1,675	1,333	1,012	978	809	768	778	718	817
Public works										
Mile of street (3).....	1,050	1,050	1,051	1,051	1,291	1,318	1,317	1,317	1,315	1,315
Number of streetlights (4).....	41,031	41,431	41,571	42,029	42,957	43,492	43,973	44,530	44,594	44,855
Water (4)										
Number of services.....	169,689	169,975	170,471	170,873	172,471	172,885	172,680	173,033	173,454	173,744
Average daily consumption (million gallons) .	257.2	239.7	236.3	247.1	247.5	236.6	219.9	213.6	212.0	215.1
Mile of water mains.....	1,450	1,453	1,457	1,457	1,457	1,465	1,465	1,473	1,488	1,488
Sewers (4)										
Mile of collecting sewers.....	993	993	993	993	993	993	993	993	959	986
Mile of transport/storage sewers.....	15	15	15	15	17	17	17	17	17	24
Recreation and cultures										
Number of parks (5).....	209	210	220	209	222	222	220	220	220	221
Number of libraries (6).....	27	27	27	28	28	28	28	28	28	28
Number of library volumes (million) (6).....	2.1	2.4	2.6	2.7	2.8	2.9	3.3	3.5	3.6	3.5
Public school education (7)										
Attendance centers.....	118	119	117	112	112	112	115	115	115	115
Number of classrooms.....	3,439	3,434	3,390	3,256	3,269	2,723	2,779	2,797	2,797	2,877
Number of teachers, full-time equivalent.....	3,138	3,171	3,103	3,103	3,113	3,167	3,312	3,132	3,245	3,129
Number of students.....	57,805	57,144	56,236	55,497	56,259	55,272	55,779	55,571	56,310	56,970

Sources:

- (1) Police Commission, City and County of San Francisco
- (2) Fire Commission, City and County of San Francisco
- (3) Department of Public Works, City and County of San Francisco
- (4) Public Utilities Commission, City and County of San Francisco
- (5) Parks and Recreation Commission, City and County of San Francisco
- (6) Library Commission, City and County of San Francisco
- (7) San Francisco Unified School District

APPENDIX C

**CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE TREASURER & TAX COLLECTOR
INVESTMENT POLICY**



**CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE TREASURER & TAX COLLECTOR**

INVESTMENT POLICY
Effective October 2013

1.0 Policy

It is the policy of the Office of the Treasurer & Tax Collector of the City and County of San Francisco (Treasurer's Office) to invest public funds in a manner which will preserve capital, meet the daily cash flow demands of the City, and provide a market rate of return while conforming to all state and local statutes governing the investment of public funds.

2.0 Scope

This investment policy applies to all funds over which the Treasurer's Office has been granted fiduciary responsibility and direct control for their management.

3.0 Prudence

The standard of prudence to be used by the Treasurer's Office shall be the Prudent Investor Standard as set forth by California Government Code, Section 53600.3 and 27000.3. The Section reads as follows: The Prudent Investor Standard states that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Treasurer's Office, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Treasurer's Office.

This standard of prudence shall be applied in the context of managing those investments that fall under the Treasurer's direct control. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0 Objective

The primary objectives, in priority order, of the Treasurer's Office's investment activities shall be:

4.1 Safety: Safety of principal is the foremost objective of the investment program. Investments of the Treasurer's Office shall be undertaken in a manner that seeks to ensure the preservation of capital. To attain this objective, the Treasurer's Office will diversify its investments.

4.2 Liquidity: The Treasurer's Office investment portfolio will remain sufficiently liquid to enable the Treasurer's Office to meet cash flow needs which might be reasonably anticipated.

4.3 Return on Investments: The portfolio shall be designed with the objective of generating a market rate of return without undue compromise of the first two objectives.

5.0 Delegation of Authority

The Treasurer of the City and County of San Francisco (Treasurer) is authorized by Charter Section 6.106 to invest funds available under California Government Code Title 5, Division 2, Part 1, Chapter 4, Article 1. The Treasurer shall submit any modification to this Investment Policy to the Treasury Oversight Committee members within five (5) working days of the adoption of the change.

6.0 Authorized Broker/Dealer Firms

The City seeks to employ a fair and unbiased broker-dealer selection process, which culminates in an array of medium to large-sized firms that provide the best investment opportunities and service to the City.

The Treasurer's Office will evaluate and classify broker-dealers based on the qualifications of the firm and firm's assigned individual. Approved broker-dealers will be evaluated and may be classified into one of the following categories:

FULL ACCESS – Broker-dealers will have significant opportunity to present investment ideas to the investment team.

LIMITED ACCESS – Broker-dealers will have limited opportunity to present investment ideas to the investment team.

All others may apply for Provisional status appointment. Provisional appointments will be made for:

- (1) Applicants who have changed firms;
- (2) Applicants (firm and individual) who were not approved by the Treasurer's Office in the past year; and
- (3) Broker-dealers who have been classified as Limited Access, but are seeking Full Access status.

Broker-dealers, who are granted Provisional status, will be treated as Full Access firms for a limited time period of up to six months. During the Provisional status period, the investment team will evaluate the applicant and provide a determination of status (Full Access, Limited Access or Not Approved). Broker-dealers may reapply for Provisional status every two years. A limited number of broker-dealers will be granted Provisional status concurrently.

All broker-dealers are encouraged to apply for consideration. All applicants will be evaluated and classified based on the qualifications of the firm and the firm's assigned individual. A score will be assigned to each applicant and will serve as the sole determinant for Full Access, Limited Access, or Not-Approved status.

All approved broker-dealers will be re-assessed annually. During the reassessment period, broker-dealers will be sent the City's most recent Investment Policy and are expected to respond with a policy acknowledgement letter, updated profile information and a completed questionnaire.

All securities shall be purchased and sold in a competitive environment.

The Treasurer's Office will not do business with a firm which has, within any consecutive 48-month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the Treasurer, any member of the Board of Supervisors, or any candidate for those offices.

7.0 Authorized & Suitable Investments

Investments will be made pursuant to the California Government Code (including Section 53601 et seq.) and this investment policy to ensure sufficient liquidity to meet all anticipated disbursements.

Unless otherwise noted, the maximum maturity from the trade settlement date can be no longer than five years.

Types of investment vehicles not authorized by this investment policy are prohibited.

In an effort to limit credit exposure, the Treasurer's Office will maintain Eligible Issuer, Eligible Counterparty and Eligible Money Market lists for security types where appropriate. These lists are intended to guide investment decisions. Investments, at time of purchase, are limited solely to issuers, counterparties and money market funds listed; however, investment staff may choose to implement further restrictions at any time.

The Treasurer's Office shall establish a Credit Committee comprised of the Treasurer, Chief Assistant Treasurer, Chief Investment Officer and additional investment personnel at the Treasurer's discretion. The Committee shall review and approve all eligible issuers and counterparties prior to inclusion on the aforementioned Eligible Issuer and Eligible Counterparty lists. The Committee shall also be charged with determining the collateral securing the City's repurchase agreements.

In the event of a downgrade of the issuer's credit rating below the stated requirements herein, the Credit Committee shall convene and determine the appropriate action.

In addition, the Treasurer's Office shall conduct an independent credit review, or shall cause an independent credit review to be conducted, of the collateralized CD issuers to determine the creditworthiness of the financial institution. The credit review shall include an evaluation of the issuer's financial strength, experience, and capitalization, including, but not limited to leverage and capital ratios relative to benchmark and regulatory standards (See Section 7.4).

The following policy shall govern unless a variance is specifically authorized by the Treasurer and ratified by the Treasury Oversight Committee pursuant to Section 5.0.

7.1 U.S. Treasuries

United States Treasury notes, bonds, bills or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

Allocation Maximum	Issuer Limit Maximum	Issue Limit Maximum	Maturity/Term Maximum
100% of the portfolio value	100%	100%	5 years

7.2 Federal Agencies

Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

Allocation Maximum	Issuer Limit Maximum	Issue Limit Maximum	Maturity/Term Maximum
85% of the portfolio value	100%	100%	5 years

7.3 State and Local Government Agency Obligations

The Treasurer's Office may purchase bonds, notes, warrants, or other evidences of indebtedness of any local or State agency within the 50 United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or State, or by a department, board, agency, or authority of the local agency or State.

Allocation Maximum	Issuer Limit Maximum	Issue Limit Maximum	Maturity/Term Maximum
20% of the portfolio value	5%	No Limit	5 years

Issuer Minimum Credit Rating: Issuers must possess either a short-term or long-term credit rating (dependent upon maturity length) of the second highest ranking or better (irrespective of +/-) from at least one NRSRO (Nationally Recognized Statistical Rating Organization). This limitation applies to all local and State agencies within the 50 United States with the exception of the State of California.

7.4 Public Time Deposits (Term Certificates Of Deposit)

The Treasurer's Office may invest in non-negotiable time deposits (CDs) that are FDIC insured or fully collateralized in approved financial institutions.

The Treasurer's Office will invest in FDIC-insured CDs only with those firms having at least one branch office within the boundaries of the City and County of San Francisco.

Collateralized CDs are required to be fully collateralized with 110% of the type of collateral authorized in California Government Code, Section 53651 (a) through (i). The Treasurer's Office, at its discretion, may waive the collateralization requirements for any portion that is covered by federal deposit insurance. The Treasurer's Office shall have a signed agreement with any depository accepting City funds per Government Code Section 53649.

Allocation Maximum	Issuer Limit Maximum	Issue Limit Maximum	Maturity/Term Maximum
No Limit	None	N/A	13 months

Issuer Minimum Credit Rating (applies to collateralized CDs only): Maintenance of the minimum standards for "well-capitalized" status as established by the Federal Reserve Board. The current standards are as follows:

- Tier 1 risk-based capital ratio of 8% or greater
- Combined Tier 1 and Tier 2 capital ratio of 10% or greater
- Leverage ratio of 5% or greater

Failure to maintain minimum standards may result in early termination, subject to the discretion of the Treasurer's Office.

7.5 Negotiable Certificates Of Deposit / Yankee Certificates Of Deposit

Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a state-licensed branch of a foreign bank. Yankee certificates of deposit are negotiable instruments that are issued by a branch of a foreign bank.

Allocation Maximum	Issuer Limit Maximum	Issue Limit Maximum	Maturity/Term Maximum
30% of the portfolio value	No Limit	N/A	5 years

Issuer Minimum Credit Rating: Issuers must possess either a short-term or long-term credit rating (dependent upon maturity length) of the second highest ranking or better (irrespective of +/-) from at least one NRSRO.

7.6 Bankers Acceptances

Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances.

Allocation Maximum	Issuer Limit Maximum	Issue Limit Maximum	Maturity/Term Maximum
40% of the portfolio value	No Limit	No Limit	180 days

Issuer Minimum Credit Rating: None

7.7 Commercial Paper

Obligations issued by a corporation or bank to finance short-term credit needs, such as accounts receivable and inventory, which may be unsecured or secured by pledged assets.

Allocation Maximum	Issuer Limit Maximum	Issue Limit Maximum	Maturity/Term Maximum
25% of the portfolio value	10%	None	270 days

Issuer Minimum Credit Rating: Issuers must possess a short-term credit rating of the second highest ranking or better (irrespective of +/-) from at least one NRSRO.

7.8 Medium Term Notes

Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the U.S. or any state, and operating within the U.S.

Allocation Maximum	Issuer Limit Maximum	Issue Limit Maximum	Maturity/Term Maximum
15% of the portfolio value	10%	5%	24 months

Issuer Minimum Credit Rating: Issuers must possess either a short-term or long-term credit rating (dependent upon maturity length) of the second highest ranking or better (irrespective of +/-) from at least one NRSRO.

7.9 Repurchase Agreements

The Treasurer’s Office shall selectively utilize this investment vehicle with terms not to exceed one year, secured solely by government securities and said collateral will be delivered to a third party custodian, so that recognition of ownership of the City and County of San Francisco is perfected.

7.10 Reverse Repurchase and Securities Lending Agreements

This procedure shall be limited to occasions when the cost effectiveness dictates execution, specifically to satisfy cash flow needs or when the collateral will secure a special rate. A reverse repurchase agreement shall not exceed 45 days; the amount of the agreement shall not exceed \$75MM; and the offsetting purchase shall have a maturity not to exceed the term of the repo.

7.11 Money Market Funds

Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.).

Allocation Maximum	Issuer Limit Maximum	Percentage of Fund’s Net Assets Maximum	Maturity/Term Maximum
No Limit	N/A	5%	N/A

Issuer Minimum Credit Rating: Fund rating must be rated in at least the second highest rating category from two NRSRO or independent investment research firms (e.g. Morningstar or Lipper).

7.12 Local Agency Investment Fund (LAIF)

Investments in LAIF, a California state investment fund available to California municipalities, are authorized.

8.0 Interest and Expense Allocations

The costs of managing the investment portfolio, including but not limited to: investment management; accounting for the investment activity; custody of the assets, managing and accounting for the banking; receiving and remitting deposits; oversight controls; and indirect and overhead expenses are charged to the investment earnings based upon actual labor hours worked in respective areas. Costs of these respective areas are accumulated and charged to the Pooled Investment Fund on a quarterly basis, with the exception of San Francisco International Airport costs which are charged directly through a work order.

The San Francisco Controller allocates the net interest earnings of the Pooled Investment Fund. The earnings are allocated monthly based on average balances.

9.0 Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, entered into by the Treasurer's Office shall be conducted on a delivery-versus-payment (DVP) basis pursuant to approved custodial safekeeping agreements. Securities will be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts.

10.0 Deposit and Withdrawal of Funds

California Government Code Section 53684 et seq. provides criteria for outside local agencies, where the Treasurer does not serve as the agency's treasurer, to invest in the County's Pooled Investment Fund, subject to the consent of the Treasurer. Currently, no government agency outside the geographical boundaries of the City and County of San Francisco shall have money invested in City pooled funds.

The Treasurer will honor all requests to withdraw funds for normal cash flow purposes that are approved by the San Francisco Controller. Any requests to withdraw funds for purposes other than cash flow, such as for external investing, shall be subject to the consent of the Treasurer. In accordance with California Government Code Sections 27136 et seq. and 27133(h) et seq., such requests for withdrawals must first be made in writing to the Treasurer. These requests are subject to the Treasurer's consideration for the stability and predictability of the Pooled Investment Fund, or the adverse effect on the interests of the other depositors in the Pooled Investment Fund. Any withdrawal for such purposes shall be at the value shown on the Controller's books as of the date of withdrawal.

11.0 Limits on Receipt of Honoraria, Gifts and Gratuities

In accordance with California Government Code Section 27133(d) et seq., this Investment Policy hereby establishes limits for the Treasurer, individuals responsible for management of the portfolios, and members of the Treasury Oversight Committee on the receipt of honoraria, gifts and gratuities from advisors, brokers, dealers, bankers or others persons with whom the Treasurer conducts business. Any individual who receives an aggregate total of gifts, honoraria and gratuities in excess of those limits must report the gifts, dates and firms to the Treasurer and complete the appropriate State disclosure.

These limits may be in addition to the limits set by a committee member's own agency, by state law, or by the California Fair Political Practices Commission. Members of the Treasury Oversight Committee also must abide by the following sections of the Treasurer's Office Statement of Incompatible Activities: Section III(A)(1)(a), (b) and (c) entitled "Activities that Conflict with Official Duties," and Section III(C) entitled "Advance Written Determination".

12.0 Reporting

In accordance with the provisions of California Government Code Section 53646, which states that the Treasurer may render a quarterly report or a monthly report on the status of the investment portfolio to the Board of Supervisors, Controller and Mayor, the Treasurer regularly submits a monthly report. The report includes the investment types, issuer, maturity date, par value, and dollar amount invested; market value as of the date of the report and the source of the valuation; a statement of compliance with the investment policy or an explanation for non-compliance; and a statement of the ability or inability to meet expenditure requirements for six months, as well as an explanation of why moneys will not be available if that is the case.

13.0 Social Responsibility

In addition to and subordinate to the objectives set forth in Section 4.0 herein, investment of funds should be guided by the following socially responsible investment goals when investing in corporate securities and depository institutions. Investments shall be made in compliance with the forgoing socially responsible investment goals to the extent that such investments achieve substantially equivalent safety, liquidity and yield compared to investments permitted by state law.

13.1 Social and Environmental Concerns

Investments are encouraged in entities that support community well-being through safe and environmentally sound practices and fair labor practices. Investments are encouraged in entities that support equality of rights regardless of sex, race, age, disability or sexual orientation. Investments are discouraged in entities that manufacture tobacco products, firearms, or nuclear weapons. In addition, investments are encouraged in entities that offer banking products to serve all members of the local community, and investments are discouraged in entities that finance high-cost check-cashing and deferred deposit (payday-lending) businesses. Prior to making investments, the Treasurer's Office will verify an entity's support of the socially responsible goals listed above through direct contact or through the use of a third party such as the Investors Responsibility Research Center, or a similar ratings service. The entity will be evaluated at the time of purchase of the securities.

13.2 Community Investments

Investments are encouraged in entities that promote community economic development. Investments are encouraged in entities that have a demonstrated involvement in the development or rehabilitation of low

income affordable housing, and have a demonstrated commitment to reducing predatory mortgage lending and increasing the responsible servicing of mortgage loans. Securities investments are encouraged in financial institutions that have a Community Reinvestment Act (CRA) rating of either Satisfactory or Outstanding, as well as financial institutions that are designated as a Community Development Financial Institution (CDFI) by the United States Treasury Department, or otherwise demonstrate commitment to community economic development.

13.3 City Ordinances

All depository institutions are to be advised of applicable City contracting ordinances, and shall certify their compliance therewith, if required.

14.0 Treasury Oversight Committee

A Treasury Oversight Committee was established by the San Francisco Board of Supervisors in Ordinance No. 316-00. The duties of the Committee shall be the following:

- (a) Review and monitor the investment policy described in California Government Code Section 27133 and prepared annually by the Treasurer.
- (b) Cause an annual audit to be conducted to determine the Treasurer's compliance with California Government Code Article 6 including Sections 27130 through 27137 and City Administrative Code Section 10.80-1. The audit may examine the structure of the investment portfolio and risk. This audit may be a part of the County Controller's usual audit of the Treasurer's Office by internal audit staff or the outside audit firm reviewing the Controller's Annual Report.
- (c) Nothing herein shall be construed to allow the Committee to direct individual decisions, select individual investment advisors, brokers, or dealers, or impinge on the day-to-day operations of the Treasurer. (See California Government Code, Section 27137.)

APPENDIX I

Glossary

AGENCIES: Federal agency securities and/or Government-sponsored enterprises.

ASK/OFFER: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BROKER: A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The CAFR is the City's official annual financial report. It consists of three major sections: introductory, financial, and statistical. The introductory section furnishes general information on the City's structure, services, and environment. The financial section contains all basic financial statements and required supplementary information, as well as information on all individual funds and discretely presented component units not reported separately in the basic financial statements. The financial section may also include supplementary information not required by GAAP. The statistical section provides trend data and nonfinancial data useful in interpreting the basic financial statements and is especially important for evaluating economic condition.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DEPOSITORY INSTITUTIONS: These institutions hold City and County moneys in the forms of certificates of deposit (negotiable or term), public time deposits and public demand accounts.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued a discount and redeemed at maturity for full face value, e.g., U.S. Treasury Bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

FDIC DEPOSIT INSURANCE COVERAGE: The FDIC is an independent agency of the United States government that protects against the loss of insured deposits if an FDIC-insured bank or savings association fails. Deposit insurance is backed by the full faith and credit of the United States government. Since the FDIC was established, no depositor has ever lost a single penny of FDIC-insured funds. FDIC insurance covers funds in deposit accounts, including checking and savings accounts, money market deposit accounts and certificates of deposit (CDs). FDIC insurance does not, however, cover other financial products and services that insured banks may offer, such as stocks, bonds, mutual fund shares, life insurance policies, annuities or municipal securities. There is no need for depositors to apply for FDIC insurance or even to request it. Coverage is automatic. To ensure funds are fully protected, depositors should understand their deposit insurance coverage limits. The FDIC provides separate insurance coverage for deposits held in different ownership categories such as single accounts, joint accounts, Individual Retirement Accounts (IRAs) and trust accounts.

Basic FDIC Deposit Insurance Coverage Limits*

Single Accounts (owned by one person) \$250,000 per owner

Joint Accounts (two or more persons) \$250,000 per co-owner

IRAs and certain other retirement accounts \$250,000 per owner

Trust Accounts \$250,000 per owner per beneficiary subject to specific limitations and requirements**

*The financial reform bill, officially named the Dodd-Frank Wall Street Reform and Consumer Protection Act, signed into law on July 21, 2010, made the \$250,000 FDIC coverage limit permanent.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL FUNDS RATE: The rate of interest that depository institutions lend monies overnight to other depository institutions. Also referred to as the overnight lending rate. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC): Freddie Mac's mission is to provide liquidity, stability and affordability to the housing market. Congress defined this mission in (their) 1970 charter. Freddie Mac buys mortgage loans from banks, thrifts and other financial intermediaries, and re-sells these loans to investors, or keeps them for their own portfolio, profiting from the difference between their funding costs and the yield generated by the mortgages.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FmHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

GOVERNMENT SECURITIES: Obligations of the U.S. Government and its agencies and instrumentalities.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

NRSRO: Nationally Recognized Statistical Rating Organization; Credit rating agencies that are registered with the SEC. Such agencies provide an opinion on the creditworthiness of an entity and the financial obligations issued by an entity.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PAR VALUE: The principal amount of a bond returned by the maturity date.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

PUBLIC TIME DEPOSITS (Term Certificates Of Deposit): Time deposits are issued by depository institutions against funds deposited for a specified length of time. Time deposits include instruments such as deposit notes. They are distinct from certificates of deposit (CDs) in that interest payments on time deposits are calculated in a manner similar to that of corporate bonds whereas interest payments on CDs are calculated similar to that of money market instruments.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REPURCHASE AGREEMENT (RP OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security “buyer” in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank’s vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC RULE 15(C)3-1: See Uniform Net Capital Rule.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.



APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$209,955,000

CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
SERIES 2014A
(PROPOSITION A, 2008)

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City and County of San Francisco (the "City") in connection with the issuance of the bonds captioned above (the "Bonds"). The Bonds are issued pursuant to Resolution No. 528-08 and Resolution No. 417-13, adopted by the Board of Supervisors of the City on December 16, 2008 and November 26, 2013, respectively, and duly approved by the Mayor of the City on December 19, 2008 and November 27, 2013, respectively (together, the "Resolution"). The City covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which: (a) has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) including, but not limited to, the power to vote or consent with respect to any Bonds or to dispose of ownership of any Bonds; or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean the City, acting in its capacity as Dissemination Agent under this Disclosure Certificate, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"Holder" shall mean either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

"Listed Events" shall mean any of the events listed in Section 5(a) and 5(b) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB currently located at <http://emma.msrb.org>.

"Participating Underwriter" shall mean any of the original underwriters or purchasers of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the City's fiscal year (which is June 30), commencing with the report for the 2013-14 Fiscal Year (which is due not later than March 27, 2015), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If the Dissemination Agent is not the City, the City shall provide the Annual Report to the Dissemination Agent not later than 15 days prior to said date. The Annual Report must be submitted in electronic format and accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided*, that if the audited financial statements of the City are not available by the date required above for the filing of the Annual Report, the City shall submit unaudited financial statements and submit the audited financial statements as soon as they are available. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

(b) If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the City), file a report with the City certifying the date that the Annual Report was provided to the MSRB pursuant to this Disclosure Certificate.

SECTION 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following information, as required by the Rule:

- (a) the audited general purpose financial statements of the City prepared in accordance with generally accepted accounting principles applicable to governmental entities;
- (b) a summary of budgeted general fund revenues and appropriations;
- (c) a summary of the assessed valuation of taxable property in the City;
- (d) a summary of the *ad valorem* property tax levy and delinquency rate;
- (e) a schedule of aggregate annual debt service on tax-supported indebtedness of the City; and
- (f) summary of outstanding and authorized but unissued tax-supported indebtedness of the City.

Any or all of the items listed above may be set forth in a document or set of documents, or may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following events numbered 1-9 with respect to the Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) or adverse tax opinions;
6. Tender offers;
7. Defeasances;
8. Rating changes; or
9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The City shall give, or cause to be given, notice of the occurrence of any of the following events numbered 10-16 with respect to the Bonds not later than ten business days after the occurrence of the event, if material:

10. Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
11. Modifications to rights of Bond holders;
12. Unscheduled or contingent Bond calls;
13. Release, substitution, or sale of property securing repayment of the Bonds;
14. Non-payment related defaults;
15. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
16. Appointment of a successor or additional trustee or the change of name of a trustee.

(c) The City shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3, as provided in Section 3(b).

(d) Whenever the City obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the City shall determine if such event would be material under applicable federal securities laws.

(e) If the City learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the City shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection 5(b)(12) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend or waive this Disclosure Certificate or any provision of this Disclosure Certificate, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 3(b), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of the City Attorney or nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the owners of a majority in aggregate principal amount of the Bonds or (ii) does not, in the opinion of the City Attorney or nationally recognized bond counsel, materially impair the interests of the Holders.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5; and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual

Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Remedies. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Participating Underwriter, Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate to cause the City to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in a federal or state court located in the City and County of San Francisco, State of California, and that the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: January 28, 2014.

CITY AND COUNTY OF SAN FRANCISCO

Benjamin Rosenfield
Controller

Approved as to form:

DENNIS J. HERRERA
CITY ATTORNEY

By: _____
Deputy City Attorney

CONTINUING DISCLOSURE CERTIFICATE EXHIBIT A

**FORM OF NOTICE TO THE
MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of City: CITY AND COUNTY OF SAN FRANCISCO
Name of Bond Issue: CITY AND COUNTY OF SAN FRANCISCO GENERAL OBLIGATION BONDS,
SERIES 2014A (PROPOSITION A, 2008)
Date of Issuance: January 28, 2014

NOTICE IS HEREBY GIVEN to the Municipal Securities Rulemaking Board that the City has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate of the City and County of San Francisco, dated January 28, 2014. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

CITY AND COUNTY OF SAN FRANCISCO

By: _____ [to be signed only if filed]
Title: _____

APPENDIX E

DTC AND THE BOOK ENTRY ONLY SYSTEM

The information in numbered paragraphs 1-10 of this Appendix E, concerning The Depository Trust Company, New York, New York ("DTC") and DTC's book-entry system, has been furnished by DTC for use in official statements and the City takes no responsibility for the completeness or accuracy thereof. The City cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest or principal with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC. As used in this appendix, "Securities" means the Bonds, "Issuer" means the City, and "Agent" means the Paying Agent.

Information Furnished by DTC Regarding its Book-Entry Only System

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial

Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the registration, transfer and exchange of the Bonds.

Payment of the interest on any Bond shall be made by check mailed on the interest payment date to the owner at the owner's address as it appears on the registration books described below as of the Record Date (as defined herein).

The City Treasurer will keep or cause to be kept, at the office of the City Treasurer, or at the designated office of any registrar appointed by the City Treasurer, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection, and, upon presentation for such purpose, the City Treasurer shall, under such reasonable regulations as he or she may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as hereinbefore provided.

Any Bond may, in accordance with its terms, be transferred, upon the registration books described above, by the person in whose name it is registered, in person or by the duly authorized attorney of such person, upon surrender of such Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the City Treasurer.

Any Bonds may be exchanged at the office of the City Treasurer for a like aggregate principal amount of other authorized denominations of the same interest rate and maturity.

Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the designated City officials shall execute and the City Treasurer shall authenticate and deliver a new Bond or Bonds of the same series, interest rate and maturity, for a like aggregate principal amount. The City Treasurer shall require the payment by any Bond owner requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer or exchange.

No transfer or exchange of Bonds shall be required to be made by the City Treasurer during the period from the Record Date (as defined in this Official Statement) next preceding each interest payment date to such interest payment date or after a notice of redemption shall have been mailed with respect to such Bond.



APPENDIX F

PROPOSED FORM OF OPINIONS OF CO-BOND COUNSEL

[Closing Date]

City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102

Citigroup Global Markets Inc.
New York, New York

We have acted as co-bond counsel in connection with the issuance and delivery by the City and County of San Francisco (the "City") of \$209,955,000 aggregate original principal amount of its General Obligation Bonds, Series 2014A (Proposition A, 2008) (the "Series 2014A Bonds").

In that regard, we examined a certified copy of the record of proceedings of the City, together with various accompanying certificates, pertaining to the authorization and issuance of the Series 2014A Bonds. The record of proceedings includes (i) proceedings relating to calling and holding a special election on November 4, 2008 to authorize \$887,400,000 general obligation bonds of the City (the "Bonds") for building and/or rebuilding and improving the earthquake safety of San Francisco General Hospital and Trauma Center, including among other things Ordinance No. 123-08 duly adopted by the Board of Supervisors (the "Board of Supervisors") of the City on July 22, 2008 and approved by the Mayor on July 24, 2008 calling and providing for the November 4, 2008 special election on the Bonds and Resolution No. 503-08 duly adopted by the Board of Supervisors on December 9, 2008 and approved by the Mayor on December 11, 2008, declaring the results of the special election on the Bonds; (ii) Resolution No. 528-08 duly adopted by the Board of Supervisors on December 16, 2008 and approved by the Mayor on December 19, 2008 providing for the issuance of the Bonds from time to time; (iii) Resolution No. 417-13 duly adopted by the Board of Supervisors on November 26, 2013 and approved by the Mayor on November 27, 2013, providing for the sale of the Series 2014A Bonds (together with Resolution No. 528-08, the "Resolutions"); (iv) the Certificate Awarding the Bonds with respect to the Series 2014A Bonds executed by the Controller of the City on January 16, 2014 pursuant to the Resolutions (the "Certificate of Award"); and (v) certificates of officers of the City, the City's co-financial advisors and the purchaser of the Series 2014A Bonds as to various factual matters.

The Series 2014A Bonds are dated the date of this opinion, mature on June 15 of each of the years 2014 to 2033, inclusive, in the amounts for each year provided in the Certificate of Award, and will bear interest from their date, payable semiannually on June 15th and December 15th of each year commencing on June 15, 2014, at the interest rate for each maturity provided in the Certificate of Award.

The Series 2014A Bonds are subject to optional redemption in advance of their maturity upon the terms provided in the Certificate of Award.

Based upon this examination, we are of the opinion that:

1. The proceedings described above show lawful authority for the issuance and sale of the Series 2014A Bonds pursuant to the Constitution and laws of the State of California and the City Charter, including a proposition approved by not less than a two-thirds vote of the qualified electors of the City voting at a special election held in the City on November 4, 2008, and the Resolutions.

2. The Series 2014A Bonds have been duly and validly authorized and issued in accordance with the Constitution and laws of the State of California, the City Charter and the Resolutions and are valid and legally binding general obligations of the City in accordance with their tenor and terms, payable from *ad valorem* taxes levied against all of the taxable property in the City without limitation as to rate or amount (except for certain personal property which is taxable at limited rates). The Board of Supervisors has the authority and is obligated to levy such taxes for payment of the principal of and interest on the Series 2014A Bonds.

3. Interest on the Series 2014A Bonds under present law is not included in "gross income" for federal income tax purposes and thus is exempt from federal income taxes based on gross income. This opinion is subject to compliance by the City with its covenant to comply with all requirements which must be met in order for interest on the Series 2014A Bonds not to be included in gross income for federal income tax purposes under present law. The City has the power to comply with its covenant. If the City were to fail to comply with these requirements, interest on the Series 2014A Bonds could be included in gross income for federal income tax purposes retroactive to the date the Series 2014A Bonds are issued. Interest on the Series 2014A Bonds is not an item of tax preference for calculation of an alternative minimum tax for individuals or corporations under present law. Interest on the Series 2014A Bonds will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax for certain corporations. Ownership of the Series 2014A Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Series 2014A Bonds.

4. Interest on the Series 2014A Bonds is exempt from present California personal income taxes under present California law. Ownership of the Series 2014A Bonds may result in other state and local tax consequences to certain taxpayers and we express no opinion with respect to any such state and local tax consequences with respect to the Series 2014A Bonds.

The rights of registered owners of the Series 2014A Bonds, the obligations of the City and the enforceability of the Series 2014A Bonds and the Resolutions may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights. Enforcement of provisions of the Series 2014A Bonds and the Resolutions by equitable or similar remedies may be subject to general principles of law or equity governing such remedies, including the exercise of judicial discretion whether to grant any particular form of relief. Enforcement of provisions of the Series 2014A Bonds and the Resolutions is also subject to statutes, public policy considerations and court decisions that may limit legal remedies imposed in actions against governmental entities in the State of California.

This opinion is based upon facts known or certified to us and laws in effect on its date and speaks as of that date. The opinions stated in this letter are expressions of professional judgment based upon such facts and law and are not a guaranty of a result if the validity or tax-exempt status of the Series 2014A Bonds are challenged. We have not undertaken any obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention after the date of this opinion or any changes in law that may occur after that date. In addition, we have not undertaken any obligation to assist the City in complying with those requirements described in paragraph 3 above which the City must meet after the date of this opinion in order for interest on the Series 2014A Bonds not to be included in gross income for federal income tax purposes under present law.

Respectfully submitted,

File 131206

From: Board of Supervisors
To: BOS-Supervisors; Major, Erica
Subject: File 131206: Act Now to Support Bikes for Low-Income Families

184#

Supervisors:

The Office of the Clerk of the Board has received 184 petitions like the one below. They will be placed in the file and the Cpages.

Office of the Clerk of the Board

Please complete a Board of Supervisors Customer Service Satisfaction form by clicking here.

The Legislative Research Center provides 24-hour access to Board of Supervisors legislation, and archived matters since August 1998.

Disclosures: Personal information that is provided in communications to the Board of Supervisors is subject to disclosure under the California Public Records Act and the San Francisco Sunshine Ordinance. Personal information provided will not be redacted. Members of the public are not required to provide personal identifying information when they communicate with the Board of Supervisors and its committees. All written or oral communications that members of the public submit to the Clerk's Office regarding pending legislation or hearings will be made available to all members of the public for inspection and copying. The Clerk's Office does not redact any information from these submissions. This means that personal information—including names, phone numbers, addresses and similar information that a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors website or in other public documents that members of the public may inspect or copy.

-----Original Message-----

From: www-data@puig.mayfirst.org [<mailto:www-data@puig.mayfirst.org>] On Behalf Of Gregory Hom
Sent: Tuesday, February 11, 2014 5:27 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

File 131206

From: www-data@puig.mayfirst.org on behalf of Lisa Jervis [lisa@delightfullycranky.com]
Sent: Monday, February 10, 2014 9:13 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Raphael Sperry [raphael@arph.net]
Sent: Monday, February 10, 2014 9:15 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of dr.lapin@ [drlapin.org dr.lapin@drlapin.org]
Sent: Monday, February 10, 2014 9:22 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Iris Biblowitz [irisbiblowitz@hotmail.com]
Sent: Monday, February 10, 2014 9:24 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Jessica Arnett [arnett.jessica@gmail.com]
Sent: Monday, February 10, 2014 9:24 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of elizabeth jacoby [ehjacoby@gmail.com]
Sent: Monday, February 10, 2014 9:29 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Megan Zapanta [mzapanta10@gmail.com]
Sent: Monday, February 10, 2014 9:32 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Sandy Weil [sweil46117@aol.com]
Sent: Monday, February 10, 2014 9:32 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Berklee Lowrey-Evans [berkleejean@gmail.com]
Sent: Monday, February 10, 2014 9:39 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Jill Marinelli [jill@missiongraduates.org]
Sent: Monday, February 10, 2014 9:32 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Meilani Clay [ms.meilani@gmail.com]
Sent: Monday, February 10, 2014 9:43 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Donna Canalo [donnaluna2@sbcglobal.net]
Sent: Monday, February 10, 2014 9:40 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of obohelp@ [yahoo.com obohelp@yahoo.com]
Sent: Monday, February 10, 2014 9:46 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Kelly Donohue [kdonohue@openplans.org]
Sent: Monday, February 10, 2014 9:48 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Eric Olliff [ericolliff@gmail.com]
Sent: Monday, February 10, 2014 9:59 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Mira Ingram [mirabai.prema@gmail.com]
Sent: Monday, February 10, 2014 10:03 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Donna Willmott [donna@sdaction.org]
Sent: Monday, February 10, 2014 10:06 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of benjamin carpenter [bcarpenter@meca.edu]
Sent: Monday, February 10, 2014 10:07 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of jonathan winston [jwinstonsf@gmail.com]
Sent: Monday, February 10, 2014 10:10 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Alex Tom [alex@cpasf.org]
Sent: Monday, February 10, 2014 10:10 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Jade Rivera [jadeafrika@yahoo.com]
Sent: Monday, February 10, 2014 10:12 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Steve Williams [steve4liberation@gmail.com]
Sent: Monday, February 10, 2014 10:14 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Barry Hermanson [barry@hermansons.com]
Sent: Monday, February 10, 2014 10:25 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Pablo Beimler [pbeimler@gmail.com]
Sent: Monday, February 10, 2014 10:27 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org
Sent: Monday, February 10, 2014 10:29 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Jose Torres [j.m.torres415@gmail.com]
Sent: Monday, February 10, 2014 10:28 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Rick Kelley [mplsrick@gmail.com]
Sent: Monday, February 10, 2014 10:30 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Micah Bazant [micahbazant@gmail.com]
Sent: Monday, February 10, 2014 10:31 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Darnell Boyd [darnell26162@gmail.com]
Sent: Monday, February 10, 2014 10:32 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Nan McGuire [nanmc@jimstevens.com]
Sent: Monday, February 10, 2014 10:34 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Chris Carlsson [carlsson.chris@gmail.com]
Sent: Monday, February 10, 2014 10:36 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Tracy Zhu [tracy7zhu@gmail.com]
Sent: Monday, February 10, 2014 10:42 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of John Weiss [john@bayviewboom.org]
Sent: Monday, February 10, 2014 10:43 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Teresa Almaguer [tere@podersf.org]
Sent: Monday, February 10, 2014 10:44 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Sarah Noyes [ms.noyes@gmail.com]
Sent: Monday, February 10, 2014 10:54 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Yulanda Hendrix [chefyulanda@hotmail.com]
Sent: Monday, February 10, 2014 10:54 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Emily Lee [emily@cpasf.org]
Sent: Monday, February 10, 2014 10:55 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Robin Ryan [abacusaurus@gmail.com]
Sent: Monday, February 10, 2014 10:56 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Jan Adams [jan@janadams.com]
Sent: Monday, February 10, 2014 11:02 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Karen Fishkin [karenfishkin@yahoo.com]
Sent: Monday, February 10, 2014 11:04 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Matthew Stewart [matthewdanstewart@yahoo.com]
Sent: Monday, February 10, 2014 11:05 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of KATHY LIPSCOMB [kathylipscomb2@gmail.com]
Sent: Monday, February 10, 2014 11:10 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Terra Curtis [terra.curtis@gmail.com]
Sent: Monday, February 10, 2014 11:09 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Therese Coupez [tcoupez@yahoo.com]
Sent: Monday, February 10, 2014 11:17 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Laura MacMillan [macmillan.laura@gmail.com]
Sent: Monday, February 10, 2014 11:28 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of niklas lollo [nicklollo2@gmail.com]
Sent: Monday, February 10, 2014 11:29 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Megan Vieira [plurchild@hotmail.com]
Sent: Monday, February 10, 2014 11:38 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: Alan Townsend [alantech@gmail.com]
Sent: Monday, February 10, 2014 11:46 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Alan Townsend

San Francisco, CA 94110

From: Todd Snyder [todd.clark.snyder@gmail.com]
Sent: Monday, February 10, 2014 11:47 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Todd Snyder

San Francisco, CA 94115

From: rae nicoletti [rae.nicoletti@gmail.com]
Sent: Monday, February 10, 2014 11:48 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

rae nicoletti

san francisco, CA 94117

From: Daren Garshelis [dsgarshelis@gmail.com]
Sent: Monday, February 10, 2014 11:51 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Daren Garshelis

San Francisco, CA 94114

From: Micah Ludeke [Micah.Ludeke@gmail.com]
Sent: Monday, February 10, 2014 11:52 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Micah Ludeke

San Francisco, CA 94110

From: Loretta Gies [romanyx@gmail.com]
Sent: Monday, February 10, 2014 11:45 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Loretta Gies

San Francisco, CA 94134

From: Stephen Poulos [s_poulos@yahoo.com]
Sent: Monday, February 10, 2014 11:53 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Stephen Poulos

San Francisco, CA 94123

From: aaron small [aaron_small@hotmail.com]
Sent: Monday, February 10, 2014 11:57 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

aaron small

San Francisco, CA 94131

From: Bianca Molgora [biancamsf@yahoo.com]
Sent: Monday, February 10, 2014 11:50 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Bianca Molgora

San Francisco, CA 94110

From: Alice Polesky [askalice@pacbell.net]
Sent: Monday, February 10, 2014 11:47 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Alice Polesky

San Francisco, CA 94107

From: michelle elston [michelle.r.elston@gmail.com]
Sent: Monday, February 10, 2014 11:47 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

michelle elston

san francisco, CA 94110

From: Julie Jumonville [jumonvillejulie@yahoo.com]
Sent: Monday, February 10, 2014 12:07 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Julie Jumonville

San Francisco, CA 94110

From: Susan Hughes [Hughes.sd@gmail.com]
Sent: Monday, February 10, 2014 12:06 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Susan Hughes

San Francisco, CA 94121

From: Cheryl Richard [cr111@outlook.com]
Sent: Monday, February 10, 2014 12:00 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Cheryl Richard

SF, CA 94110

From: Gina Lyons [gina.lyons@gmail.com]
Sent: Monday, February 10, 2014 11:59 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Gina Lyons

San Francisco, CA 94118

From: Micah Ludeke [Micah.Ludeke@gmail.com]
Sent: Monday, February 10, 2014 11:52 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Micah Ludeke

San Francisco, CA 94110

From: Ernest Thayer [emtattorney@gmail.com]
Sent: Monday, February 10, 2014 12:09 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Ernest Thayer

San Francisco, CA 94114

From: www-data@puig.mayfirst.org on behalf of Joni Eisen [jonieisen@sbcglobal.net]
Sent: Monday, February 10, 2014 12:10 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Linda Ray [dadaray@hotmail.com]
Sent: Monday, February 10, 2014 12:11 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: Christopher Concolino [conco@sfsu.edu]
Sent: Monday, February 10, 2014 12:12 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Christopher Concolino

San Francisco, CA 94122

From: www-data@puig.mayfirst.org on behalf of Vivian Huang [vivianyihuang@gmail.com]
Sent: Monday, February 10, 2014 12:12 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Ron Avila [ronavila@hotmail.com]
Sent: Monday, February 10, 2014 12:14 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: Barbara Attard [battard@comcast.net]
Sent: Monday, February 10, 2014 12:15 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Cycling is a fun, healthy way to promote active lifestyles for our kids.

Barbara Attard

San Francisco, CA 94110

From: Barrie McClune [barrie@activevoice.net]
Sent: Monday, February 10, 2014 12:23 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Barrie McClune

San Francisco, CA 94117

From: Karlyn Lotney [fairylotney@gmail.com]
Sent: Monday, February 10, 2014 12:30 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Karlyn Lotney

San Francisco, CA 94114

From: www-data@puig.mayfirst.org on behalf of Michael Treece [nonwhiz@earthlink.net]
Sent: Monday, February 10, 2014 12:30 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of pearl ubungen [pearlubungen@gmail.com]
Sent: Monday, February 10, 2014 12:31 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: Maria Sanchez [mssanchezy1@yahoo.com]
Sent: Monday, February 10, 2014 12:33 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Maria Sanchez

San Francisco, CA 94110

From: Christopher Gallagher [eggking@me.com]
Sent: Monday, February 10, 2014 12:39 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Christopher Gallagher

San Francisco, CA 94122

From: Lydia Sugarman [lksugarman@gmail.com]
Sent: Monday, February 10, 2014 12:42 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Lydia Sugarman

San Francisco, CA 94121

From: www-data@puig.mayfirst.org on behalf of R Michael Flynn [rmflynn79@gmail.com]
Sent: Monday, February 10, 2014 12:43 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: Lynn Shauinger [starpath@pacbell.net]
Sent: Monday, February 10, 2014 12:45 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Lynn Shauinger

San Francisco, CA 94117

From: Sarah McCoy [sarahjmccoy@yahoo.com]
Sent: Monday, February 10, 2014 12:45 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Sarah McCoy

San Francisco, CA 94131

From: www-data@puig.mayfirst.org on behalf of connie rubiano [connie.rubiano@gmail.com]
Sent: Monday, February 10, 2014 12:45 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: Nancy Loewen [n]loewen@gmail.com]
Sent: Monday, February 10, 2014 12:48 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Nancy Loewen

San Francisco, CA 94121

From: www-data@puig.mayfirst.org on behalf of Mae Stadler [maes07@comcast.inet]
Sent: Monday, February 10, 2014 12:56 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: Esther Yassi [Eyassi@yahoo.com]
Sent: Monday, February 10, 2014 12:57 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Esther Yassi

San Francisco, CA 94111

From: C LaBrecque [ChLaB53@gmail.com]
Sent: Monday, February 10, 2014 1:04 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

C LaBrecque

San Francisco, CA 94114

From: www-data@puig.mayfirst.org on behalf of Reza Harris [info@dregsone.com]
Sent: Monday, February 10, 2014 1:08 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Kelly Harold [samarascreams@gmail.com]
Sent: Monday, February 10, 2014 1:11 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Jacqueline Swan [jaquiheather@yahoo.com]
Sent: Monday, February 10, 2014 1:13 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: Emily Lubahn [elubahn@gmail.com]
Sent: Monday, February 10, 2014 1:16 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Emily Lubahn

San Francisco, CA 94109

From: Ari Gluck [arigluck@gmail.com]
Sent: Monday, February 10, 2014 1:27 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Ari Gluck

San Francisco, CA 94110

v

From: Bonnie Steiger [bonnie@bonniesteiger.com]
Sent: Monday, February 10, 2014 1:28 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Bonnie Steiger

San Francisco, CA 94109

From: Natasha Kanhai [nakanhai@hotmail.com]
Sent: Monday, February 10, 2014 1:29 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Natasha Kanhai

San Francisco, CA 94109

From: www-data@puig.mayfirst.org on behalf of Rachel Laforest [rlaforest@righttothecity.org]
Sent: Monday, February 10, 2014 1:37 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: Michael Zagaris [z_man@sbcglobal.net]
Sent: Monday, February 10, 2014 1:55 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!
Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Michael Zagaris

San Francisco, CA 94117

From: Stacey Mangni [smangni@yahoo.com]
Sent: Monday, February 10, 2014 2:01 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Stacey Mangni

San Francisco, CA 94121

From: Board of Supervisors
To: BOS-Supervisors
Subject: FW: Act Now to Support Bikes for Low-Income Families

-----Original Message-----

From: www-data@puig.mayfirst.org [mailto:www-data@puig.mayfirst.org] On Behalf Of Jaron Browne
Sent: Wednesday, February 05, 2014 3:06 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: Francis Kintz [oneeyedfranc@gmail.com]
Sent: Monday, February 10, 2014 2:02 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Francis Kintz

San Francisco, CA 94103

From: www-data@puig.mayfirst.org on behalf of Valeska Vitols [valeskaville@yahoo.com]
Sent: Monday, February 10, 2014 2:21 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: Anne Morton [anne6439@gmail.com]
Sent: Monday, February 10, 2014 2:15 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Anne Morton

San Francisco, CA 94115

From: Adriana Calambas [Adricalambas@yahoo.com]
Sent: Monday, February 10, 2014 2:26 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Adriana Calambas

San francusco, CA 94107

From: www-data@puig.mayfirst.org on behalf of Linda Weiner [lwsf72@gmail.com]
Sent: Monday, February 10, 2014 2:26 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Paul Novak [p.maxwell.novak@gmail.com]
Sent: Monday, February 10, 2014 2:30 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Gregory Nielsen [gregorynielsen43@yahoo.com]
Sent: Monday, February 10, 2014 2:29 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: Jeffrey Lucchini [jdlucchini@gmail.com]
Sent: Monday, February 10, 2014 2:50 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Jeffrey Lucchini

San Francisco, CA 94121

From: www-data@puig.mayfirst.org on behalf of Denzel Lima [d.lima92@yahoo.com]
Sent: Monday, February 10, 2014 2:48 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: Teresa Scherzer [teescherzer@gmail.com]
Sent: Monday, February 10, 2014 2:54 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Teresa Scherzer

San Francisco, CA 94110

From: www-data@puig.mayfirst.org on behalf of Andrea Tacdol [bayview.healzone@gmail.com]
Sent: Monday, February 10, 2014 2:50 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Tehmina Khan [teatime4pm@gmail.com]
Sent: Monday, February 10, 2014 3:32 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Joe Sciarrillo [joe@dscs.org]
Sent: Monday, February 10, 2014 2:54 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Mary Ratcliff [editor@sfbayview.com]
Sent: Monday, February 10, 2014 3:37 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Maria Allain [meallain@gmail.com]
Sent: Monday, February 10, 2014 3:34 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: Karen Nossiter [knossiter@gmail.com]
Sent: Monday, February 10, 2014 3:46 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Karen Nossiter

San Francisco, CA 94109

From: www-data@puig.mayfirst.org on behalf of lindsey schwartz [lindseyschwartz33@gmail.com]
Sent: Monday, February 10, 2014 3:44 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: anne veraldi [anneveraldi@hotmail.com]
Sent: Monday, February 10, 2014 3:53 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

anne veraldi

sf, CA 94110

From: Ramona Draeger [ramonald@yahoo.com]
Sent: Monday, February 10, 2014 3:50 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Ramona Draeger

San Francisco, CA 94117

From: www-data@puig.mayfirst.org on behalf of sara shortt [shorttsara@gmail.com]
Sent: Monday, February 10, 2014 4:12 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: Christine Oda [jandjoda@att.net]
Sent: Monday, February 10, 2014 4:05 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Christine Oda

SF, CA 94115

From: www-data@puig.mayfirst.org on behalf of Erik Schnabel [erikschnabel@hotmail.com]
Sent: Monday, February 10, 2014 4:20 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: Margaret Vickers [magsvickers@yahoo.com]
Sent: Monday, February 10, 2014 4:16 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Margaret Vickers

San Francisco, CA 94116

From: www-data@puig.mayfirst.org on behalf of Tyler Stowers [tylerstowers@gmail.com]
Sent: Monday, February 10, 2014 4:25 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Deborah Gallegos [deborah.gallegos@gmail.com]
Sent: Monday, February 10, 2014 4:21 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Jennifer Willis [jenniferdaphne@netscape.net]
Sent: Monday, February 10, 2014 4:42 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of mai-stella khantouche [maistella.k@gmail.com]
Sent: Monday, February 10, 2014 4:26 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Maria Zamudio [maria.zamudio@cjjc.org]
Sent: Monday, February 10, 2014 4:58 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: Michelle Layer [maestralayer@yahoo.com]
Sent: Monday, February 10, 2014 4:55 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Michelle Layer

San Francisco, CA 94102

From: Janet Ma [janettma@hotmail.com]
Sent: Monday, February 10, 2014 4:59 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Janet Ma

San Francisco, CA 94109

From: Joel Meza [jdemeza@yahoo.com]
Sent: Monday, February 10, 2014 5:03 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Joel Meza

San Francisco, CA 94121

From: Charlie Bergstedt [CHARLIEbergstedt@gmail.com]
Sent: Monday, February 10, 2014 5:13 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Charlie Bergstedt

San Francisco, CA 94133

From: martha brooder [mbrooder@gmail.com]
Sent: Monday, February 10, 2014 5:24 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

martha brooder

san francisco, CA 94110

From: www-data@puig.mayfirst.org on behalf of Cathy Connor [clconnor1@yahoo.com]
Sent: Monday, February 10, 2014 5:37 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: Gregory Gomez [solresolgomez@mindspring.com]
Sent: Monday, February 10, 2014 5:57 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Gregory Gomez

San Francisco, CA 94112

From: LISA PATTON [lapatton729@hotmail.com]
Sent: Monday, February 10, 2014 6:04 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

LISA PATTON

SAN FRANCISCO, CA 94115

From: joan stennick [jstennick@gmail.com]
Sent: Monday, February 10, 2014 6:15 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

joan stennick

san francisco, CA 94123

From: www-data@puig.mayfirst.org on behalf of Fred Hosea [tangofred@gmail.com]
Sent: Monday, February 10, 2014 6:37 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org
Sent: Monday, February 10, 2014 6:45 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Bob Thawley [bthawley@mindspring.com]
Sent: Monday, February 10, 2014 6:49 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of caryl browne [caryl.browne@gmail.com]
Sent: Monday, February 10, 2014 7:01 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: Phyllis Cardozo [pjcardozo@pacbell.net]
Sent: Monday, February 10, 2014 7:33 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Phyllis Cardozo

San Francisco, CA 94114

From: Peter Lee [peterboothlee@hotmail.com]
Sent: Monday, February 10, 2014 7:38 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Peter Lee

San Francisco, CA 94118

From: Caro Savary [carol@carolsavary.com]
Sent: Monday, February 10, 2014 7:48 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Caro Savary

San Francisco, CA 94131

From: Diane Robinson [dianerobinson@yahoo.com]
Sent: Monday, February 10, 2014 7:57 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Diane Robinson

San Francisco, CA 94114

From: ronen hartfeld [ronen4@hotmail.com]
Sent: Monday, February 10, 2014 8:06 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

ronen hartfeld

san francisco, CA 94117

From: www-data@puig.mayfirst.org on behalf of Laura Guzman [lauraguzman@mnhc.org]
Sent: Monday, February 10, 2014 8:07 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Pati Boyle [patiboyle@comcast.net]
Sent: Monday, February 10, 2014 8:25 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Marjorie Sturm [purplemaze@earthlink.net]
Sent: Monday, February 10, 2014 9:09 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: Carolyn Chris [carolynchris@sbcglobal.net]
Sent: Monday, February 10, 2014 9:22 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Carolyn Chris

San Francisco, CA 94112

From: Josh Steinmetz [torilove73@gmail.com]
Sent: Monday, February 10, 2014 9:22 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Josh Steinmetz

San Francisco, CA 94103

From: Michael Tomczyszyn [mtomczyszyn@hotmail.com]
Sent: Monday, February 10, 2014 9:36 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Michael Tomczyszyn

San Francisco, CA 94132

From: www-data@puig.mayfirst.org on behalf of david browne [david-caryl.browne@sbcglobal.net]
Sent: Monday, February 10, 2014 9:39 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Paul Causey [paul@revisionasia.com]
Sent: Monday, February 10, 2014 10:13 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: Adriana Popescu [adrianapopescu@hotmail.com]
Sent: Monday, February 10, 2014 10:22 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Adriana Popescu

San Francisco, CA 94117

From: Gladys Tam [gtam191@yahoo.com]
Sent: Monday, February 10, 2014 11:06 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Gladys Tam

San Francisco, CA 94121

From: www-data@puig.mayfirst.org on behalf of ming xu [mxu11@yahoo.com]
Sent: Monday, February 10, 2014 11:29 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Mishwa Lee [mishwalee@gmail.com]
Sent: Tuesday, February 11, 2014 12:08 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of ntanya.lee@ [gmail.com ntanya.lee@gmail.com]
Sent: Tuesday, February 11, 2014 12:12 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: Renee Brown [ms.reneebrown@live.com]
Sent: Tuesday, February 11, 2014 2:07 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Renee Brown

San Francisco, CA 94115

From: www-data@puig.mayfirst.org on behalf of Naomi Prochovnick [nshomani@hotmail.com]
Sent: Tuesday, February 11, 2014 2:17 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Sheila Chung Hagen [sheila.admin@gmail.com]
Sent: Tuesday, February 11, 2014 3:33 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: pamela axelson [pamelaaxelson@gmail.com]
Sent: Tuesday, February 11, 2014 5:37 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

pamela axelson

san francisco, CA 94112

From: www-data@puig.mayfirst.org on behalf of Donna Wang [dnnawang@gmail.com]
Sent: Tuesday, February 11, 2014 6:38 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of siaira harris [siaira6@gmail.com]
Sent: Tuesday, February 11, 2014 7:45 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: Alondra Trevino [alondratrevino@gmail.com]
Sent: Tuesday, February 11, 2014 7:51 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Alondra Trevino

San Francisco, CA 94124

From: www-data@puig.mayfirst.org on behalf of Charles Higgins [charlesh@rdnc.org]
Sent: Tuesday, February 11, 2014 7:59 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of ri molnar [alovingspoolful@gmail.com]
Sent: Tuesday, February 11, 2014 8:26 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Anna Couey [couey@well.com]
Sent: Tuesday, February 11, 2014 8:41 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Sarah Olson [solson75@yahoo.com]
Sent: Tuesday, February 11, 2014 8:56 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Amber Lancaster [amberlancaster@gmail.com]
Sent: Tuesday, February 11, 2014 9:08 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Nora Roman [noritaroman@gmail.com]
Sent: Tuesday, February 11, 2014 9:22 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: Nora Roman [noritaroman@gmail.com]
Sent: Tuesday, February 11, 2014 9:49 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Nora Roman

SF, CA 94110

From: www-data@puig.mayfirst.org on behalf of Rheema Calloway [rheema@sfphf.org]
Sent: Tuesday, February 11, 2014 10:06 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Morgan Kanninen [me_kan@yahoo.com]
Sent: Tuesday, February 11, 2014 10:14 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Diego gomez [designnurd@gmail.com]
Sent: Tuesday, February 11, 2014 10:51 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Tim Kline [tskline@gmail.com]
Sent: Tuesday, February 11, 2014 11:04 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: Joaquin Avellan [joaquinavellan79@gmail.com]
Sent: Tuesday, February 11, 2014 11:26 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Joaquin Avellan

San Francisco, CA 94115

From: www-data@puig.mayfirst.org on behalf of Stephen Bingham [smbingham@earthlink.net]
Sent: Tuesday, February 11, 2014 11:38 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Andrew Terranova [terranova.andrew@gmail.com]
Sent: Tuesday, February 11, 2014 12:06 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: David Williams [iamdhw@comcast.net]
Sent: Tuesday, February 11, 2014 12:57 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

David Williams

San Francisco, CA 94127

From: Michael Lamperd [mikestheone@sbcglobal.net]
Sent: Tuesday, February 11, 2014 2:10 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

Categories: C-Page

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Michael Lamperd

San Francisco, CA 94122

From: www-data@puig.mayfirst.org on behalf of Katherine Roberts [grrlfriday@mac.com]
Sent: Tuesday, February 11, 2014 2:53 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Cady Mier [caydzdid@gmail.com]
Sent: Tuesday, February 11, 2014 3:00 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: Kristen Villalobos [frlkris.v@gmail.com]
Sent: Tuesday, February 11, 2014 3:04 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Kristen Villalobos

San Francisco, CA 94102

From: www-data@puig.mayfirst.org on behalf of Larry Chinn [larry_chinn@yahoo.com]
Sent: Tuesday, February 11, 2014 5:04 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

File: 131206 BOS-11

From: www-data@puig.mayfirst.org on behalf of Francis Kintz [oneeyedfranc@gmail.com]
Sent: Tuesday, February 11, 2014 5:42 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

cpage

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Natalie Russell [natalieerussell@gmail.com]
Sent: Tuesday, February 11, 2014 6:41 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

y

From: www-data@puig.mayfirst.org on behalf of Andrea Salinas [aasalinas@gmail.com]
Sent: Tuesday, February 11, 2014 8:40 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Ariana Jostad-Laswell [arianajl@gmail.com]
Sent: Wednesday, February 12, 2014 6:58 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Edgar R.Molina Perez
[edgar.molina.perez@gmail.com]
Sent: Wednesday, February 12, 2014 11:51 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: jnani chapman [jnani chapman@gmail.com]
Sent: Wednesday, February 12, 2014 12:35 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

jnani chapman

San Francisco, CA 94115

From: Charlie K [ckuttner@mindspring.com]
Sent: Wednesday, February 12, 2014 2:30 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Charlie K

San Francisco, CA 94114

From: Azul Dahlstrom-Eckman [azuld53@gmail.com]
Sent: Wednesday, February 12, 2014 5:19 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Azul Dahlstrom-Eckman

San Francisco, CA 94112

From: www-data@puig.mayfirst.org on behalf of J B [jamiejbond@gmail.com]
Sent: Wednesday, February 12, 2014 7:10 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: gus gomez [gomezgus@rocketmail.com]
Sent: Wednesday, February 12, 2014 8:13 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

I am deeply concerned about the health, well being, and transportation access of young people in San Francisco.

I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

gus gomez

San Francisco, CA 94102

From: www-data@puig.mayfirst.org on behalf of Kevin Cho [chocho.kevin@gmail.com]
Sent: Wednesday, February 12, 2014 10:53 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: www-data@puig.mayfirst.org on behalf of Antonio Diaz [adiaz@podersf.org]
Sent: Thursday, February 13, 2014 6:29 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

From: Jorge Castillo [jorcas00@gmail.com]
Sent: Thursday, February 13, 2014 9:25 AM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Families!

I am deeply concerned about the health, wellbeing, and transportation access of young people in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Jorge Castillo

San Francisco, CA 94109

From: www-data@puig.mayfirst.org on behalf of Daisy Isarraras [drisarraras@gmail.com]
Sent: Thursday, February 13, 2014 2:21 PM
To: Board of Supervisors
Subject: Act Now to Support Bikes for Low-Income Families

Dear Supervisors,

I am deeply concerned about the health, wellbeing, and transportation access of youth and families in San Francisco. I urge you to support the "Unclaimed Bicycles Ordinance" that is promoting healthy, active transportation, aligns with the city's climate objectives, and increases access to opportunity for families across the city.

Thank you.

File 131208

NSS Clerk

From: Daniel Masarsky [daniel@friscovapor.com]
Sent: Thursday, February 06, 2014 12:34 PM
To: Lee, Mayor; Avalos, John; Breed, London; Chiu, David; Cohen, Malia; Farrell, Mark; Kim, Jane; Tang, Katy; Wiener, Scott; Campos, David; Mar, Eric (BOS); Yee, Norman (BOS) ✓
Cc: Evans, Derek; Board of Supervisors
Subject: Ordinance sponsored by Sup. Eric Mar - prohibit e-cigarette use wherever smoking is prohibited
Attachments: NYCCouncil letter.pdf

Mayor Ed Lee and the Board of Supervisors of San Francisco,

My name is Daniel Masarsky, and I am the co-founder of Frisco Vapor in San Francisco's Marina District. We educate and sell electronic cigarettes as well as US manufactured vapor liquid to our customers. I am writing you today to give you some information on our business and how we view e-cigarettes.

Banning e-cigarettts and treating it as a tobacco product will be a big mistake. New York City failed to listed to the 17th Surgeon General of the United States when he wrote a letter to the board imploring them to not ban e-cigarettes. He called the proposal "a giant step backward in the effort to defeat tobacco smoking". I am attaching the letter that he wrote to the city council with this email for you to read.

Since we opened on December 1st of 2013, we have seen a many of our customers drop their cigarette habit completely due to the use of e-cigarettes. I have customers that have been smoking for over 30 years that have not touched one cigarette since they have visited my store.. There health has improved greatly since dropping the cancer stick habit. Within 12 hours of quitting smoking your lungs regain the ability to clean themselves. Within that period of time the excess carbon monoxide that is inhaled with a cigarette is out of their blood stream. In one week they are able to improve their sense of smell. In three months their lung function improves. In twelve weeks a smokers lungs regains the ability to clean themselves. In twelve months their risk of heart disease is halved. In five years the risk of getting a stroke has dramatically decreased. I want to also note that we do not sell to minors.

Nicotine has a bad name due to the vehicle used to get it - tobacco. This is not the case anymore. You can now get your nicotine without having to inhale all of the deadly toxins (50+ cancer causing chemicals) that are found in smoking cigarettes. Nicotine is widely considered by doctors around the world to give all the same benefits of caffeine.

Both my business partner and my father have been pack a day smokers for over 20 years. They both have not touched a cigarette in over 8 months due to e-cigarettes. Their health has greatly improved. They are able to run without feeling like their lungs are going to collapse. They still have their last pack of cigarettes as a reminder of how they will never smoke again. In fact, if you talk to most e-cigarette users, they will tell you that the smell of a cigarette disgusts them after months of not having one.

Hundreds of thousands of people die a year in the United States due to smoking cigarettes. Tobacco use is still the number-one cause of preventable death in the United States. By banning electronic cigarettes we are giving the message that we don't care. It's just another obstacle made to help people quit. Seeing people in public using e-cigs is a good thing. It give awareness to smokers that

you can still get your nicotine without having to use combustion to get it. I implore you to visit my store for your own research so that you can see that the smell from e-cigarettes are not offensive. It is a proven fact that there is no second hand smoke associated with vapor. It is very easy to be able to tell the difference between vapor and smoke. We also believe in responsible vaping. I personally do not vape in a restaurant while people are eating their food. I instead go outside to having my nicotine fix. We tell all of our customers to follow this same path in order to respect others boundaries.

Some interesting facts::

- Smoking bans are enacted to protect the public from the harm of secondhand smoke, but e-cigarettes have not been shown to cause harm to bystanders. In fact, all evidence to date shows that the low health risks associated with e-cigarettes are comparable to other smokeless nicotine products.
- The low risks of e-cigarettes is supported by research done by Dr. Siegel of Boston University, Dr. Eissenberg of Virginia Commonwealth, Dr Maciej L Goniewicz of the Roswell Park Cancer Institute, Dr. Laugesen of Health New Zealand, Dr. Igor Burstyn of Drexel University, and by the fact that the FDA testing, in spite of its press statement, failed to find harmful levels of carcinogens or toxic levels of any chemical in the vapor.
- A comprehensive review conducted by Dr. Igor Burstyn of Drexel University School of Public Health based on over 9,000 observations of e-cigarette liquid and vapor found "no apparent concern" for bystanders exposed to e-cigarette vapor, even under "worst case" assumptions about exposure.
- Electronic cigarette use is easy to distinguish from actual smoking. Although some e-cigarettes resemble real cigarettes, many do not. It is easy to tell when someone lights a cigarette from the smell of smoke. E-cigarette vapor is practically odorless, and generally any detectable odor is not unpleasant and smells nothing like smoke. Additionally, e-cigarette users can decide whether to release any vapor ("discreet vaping"). With so little evidence of use, enforcing use bans on electronic cigarettes would be nearly impossible.
- The ability to use electronic cigarettes in public spaces will actually improve public health by inspiring other smokers to switch. Surveys of thousands of users indicate that the majority of those who switch completely replace tobacco cigarettes with the electronic cigarettes, reducing their health risks by an estimated 99%.
- By switching to a smokeless product, you have greatly reduced your health risks.

San Francisco needs to show the rest of the nation that electronic cigarettes will save millions of lives around the world. San Francisco is a unique city that is more open minded than a lot of other cities across our nation. I have lived here my whole life and I am proud of my city for the ability to be open to new ideas. Please educate yourselves on this topic and remember that the negative articles that you may find on this subject are largely backed by Big Pharma (nicotine patch, nicotine pills, etc.) and Tobacco companies that are in danger of losing billions of dollars of revenue to the electronic cigarette industry.

I know that your duty to the people is to enact legislation that protects the people. Banning e-cigarettes is sending the opposite message, and will have an adverse affect on those trying to improve their health.

Best,

Daniel Masarsky
Daniel@FriscoVapor.com
Co-Founder | Frisco Vapor
415-299-8300



RICHARD H. CARMONA, M.D., M.P.H., FACS
17th Surgeon General of the United States (2002-2006)

December 11, 2013

Hon. Albert Vann
New York City Council
613-619 Throop Ave
Brooklyn, NY 11216

Dear Councilmember:

My name is Richard Carmona, and I served as the 17th Surgeon General of the United States. I write to ask for your personal support in *declining* to include electronic cigarettes in the Smoke Free Air Act. I am extremely concerned, as set forth below, that such an effort, if successful, could do tremendous harm to what is emerging as the most promising weapon yet in the fight against tobacco-related illness and death.

As we approach the 50th anniversary of the first Surgeon General's Report linking smoking and cancer, the plague of tobacco-caused death and disability still persists, killing over 430,000 Americans per year, while disabling millions more with preventable chronic diseases at a cost of hundreds of billions of dollars annually.

During my tenure as Surgeon General, my colleagues and I published reports detailing the preventable harm done by tobacco, spoke frequently to the public and to Congress about the catastrophic health damage caused by tobacco, and even participated as an expert witness in the federal government's case against the tobacco industry. I am particularly proud of my authorship of the 2006 Surgeon General's report on secondhand smoke, in which I wrote: "The debate is over. The science is clear: secondhand smoke is not a mere annoyance, but a serious health hazard that causes premature death and disease in children and non smoking adults."

Yet despite my actions and those of my predecessors like Surgeon General C. Everett Koop, high cigarette taxes, Food and Drug Administration (FDA)-approved smoking cessation therapies, and the best educational efforts by public health professionals, nearly 20% of the adult population and one-third of our military service members continue to smoke. The Centers for Disease Control (CDC) reports that adult smokers usually know they are engaged in harmful behavior and 69% would like to reduce or quit smoking. However, each year only 6% of smokers succeed in quitting, and new smokers replace those who successfully quit. The history and data suggest that we need more viable alternatives in this fight against tobacco.

I believe that one such alternative is the electronic cigarette. Despite their unfortunate name, electronic cigarettes are not actually cigarettes. They contain no tobacco but rather deliver nicotine without all of the toxic, carcinogenic, and other disease-causing products of tobacco combustion. (For example, they produce no carbon monoxide (a particularly


lethal constituent of secondhand tobacco smoke) and produce no sidestream emissions (a source of 85% of secondhand tobacco smoke)). The published research suggests there may be a significant role for electronic cigarettes in tobacco harm reduction strategies, since they provide smokers both with the nicotine they crave and the smoking rituals that they have grown accustomed too. Respected Wall Street analysts have opined that, within a decade, electronic cigarette sales could overtake tobacco sales. I recently joined the board of NJOY, the leading independent electronic cigarette company, because its ambitions are even higher – to obsolete the tobacco cigarette entirely.

I recognize the good intentions behind the present effort to include electronic cigarettes in the Smoke Free Air Act. However, I am extremely concerned that a well-intentioned but scientifically un-supported effort like the current proposal could constitute a giant step backward in the effort to defeat tobacco smoking. This regulation, if passed, would disincentivize smokers from switching to electronic cigarettes, since NJOY's research indicates that many initially switch for reasons of convenience. It would also send the unintended message to smokers that electronic cigarettes are as dangerous as tobacco smoking, with the result that many will simply continue to smoke their current toxic products. Legislative action that would keep smokers smoking would obviously have serious health consequences – and could cost lives. Worse still, it could lead to the adoption of similar ordinances in other cities, creating a domino effect that would further magnify the potential public health danger in this scientifically unsupported approach.

I will also observe that the concerns expressed about the possibilities that electronic cigarettes could addict non-smokers, condemning them to a lifetime struggle with nicotine addiction, echo concerns expressed about nicotine gums and patches when these first were introduced to the market. We have seen clearly, however, that such products did not have that affect. At the same time, while gums and patches have helped a small minority of smokers successfully quit smoking, it is clear to those of us have been engaged in this battle that we need more impactful solutions to the continuing problem of tobacco smoking, and that is where we see electronic cigarettes playing a central role.

I know that we all share the same vision of a world without tobacco related illness and disease. I fervently believe that to achieve that goal, we need to distinguish between the problem (tobacco smoking and tobacco secondhand smoke) and one extremely promising solution (electronic cigarettes). I strongly encourage you to resist calls to include electronic cigarettes in the City's smoking ban, which I believe would be a major step backward in the effort to achieve this aim. A decision rejecting this proposal would preserve the great legacy of this Council in the fight against tobacco.

Sincerely,



Richard Carmona, M.D., M.P.H. FACS
17th Surgeon General of the United States



RICHARD H. CARMONA, M.D., M.P.H., FACS
17th Surgeon General of the United States (2002-2006)

December 11, 2013

Hon. Brad Landers
New York City Council
456 5th Ave
Brooklyn, NY 11215

Dear Councilmember:

My name is Richard Carmona, and I served as the 17th Surgeon General of the United States. I write to ask for your personal support in *declining* to include electronic cigarettes in the Smoke Free Air Act. I am extremely concerned, as set forth below, that such an effort, if successful, could do tremendous harm to what is emerging as the most promising weapon yet in the fight against tobacco-related illness and death.

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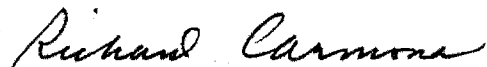
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Sincerely,



Richard Carmona, M.D., M.P.H. FACS
17th Surgeon General of the United States



RICHARD H. CARMONA, M.D., M.P.H., FACS
17th Surgeon General of the United States (2002-2006)

December 11, 2013

Hon. Charles Barron
New York City Council
718 Pennsylvania Ave.
Brooklyn, NY 11207

Dear Councilmember:

My name is Richard Carmona, and I served as the 17th Surgeon General of the United States. I write to ask for your personal support in *declining* to include electronic cigarettes in the Smoke Free Air Act. I am extremely concerned, as set forth below, that such an effort, if successful, could do tremendous harm to what is emerging as the most promising weapon yet in the fight against tobacco-related illness and death.

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Sincerely,



Richard Carmona, M.D., M.P.H. FACS
17th Surgeon General of the United States



RICHARD H. CARMONA, M.D., M.P.H., FACS
17th Surgeon General of the United States (2002-2006)

December 11, 2013

Hon. Darlene Mealy
New York City Council
1757 Union Street, 2nd Floor
Brooklyn, NY 11213

Dear Councilmember:

My name is Richard Carmona, and I served as the 17th Surgeon General of the United States. I write to ask for your personal support in *declining* to include electronic cigarettes in the Smoke Free Air Act. I am extremely concerned, as set forth below, that such an effort, if successful, could do tremendous harm to what is emerging as the most promising weapon yet in the fight against tobacco-related illness and death.

As we approach the 50th anniversary of the first Surgeon General's Report linking smoking and cancer, the plague of tobacco-caused death and disability still persists, killing over 430,000 Americans per year, while disabling millions more with preventable chronic diseases at a cost of hundreds of billions of dollars annually.

During my tenure as Surgeon General, my colleagues and I published reports detailing the preventable harm done by tobacco, spoke frequently to the public and to Congress about the catastrophic health damage caused by tobacco, and even participated as an expert witness in the federal government's case against the tobacco industry. I am particularly proud of my authorship of the 2006 Surgeon General's report on secondhand smoke, in which I wrote: "The debate is over. The science is clear: secondhand smoke is not a mere annoyance, but a serious health hazard that causes premature death and disease in children and non smoking adults."

Yet despite my actions and those of my predecessors like Surgeon General C. Everett Koop, high cigarette taxes, Food and Drug Administration (FDA)-approved smoking cessation therapies, and the best educational efforts by public health professionals, nearly 20% of the adult population and one-third of our military service members continue to smoke. The Centers for Disease Control (CDC) reports that adult smokers usually know they are engaged in harmful behavior and 69% would like to reduce or quit smoking. However, each year only 6% of smokers succeed in quitting, and new smokers replace those who successfully quit. The history and data suggest that we need more viable alternatives in this fight against tobacco.

I believe that one such alternative is the electronic cigarette. Despite their unfortunate name, electronic cigarettes are not actually cigarettes. They contain no tobacco but rather deliver nicotine without all of the toxic, carcinogenic, and other disease-causing products of tobacco combustion. (For example, they produce no carbon monoxide (a particularly

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I recognize the good intentions behind the present effort to include electronic cigarettes in the Smoke Free Air Act. However, I am extremely concerned that a well-intentioned but scientifically un-supported effort like the current proposal could constitute a giant step backward in the effort to defeat tobacco smoking. This regulation, if passed, would disincentivize smokers from switching to electronic cigarettes, since NJOY's research indicates that many initially switch for reasons of convenience. It would also send the unintended message to smokers that electronic cigarettes are as dangerous as tobacco smoking, with the result that many will simply continue to smoke their current toxic products. Legislative action that would keep smokers smoking would obviously have serious health consequences – and could cost lives. Worse still, it could lead to the adoption of similar ordinances in other cities, creating a domino effect that would further magnify the potential public health danger in this scientifically unsupported approach.

I will also observe that the concerns expressed about the possibilities that electronic cigarettes could addict non-smokers, condemning them to a lifetime struggle with nicotine addiction, echo concerns expressed about nicotine gums and patches when these first were introduced to the market. We have seen clearly, however, that such products did not have that affect. At the same time, while gums and patches have helped a small minority of smokers successfully quit smoking, it is clear to those of us have been engaged in this battle that we need more impactful solutions to the continuing problem of tobacco smoking, and that is where we see electronic cigarettes playing a central role.

I know that we all share the same vision of a world without tobacco related illness and disease. I fervently believe that to achieve that goal, we need to distinguish between the problem (tobacco smoking and tobacco secondhand smoke) and one extremely promising solution (electronic cigarettes). I strongly encourage you to resist calls to include electronic cigarettes in the City's smoking ban, which I believe would be a major step backward in the effort to achieve this aim. A decision rejecting this proposal would preserve the great legacy of this Council in the fight against tobacco.

Sincerely,



Richard Carmona, M.D., M.P.H. FACS
17th Surgeon General of the United States



RICHARD H. CARMONA, M.D., M.P.H., FACS
17th Surgeon General of the United States (2002-2006)

December 11, 2013

Hon. David G. Greenfield
New York City Council
4424 16th Avenue
Brooklyn, NY 11204

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17th Surgeon General of the United States (2002-2006)

December 11, 2013

Hon. Diana Reyna
New York City Council
444 South 5th St.
Brooklyn, NY 11211

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December 11, 2013

Hon. Domenic Recchia, Jr.
New York City Council
445 Neptune Ave
Brooklyn, NY 11224

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Hon. Domenic Recchia, Jr.
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December 11, 2013

Hon. Erik Dilan
New York City Council
387 Arlington Avenue
Brooklyn, NY 11208

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December 11, 2013

Hon. Jumaane Williams
New York City Council
4517 Ave D
Brooklyn, NY 11203

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December 11, 2013

Hon. Letitia James
New York City Council
67 Hanson Place
Brooklyn, NY 11217

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*Hon. Letitia James
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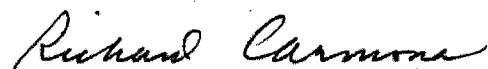
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RICHARD H. CARMONA, M.D., M.P.H., FACS
17th Surgeon General of the United States (2002-2006)

December 11, 2013

Hon. Lewis Fidler
New York City Council
1402 East 64th Street
Brooklyn, NY 11234

Dear Councilmember:

My name is Richard Carmona, and I served as the 17th Surgeon General of the United States. I write to ask for your personal support in *declining* to include electronic cigarettes in the Smoke Free Air Act. I am extremely concerned, as set forth below, that such an effort, if successful, could do tremendous harm to what is emerging as the most promising weapon yet in the fight against tobacco-related illness and death.

As we approach the 50th anniversary of the first Surgeon General's Report linking smoking and cancer, the plague of tobacco-caused death and disability still persists, killing over 430,000 Americans per year, while disabling millions more with preventable chronic diseases at a cost of hundreds of billions of dollars annually.

During my tenure as Surgeon General, my colleagues and I published reports detailing the preventable harm done by tobacco, spoke frequently to the public and to Congress about the catastrophic health damage caused by tobacco, and even participated as an expert witness in the federal government's case against the tobacco industry. I am particularly proud of my authorship of the 2006 Surgeon General's report on secondhand smoke, in which I wrote: "The debate is over. The science is clear: secondhand smoke is not a mere annoyance, but a serious health hazard that causes premature death and disease in children and non smoking adults."

Yet despite my actions and those of my predecessors like Surgeon General C. Everett Koop, high cigarette taxes, Food and Drug Administration (FDA)-approved smoking cessation therapies, and the best educational efforts by public health professionals, nearly 20% of the adult population and one-third of our military service members continue to smoke. The Centers for Disease Control (CDC) reports that adult smokers usually know they are engaged in harmful behavior and 69% would like to reduce or quit smoking. However, each year only 6% of smokers succeed in quitting, and new smokers replace those who successfully quit. The history and data suggest that we need more viable alternatives in this fight against tobacco.

I believe that one such alternative is the electronic cigarette. Despite their unfortunate name, electronic cigarettes are not actually cigarettes. They contain no tobacco but rather deliver nicotine without all of the toxic, carcinogenic, and other disease-causing products of tobacco combustion. (For example, they produce no carbon monoxide (a particularly

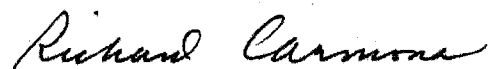
lethal constituent of secondhand tobacco smoke) and produce no sidestream emissions (a source of 85% of secondhand tobacco smoke)). The published research suggests there may be a significant role for electronic cigarettes in tobacco harm reduction strategies, since they provide smokers both with the nicotine they crave and the smoking rituals that they have grown accustomed too. Respected Wall Street analysts have opined that, within a decade, electronic cigarette sales could overtake tobacco sales. I recently joined the board of NJOY, the leading independent electronic cigarette company, because its ambitions are even higher – to obsolete the tobacco cigarette entirely.

I recognize the good intentions behind the present effort to include electronic cigarettes in the Smoke Free Air Act. However, I am extremely concerned that a well-intentioned but scientifically un-supported effort like the current proposal could constitute a giant step backward in the effort to defeat tobacco smoking. This regulation, if passed, would disincentivize smokers from switching to electronic cigarettes, since NJOY's research indicates that many initially switch for reasons of convenience. It would also send the unintended message to smokers that electronic cigarettes are as dangerous as tobacco smoking, with the result that many will simply continue to smoke their current toxic products. Legislative action that would keep smokers smoking would obviously have serious health consequences – and could cost lives. Worse still, it could lead to the adoption of similar ordinances in other cities, creating a domino effect that would further magnify the potential public health danger in this scientifically unsupported approach.

I will also observe that the concerns expressed about the possibilities that electronic cigarettes could addict non-smokers, condemning them to a lifetime struggle with nicotine addiction, echo concerns expressed about nicotine gums and patches when these first were introduced to the market. We have seen clearly, however, that such products did not have that affect. At the same time, while gums and patches have helped a small minority of smokers successfully quit smoking, it is clear to those of us have been engaged in this battle that we need more impactful solutions to the continuing problem of tobacco smoking, and that is where we see electronic cigarettes playing a central role.

I know that we all share the same vision of a world without tobacco related illness and disease. I fervently believe that to achieve that goal, we need to distinguish between the problem (tobacco smoking and tobacco secondhand smoke) and one extremely promising solution (electronic cigarettes). I strongly encourage you to resist calls to include electronic cigarettes in the City's smoking ban, which I believe would be a major step backward in the effort to achieve this aim. A decision rejecting this proposal would preserve the great legacy of this Council in the fight against tobacco.

Sincerely,



Richard Carmona, M.D., M.P.H. FACS
17th Surgeon General of the United States



RICHARD H. CARMONA, M.D., M.P.H., FACS
17th Surgeon General of the United States (2002-2006)

December 11, 2013

Hon. Mathieu Eugene
New York City Council
123 Linden Boulevard
Brooklyn, NY 11226

Dear Councilmember:

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Hon. Michael Nelson
New York City Council
3810-A Nostrand Ave
Brooklyn, NY 11235

Dear Councilmember:

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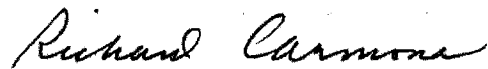
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December 11, 2013

Hon. Sara Gonzalez
New York City Council
5601 5th Ave S-2
Brooklyn, ny 11220

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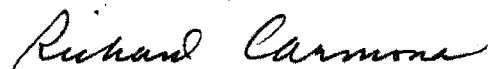
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Hon. Stephen Levin
New York City Council
410 Atlantic Avenue
Brooklyn, NY 11217

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Hon. Vincent Gentile
New York City Council
8703 3rd Ave
Brooklyn, NY 11209

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Hon. G. Oliver Koppell
New York City Council
3636 Waldo Avenue
Bronx, NY 10463

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I know that we all share the same vision of a world without tobacco related illness and disease. I fervently believe that to achieve that goal, we need to distinguish between the problem (tobacco smoking and tobacco secondhand smoke) and one extremely promising solution (electronic cigarettes). I strongly encourage you to resist calls to include electronic cigarettes in the City's smoking ban, which I believe would be a major step backward in the effort to achieve this aim. A decision rejecting this proposal would preserve the great legacy of this Council in the fight against tobacco.

Sincerely,



Richard Carmona, M.D., M.P.H. FACS
17th Surgeon General of the United States



RICHARD H. CARMONA, M.D., M.P.H., FACS
17th Surgeon General of the United States (2002-2006)

December 11, 2013

Hon. Helen Foster
New York City Council
1377 Jerome Ave
Bronx, NY 10452

Dear Councilmember:

My name is Richard Carmona, and I served as the 17th Surgeon General of the United States. I write to ask for your personal support in *declining* to include electronic cigarettes in the Smoke Free Air Act. I am extremely concerned, as set forth below, that such an effort, if successful, could do tremendous harm to what is emerging as the most promising weapon yet in the fight against tobacco-related illness and death.

As we approach the 50th anniversary of the first Surgeon General's Report linking smoking and cancer, the plague of tobacco-caused death and disability still persists, killing over 430,000 Americans per year, while disabling millions more with preventable chronic diseases at a cost of hundreds of billions of dollars annually.

During my tenure as Surgeon General, my colleagues and I published reports detailing the preventable harm done by tobacco, spoke frequently to the public and to Congress about the catastrophic health damage caused by tobacco, and even participated as an expert witness in the federal government's case against the tobacco industry. I am particularly proud of my authorship of the 2006 Surgeon General's report on secondhand smoke, in which I wrote: "The debate is over. The science is clear: secondhand smoke is not a mere annoyance, but a serious health hazard that causes premature death and disease in children and non smoking adults."

Yet despite my actions and those of my predecessors like Surgeon General C. Everett Koop, high cigarette taxes, Food and Drug Administration (FDA)-approved smoking cessation therapies, and the best educational efforts by public health professionals, nearly 20% of the adult population and one-third of our military service members continue to smoke. The Centers for Disease Control (CDC) reports that adult smokers usually know they are engaged in harmful behavior and 69% would like to reduce or quit smoking. However, each year only 6% of smokers succeed in quitting, and new smokers replace those who successfully quit. The history and data suggest that we need more viable alternatives in this fight against tobacco.

I believe that one such alternative is the electronic cigarette. Despite their unfortunate name, electronic cigarettes are not actually cigarettes. They contain no tobacco but rather deliver nicotine without all of the toxic, carcinogenic, and other disease-causing products of tobacco combustion. (For example, they produce no carbon monoxide (a particularly

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RICHARD H. CARMONA, M.D., M.P.H., FACS
17th Surgeon General of the United States (2002-2006)

December 11, 2013

Hon. James Vacca
New York City Council
3040 E. Tremont Ave. RM104
Bronx, NY 10461

Dear Councilmember:

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RICHARD H. CARMONA, M.D., M.P.H., FACS
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December 11, 2013

Hon. Joel Rivera
New York City Council
1901 Southern Blvd
Bronx, NY 10460

Dear Councilmember:

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17th Surgeon General of the United States



RICHARD H. CARMONA, M.D., M.P.H., FACS
17th Surgeon General of the United States (2002-2006)

December 11, 2013

Hon. Andy King
New York City Council
938 East Gunhill Road
Bronx, NY 10469

Dear Councilmember:

My name is Richard Carmona, and I served as the 17th Surgeon General of the United States. I write to ask for your personal support in *declining* to include electronic cigarettes in the Smoke Free Air Act. I am extremely concerned, as set forth below, that such an effort, if successful, could do tremendous harm to what is emerging as the most promising weapon yet in the fight against tobacco-related illness and death.

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Richard Carmona, M.D., M.P.H. FACS
17th Surgeon General of the United States



RICHARD H. CARMONA, M.D., M.P.H., FACS
17th Surgeon General of the United States (2002-2006)

December 11, 2013

Hon. Annabel Palma
New York City Council
1041 Castle Hill Ave
Bronx, NY 10472

Dear Councilmember:

My name is Richard Carmona, and I served as the 17th Surgeon General of the United States. I write to ask for your personal support in *declining* to include electronic cigarettes in the Smoke Free Air Act. I am extremely concerned, as set forth below, that such an effort, if successful, could do tremendous harm to what is emerging as the most promising weapon yet in the fight against tobacco-related illness and death.

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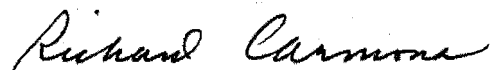
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17th Surgeon General of the United States



RICHARD H. CARMONA, M.D., M.P.H., FACS
17th Surgeon General of the United States (2002-2006)

December 11, 2013

Hon. Fernando Cabrera
New York City Council
107 East Burnside Ave
Bronx, NY 10453

Dear Councilmember:

My name is Richard Carmona, and I served as the 17th Surgeon General of the United States. I write to ask for your personal support in *declining* to include electronic cigarettes in the Smoke Free Air Act. I am extremely concerned, as set forth below, that such an effort, if successful, could do tremendous harm to what is emerging as the most promising weapon yet in the fight against tobacco-related illness and death.

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17th Surgeon General of the United States



RICHARD H. CARMONA, M.D., M.P.H., FACS
17th Surgeon General of the United States (2002-2006)

December 11, 2013

Hon. Maria del Carmen Arroyo
New York City Council
384 E.149th St. 3rd Av. ste300
Bronx, NY 10455

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I recognize the good intentions behind the present effort to include electronic cigarettes in the Smoke Free Air Act. However, I am extremely concerned that a well-intentioned but scientifically un-supported effort like the current proposal could constitute a giant step backward in the effort to defeat tobacco smoking. This regulation, if passed, would disincentivize smokers from switching to electronic cigarettes, since NJOY's research indicates that many initially switch for reasons of convenience. It would also send the unintended message to smokers that electronic cigarettes are as dangerous as tobacco smoking, with the result that many will simply continue to smoke their current toxic products. Legislative action that would keep smokers smoking would obviously have serious health consequences – and could cost lives. Worse still, it could lead to the adoption of similar ordinances in other cities, creating a domino effect that would further magnify the potential public health danger in this scientifically unsupported approach.

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I know that we all share the same vision of a world without tobacco related illness and disease. I fervently believe that to achieve that goal, we need to distinguish between the problem (tobacco smoking and tobacco secondhand smoke) and one extremely promising solution (electronic cigarettes). I strongly encourage you to resist calls to include electronic cigarettes in the City's smoking ban, which I believe would be a major step backward in the effort to achieve this aim. A decision rejecting this proposal would preserve the great legacy of this Council in the fight against tobacco.

Sincerely,



Richard Carmona, M.D., M.P.H. FACS
17th Surgeon General of the United States



RICHARD H. CARMONA, M.D., M.P.H., FACS
17th Surgeon General of the United States (2002-2006)

December 11, 2013

Hon. Christine Quinn
New York City Council
224 W 30th St Suite 1206
New York, NY 10001

Dear Councilmember:

My name is Richard Carmona, and I served as the 17th Surgeon General of the United States. I write to ask for your personal support in *declining* to include electronic cigarettes in the Smoke Free Air Act. I am extremely concerned, as set forth below, that such an effort, if successful, could do tremendous harm to what is emerging as the most promising weapon yet in the fight against tobacco-related illness and death.

As we approach the 50th anniversary of the first Surgeon General's Report linking smoking and cancer, the plague of tobacco-caused death and disability still persists, killing over 430,000 Americans per year, while disabling millions more with preventable chronic diseases at a cost of hundreds of billions of dollars annually.

During my tenure as Surgeon General, my colleagues and I published reports detailing the preventable harm done by tobacco, spoke frequently to the public and to Congress about the catastrophic health damage caused by tobacco, and even participated as an expert witness in the federal government's case against the tobacco industry. I am particularly proud of my authorship of the 2006 Surgeon General's report on secondhand smoke, in which I wrote: "The debate is over. The science is clear: secondhand smoke is not a mere annoyance, but a serious health hazard that causes premature death and disease in children and non smoking adults."

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RICHARD H. CARMONA, M.D., M.P.H., FACS
17th Surgeon General of the United States (2002-2006)

December 11, 2013

Hon. Daniel R. Garodnick
New York City Council
211 E43rd St suite 2004
New York, NY 10017

Dear Councilmember:

My name is Richard Carmona, and I served as the 17th Surgeon General of the United States. I write to ask for your personal support in *declining* to include electronic cigarettes in the Smoke Free Air Act. I am extremely concerned, as set forth below, that such an effort, if successful, could do tremendous harm to what is emerging as the most promising weapon yet in the fight against tobacco-related illness and death.

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17th Surgeon General of the United States



RICHARD H. CARMONA, M.D., M.P.H., FACS
17th Surgeon General of the United States (2002-2006)

December 11, 2013

Hon. Gale Brewer
New York City Council
563 Columbus Ave (at 87th St.)
New York, NY 10024

Dear Councilmember:

My name is Richard Carmona, and I served as the 17th Surgeon General of the United States. I write to ask for your personal support in *declining* to include electronic cigarettes in the Smoke Free Air Act. I am extremely concerned, as set forth below, that such an effort, if successful, could do tremendous harm to what is emerging as the most promising weapon yet in the fight against tobacco-related illness and death.

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17th Surgeon General of the United States (2002-2006)

December 11, 2013

Hon. Inez Dickens
New York City Council
163 W. 125 Street
New York, NY 10027

Dear Councilmember:

My name is Richard Carmona, and I served as the 17th Surgeon General of the United States. I write to ask for your personal support in *declining* to include electronic cigarettes in the Smoke Free Air Act. I am extremely concerned, as set forth below, that such an effort, if successful, could do tremendous harm to what is emerging as the most promising weapon yet in the fight against tobacco-related illness and death.

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RICHARD H. CARMONA, M.D., M.P.H., FACS
17th Surgeon General of the United States (2002-2006)

December 11, 2013

Hon. Jessica Lappin
New York City Council
330 E-63rd Suite 1K
New York, NY 10065

Dear Councilmember:

My name is Richard Carmona, and I served as the 17th Surgeon General of the United States. I write to ask for your personal support in *declining* to include electronic cigarettes in the Smoke Free Air Act. I am extremely concerned, as set forth below, that such an effort, if successful, could do tremendous harm to what is emerging as the most promising weapon yet in the fight against tobacco-related illness and death.

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Hon. Jessica Lappin

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Page 2

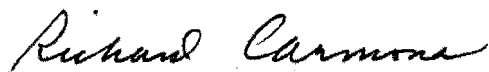
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17th Surgeon General of the United States (2002-2006)

December 11, 2013

Hon. Margaret Chin
New York City Council
165 Park Row, Suite #11
New York, NY 10038

Dear Councilmember:

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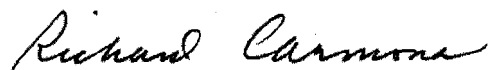
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17th Surgeon General of the United States (2002-2006)

December 11, 2013

Hon. Melissa Mark-Viverito
New York City Council
105 E 116th St
New York, NY 10029

Dear Councilmember:

My name is Richard Carmona, and I served as the 17th Surgeon General of the United States. I write to ask for your personal support in *declining* to include electronic cigarettes in the Smoke Free Air Act. I am extremely concerned, as set forth below, that such an effort, if successful, could do tremendous harm to what is emerging as the most promising weapon yet in the fight against tobacco-related illness and death.

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I believe that one such alternative is the electronic cigarette. Despite their unfortunate name, electronic cigarettes are not actually cigarettes. They contain no tobacco but rather deliver nicotine without all of the toxic, carcinogenic, and other disease-causing products of tobacco combustion. (For example, they produce no carbon monoxide (a particularly

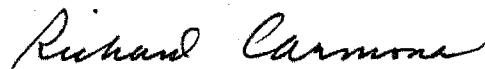
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I recognize the good intentions behind the present effort to include electronic cigarettes in the Smoke Free Air Act. However, I am extremely concerned that a well-intentioned but scientifically un-supported effort like the current proposal could constitute a giant step backward in the effort to defeat tobacco smoking. This regulation, if passed, would disincentivize smokers from switching to electronic cigarettes, since NJOY's research indicates that many initially switch for reasons of convenience. It would also send the unintended message to smokers that electronic cigarettes are as dangerous as tobacco smoking, with the result that many will simply continue to smoke their current toxic products. Legislative action that would keep smokers smoking would obviously have serious health consequences – and could cost lives. Worse still, it could lead to the adoption of similar ordinances in other cities, creating a domino effect that would further magnify the potential public health danger in this scientifically unsupported approach.

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I know that we all share the same vision of a world without tobacco related illness and disease. I fervently believe that to achieve that goal, we need to distinguish between the problem (tobacco smoking and tobacco secondhand smoke) and one extremely promising solution (electronic cigarettes). I strongly encourage you to resist calls to include electronic cigarettes in the City's smoking ban, which I believe would be a major step backward in the effort to achieve this aim. A decision rejecting this proposal would preserve the great legacy of this Council in the fight against tobacco.

Sincerely,



Richard Carmona, M.D., M.P.H. FACS
17th Surgeon General of the United States



RICHARD H. CARMONA, M.D., M.P.H., FACS
17th Surgeon General of the United States (2002-2006)

December 11, 2013

Hon. Robert Jackson
New York City Council
751 W183rd St.
New York, NY 10033

Dear Councilmember:

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December 11, 2013

Hon. Rosie Mendez
New York City Council
237 First Ave suite 504
New York, NY 10003

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December 11, 2013

Hon. Ydanis Rodriguez
New York City Council
618 W. 177th Street, Ground Floor
New York, NY 10033

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December 11, 2013

Hon. Daniel Dromm
New York City Council
37-32 75th St.
Jackson Heights, NY 11372

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RICHARD H. CARMONA, M.D., M.P.H., FACS
17th Surgeon General of the United States (2002-2006)

December 11, 2013

Hon. Karen Koslowitz
New York City Council
118-35 Queens Blvd, 17th Floor
Queens, NY 11375

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December 11, 2013

Hon. Mark Weprin
New York City Council
73-03 Bell Boulevard
Oakland Gardens, NY 11364

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Hon. Peter Koo
New York City Council
135-27 38 Ave, Suite 388
Flushing, NY 11354

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As we approach the 50th anniversary of the first Surgeon General's Report linking smoking and cancer, the plague of tobacco-caused death and disability still persists, killing over 430,000 Americans per year, while disabling millions more with preventable chronic diseases at a cost of hundreds of billions of dollars annually.

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Yet despite my actions and those of my predecessors like Surgeon General C. Everett Koop, high cigarette taxes, Food and Drug Administration (FDA)-approved smoking cessation therapies, and the best educational efforts by public health professionals, nearly 20% of the adult population and one-third of our military service members continue to smoke. The Centers for Disease Control (CDC) reports that adult smokers usually know they are engaged in harmful behavior and 69% would like to reduce or quit smoking. However, each year only 6% of smokers succeed in quitting, and new smokers replace those who successfully quit. The history and data suggest that we need more viable alternatives in this fight against tobacco.

I believe that one such alternative is the electronic cigarette. Despite their unfortunate name, electronic cigarettes are not actually cigarettes. They contain no tobacco but rather deliver nicotine without all of the toxic, carcinogenic, and other disease-causing products of tobacco combustion. (For example, they produce no carbon monoxide (a particularly

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I recognize the good intentions behind the present effort to include electronic cigarettes in the Smoke Free Air Act. However, I am extremely concerned that a well-intentioned but scientifically un-supported effort like the current proposal could constitute a giant step backward in the effort to defeat tobacco smoking. This regulation, if passed, would disincentivize smokers from switching to electronic cigarettes, since NJOY's research indicates that many initially switch for reasons of convenience. It would also send the unintended message to smokers that electronic cigarettes are as dangerous as tobacco smoking, with the result that many will simply continue to smoke their current toxic products. Legislative action that would keep smokers smoking would obviously have serious health consequences – and could cost lives. Worse still, it could lead to the adoption of similar ordinances in other cities, creating a domino effect that would further magnify the potential public health danger in this scientifically unsupported approach.

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I know that we all share the same vision of a world without tobacco related illness and disease. I fervently believe that to achieve that goal, we need to distinguish between the problem (tobacco smoking and tobacco secondhand smoke) and one extremely promising solution (electronic cigarettes). I strongly encourage you to resist calls to include electronic cigarettes in the City's smoking ban, which I believe would be a major step backward in the effort to achieve this aim. A decision rejecting this proposal would preserve the great legacy of this Council in the fight against tobacco.

Sincerely,



Richard Carmona, M.D., M.P.H. FACS
17th Surgeon General of the United States



RICHARD H. CARMONA, M.D., M.P.H., FACS
17th Surgeon General of the United States (2002-2006)

December 11, 2013

Hon. Daniel J. Halloran
New York City Council
166-08 24th Rd.
Whitestone, NY 11357

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RICHARD H. CARMONA, M.D., M.P.H., FACS
17th Surgeon General of the United States (2002-2006)

December 11, 2013

Hon. Elizabeth Crowley
New York City Council
6477 Dey Harbor Rd
Middle Village, NY 11379

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December 11, 2013

Hon. Eric Ulrich
New York City Council
98-16 Rockaway Beach Blvd
Rockaway Beach, NY 11694

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17th Surgeon General of the United States (2002-2006)

December 11, 2013

Hon. James Gennaro
New York City Council
185-10 Union Turnpike
Fresh Meadows, NY 11366

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December 11, 2013

Hon. Jimmy Van Bramer
New York City Council
47-01 Queens Boulevard
Sunny Side, NY 11104

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Hon. Julissa Ferreras
New York City Council
32-33A Junction Blvd
East Elmhurst, NY 11369

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Hon. Leroy Comrie, Jr.
New York City Council
113-43 Farmers Boulevard
St. Albans, NY 11412

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As we approach the 50th anniversary of the first Surgeon General's Report linking smoking and cancer, the plague of tobacco-caused death and disability still persists, killing over 430,000 Americans per year, while disabling millions more with preventable chronic diseases at a cost of hundreds of billions of dollars annually.

During my tenure as Surgeon General, my colleagues and I published reports detailing the preventable harm done by tobacco, spoke frequently to the public and to Congress about the catastrophic health damage caused by tobacco, and even participated as an expert witness in the federal government's case against the tobacco industry. I am particularly proud of my authorship of the 2006 Surgeon General's report on secondhand smoke, in which I wrote: "The debate is over. The science is clear: secondhand smoke is not a mere annoyance, but a serious health hazard that causes premature death and disease in children and non smoking adults."

Yet despite my actions and those of my predecessors like Surgeon General C. Everett Koop, high cigarette taxes, Food and Drug Administration (FDA)-approved smoking cessation therapies, and the best educational efforts by public health professionals, nearly 20% of the adult population and one-third of our military service members continue to smoke. The Centers for Disease Control (CDC) reports that adult smokers usually know they are engaged in harmful behavior and 69% would like to reduce or quit smoking. However, each year only 6% of smokers succeed in quitting, and new smokers replace those who successfully quit. The history and data suggest that we need more viable alternatives in this fight against tobacco.

I believe that one such alternative is the electronic cigarette. Despite their unfortunate name, electronic cigarettes are not actually cigarettes. They contain no tobacco but rather deliver nicotine without all of the toxic, carcinogenic, and other disease-causing products of tobacco combustion. (For example, they produce no carbon monoxide (a particularly

Hon. Leroy Comrie, Jr.

December 11, 2013

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I recognize the good intentions behind the present effort to include electronic cigarettes in the Smoke Free Air Act. However, I am extremely concerned that a well-intentioned but scientifically un-supported effort like the current proposal could constitute a giant step backward in the effort to defeat tobacco smoking. This regulation, if passed, would disincentivize smokers from switching to electronic cigarettes, since NJOY's research indicates that many initially switch for reasons of convenience. It would also send the unintended message to smokers that electronic cigarettes are as dangerous as tobacco smoking, with the result that many will simply continue to smoke their current toxic products. Legislative action that would keep smokers smoking would obviously have serious health consequences – and could cost lives. Worse still, it could lead to the adoption of similar ordinances in other cities, creating a domino effect that would further magnify the potential public health danger in this scientifically unsupported approach.

I will also observe that the concerns expressed about the possibilities that electronic cigarettes could addict non-smokers, condemning them to a lifetime struggle with nicotine addiction, echo concerns expressed about nicotine gums and patches when these first were introduced to the market. We have seen clearly, however, that such products did not have that affect. At the same time, while gums and patches have helped a small minority of smokers successfully quit smoking, it is clear to those of us have been engaged in this battle that we need more impactful solutions to the continuing problem of tobacco smoking, and that is where we see electronic cigarettes playing a central role.

I know that we all share the same vision of a world without tobacco related illness and disease. I fervently believe that to achieve that goal, we need to distinguish between the problem (tobacco smoking and tobacco secondhand smoke) and one extremely promising solution (electronic cigarettes). I strongly encourage you to resist calls to include electronic cigarettes in the City's smoking ban, which I believe would be a major step backward in the effort to achieve this aim. A decision rejecting this proposal would preserve the great legacy of this Council in the fight against tobacco.

Sincerely,



Richard Carmona, M.D., M.P.H. FACS
17th Surgeon General of the United States



RICHARD H. CARMONA, M.D., M.P.H., FACS
17th Surgeon General of the United States (2002-2006)

December 11, 2013

Hon. Peter Vallone, Jr.
New York City Council
22-45 31st St.
Astoria, NY 11105

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17th Surgeon General of the United States (2002-2006)

December 11, 2013

Hon. Ruben Wills
New York City Council
95-26 Sutphin Blvd
Jamaica, NY 11435

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December 11, 2013

Hon. Deborah Rose
New York City Council
130 Stuyvesant Pl. 6th Fl.
Staten Island, NY 10301

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December 11, 2013

Hon. Vincent Ignizio
New York City Council
3944 Richmond Avenue
Staten Island, NY 10312

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Hon. James Oddo
New York City Council
94 Lincoln Ave.
Staten Island, NY 10306

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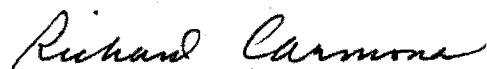
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New York City Council

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My name is Richard Carmona, and I served as the 17th Surgeon General of the United States. I write to ask for your personal support in *declining* to include electronic cigarettes in the Smoke Free Air Act. I am extremely concerned, as set forth below, that such an effort, if successful, could do tremendous harm to what is emerging as the most promising weapon yet in the fight against tobacco-related illness and death.

As we approach the 50th anniversary of the first Surgeon General's Report linking smoking and cancer, the plague of tobacco-caused death and disability still persists, killing over 430,000 Americans per year, while disabling millions more with preventable chronic diseases at a cost of hundreds of billions of dollars annually.

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I believe that one such alternative is the electronic cigarette. Despite their unfortunate name, electronic cigarettes are not actually cigarettes. They contain no tobacco but rather deliver nicotine without all of the toxic, carcinogenic, and other disease-causing products of tobacco combustion. (For example, they produce no carbon monoxide (a particularly

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I know that we all share the same vision of a world without tobacco related illness and disease. I fervently believe that to achieve that goal, we need to distinguish between the problem (tobacco smoking and tobacco secondhand smoke) and one extremely promising solution (electronic cigarettes). I strongly encourage you to resist calls to include electronic cigarettes in the City's smoking ban, which I believe would be a major step backward in the effort to achieve this aim. A decision rejecting this proposal would preserve the great legacy of this Council in the fight against tobacco.

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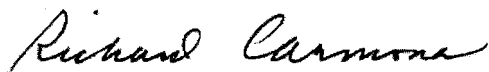
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During my tenure as Surgeon General, my colleagues and I published reports detailing the preventable harm done by tobacco, spoke frequently to the public and to Congress about the catastrophic health damage caused by tobacco, and even participated as an expert witness in the federal government's case against the tobacco industry. I am particularly proud of my authorship of the 2006 Surgeon General's report on secondhand smoke, in which I wrote: "The debate is over. The science is clear: secondhand smoke is not a mere annoyance, but a serious health hazard that causes premature death and disease in children and non smoking adults."

Yet despite my actions and those of my predecessors like Surgeon General C. Everett Koop, high cigarette taxes, Food and Drug Administration (FDA)-approved smoking cessation therapies, and the best educational efforts by public health professionals, nearly 20% of the adult population and one-third of our military service members continue to smoke. The Centers for Disease Control (CDC) reports that adult smokers usually know they are engaged in harmful behavior and 69% would like to reduce or quit smoking. However, each year only 6% of smokers succeed in quitting, and new smokers replace those who successfully quit. The history and data suggest that we need more viable alternatives in this fight against tobacco.

I believe that one such alternative is the electronic cigarette. Despite their unfortunate name, electronic cigarettes are not actually cigarettes. They contain no tobacco but rather deliver nicotine without all of the toxic, carcinogenic, and other disease-causing products of tobacco combustion. (For example, they produce no carbon monoxide (a particularly

December 11, 2013

Page 2

lethal constituent of secondhand tobacco smoke) and produce no sidestream emissions (a source of 85% of secondhand tobacco smoke)). The published research suggests there may be a significant role for electronic cigarettes in tobacco harm reduction strategies, since they provide smokers both with the nicotine they crave and the smoking rituals that they have grown accustomed too. Respected Wall Street analysts have opined that, within a decade, electronic cigarette sales could overtake tobacco sales. I recently joined the board of NJOY, the leading independent electronic cigarette company, because its ambitions are even higher – to obsolete the tobacco cigarette entirely.

I recognize the good intentions behind the present effort to include electronic cigarettes in the Smoke Free Air Act. However, I am extremely concerned that a well-intentioned but scientifically un-supported effort like the current proposal could constitute a giant step backward in the effort to defeat tobacco smoking. This regulation, if passed, would disincentivize smokers from switching to electronic cigarettes, since NJOY's research indicates that many initially switch for reasons of convenience. It would also send the unintended message to smokers that electronic cigarettes are as dangerous as tobacco smoking, with the result that many will simply continue to smoke their current toxic products. Legislative action that would keep smokers smoking would obviously have serious health consequences – and could cost lives. Worse still, it could lead to the adoption of similar ordinances in other cities, creating a domino effect that would further magnify the potential public health danger in this scientifically unsupported approach.

I will also observe that the concerns expressed about the possibilities that electronic cigarettes could addict non-smokers, condemning them to a lifetime struggle with nicotine addiction, echo concerns expressed about nicotine gums and patches when these first were introduced to the market. We have seen clearly, however, that such products did not have that affect. At the same time, while gums and patches have helped a small minority of smokers successfully quit smoking, it is clear to those of us have been engaged in this battle that we need more impactful solutions to the continuing problem of tobacco smoking, and that is where we see electronic cigarettes playing a central role.

I know that we all share the same vision of a world without tobacco related illness and disease. I fervently believe that to achieve that goal, we need to distinguish between the problem (tobacco smoking and tobacco secondhand smoke) and one extremely promising solution (electronic cigarettes). I strongly encourage you to resist calls to include electronic cigarettes in the City's smoking ban, which I believe would be a major step backward in the effort to achieve this aim. A decision rejecting this proposal would preserve the great legacy of this Council in the fight against tobacco.

Sincerely,



Richard Carmona, M.D., M.P.H. FACS
17th Surgeon General of the United States



RICHARD H. CARMONA, M.D., M.P.H., FACS
17th Surgeon General of the United States (2002-2006)

December 11, 2013

New York City Council

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Sincerely,



Richard Carmona, M.D., M.P.H. FACS
17th Surgeon General of the United States

From: Board of Supervisors
To: Evans, Derek
Subject: File 131208: Ordinance No. 131208

From: Kenneth Johnson [mailto:ctavapers@gmail.com]

Sent: Thursday, February 06, 2014 1:36 PM

To: Lee, Mayor; Avalos, John; Breed, London; Chiu, David; Cohen, Malia; Farrell, Mark; Kim, Jane; Tang, Katy; Wiener, Scott; Campos, David; Mar, Eric (BOS); Yee, Norman (BOS); Evans, Derek; Board of Supervisors

Subject: Ordinance No. 131208

Good afternoon. I am writing you today concerning Ordinance No. 131208. I want to first thank you for allowing me to contact you on this matter. I would like to take a moment to first introduce myself and tell you my personal story.

I started smoking at age 13 and I am now 43, so we are talking about a 30 year smoker who was up to 2 1/2 packs a day. I have probably all "APPROVED" methods to quit smoking. Every single one of them failed me. One even caused me a stay in a hospital and contributed to me almost getting a felony charge of assault. This being Cantix. On Jan 2nd 2014 I was given my first e-cig (an ego). I tried it and have not had a cigarette since that day. From 2 1/2 packs to 0 over night. E-cig/Vape has gotten me completely off of cancer causing cigarettes. So for that I have become an advocate for e-cigs and vape and I stand behind them in every aspect.

Now onto Ordinance No. 131208 and my issues for or against it....

"require a tobacco permit for the sale of electronic cigarettes"

My issue with this is most e-cig/vaper users have made this switch due to tobacco. Why would any person who opens a store to sell e-cig supplies want to hold a license to sell cancer causing tobacco. My thought is the reason is to get income out of what is a growing business. I understand this and I am for fair tax on e-cigs and supplies. I am not for putting us in a class of cancer causing tobacco. I would rather see a draft for a new classification of license just for e-cigs and supplies.

"Ordinance amending the Health Code to prohibit the use of electronic cigarettes where smoking is otherwise prohibited"

My issue with this is I have personally seen current smokers come into Vape shops and sample the product before buying it. I have seen these customers leave educated in what they are getting into as well as crush their packs of cigs and throw them in the trash before leaving. I believe these demonstrations are an important tool used by shop owners to educate new comers and this is needed. I would like to provide you with a link to the latest peer study that shows the concern for second hand vaper emitted from e-cigs. Please take the time to read this peer study so that you can see that the study performed by the FDA is out dated. Not to mention the FDA study was flawed by using products that were removed 3 years before and ejuices made in China, not by shops in the USA that follow strict guidelines in production.

<http://www.biomedcentral.com/1471-2458/14/18/abstract>

I thank you again for your time and hope you consider the information I have provided you with.

Kenneth Johnson
PO Box 92
Crookston, NE 69212

From: Board of Supervisors
To: Evans, Derek
Subject: File 131208; Ordinance No. 131208

From: David Embrey [mailto:DAVE@EMBREYDESIGN.COM]
Sent: Thursday, February 06, 2014 12:58 PM
To: Lee, Mayor; Mar, Eric (BOS)
Cc: Avalos, John; Breed, London; Chiu, David; Cohen, Malia; Farrell, Mark; Kim, Jane; Tang, Katy; Wiener, Scott; Campos, David; Yee, Norman (BOS); Evans, Derek; Board of Supervisors
Subject: RE: Ordinance No. 131208

Dear Mayor Lee, Eric Mar and the San Francisco Board of Supervisor members,

I'm a member of;

CASAA

Consumer Advocates for Smoke-free Alternatives association

I live and work in the south bay.

While I support banning sales of e-cigarettes to minors, I **OPPOSE** banning e-cigarette use where smoking is banned.

My road to salvation

I personally switched to e-cigarettes on March 29, 2010 (my daughter's 8th birthday). I'd been smoking analog cigarettes since I was 14, I'm now 50. I'd gotten to the point that I was smoking a pack a day. I'd tried other means of quitting; the gum, the patch, cold turkey, and hypnosis, nothing worked.

One day, a couple weeks before my daughters birthday, I walked into a smoke shop here in west San Jose, CA to pick up a carton of smokes, as I was opening the door I noticed a small sign I hadn't seen before. It simply stated, "Ask us about our new Electronic Cigarette." So I did just that. The store owner explained what it was, and how it worked. I asked a lot of questions, i.e., "Would it help me to stop smoking? His response was, "It's not meant to, it's meant to be a safer alternative." That's what sold me, **SAFER!**

Within those two weeks, my daughter asked me again, "Will you quit smoking for my birthday?". She's asked this multiple times before. But this time my response was different, "**YES**", I said. The look on her face was priceless, then she turned away slightly and put her hands to her face. I asked what's wrong as I turned her back toward me, she had tears rolling down her checks. All she said was "Daddy...Thank You!...Thank You!" Being a dad, I couldn't help but get a bit emotional too.

Being able to say that to her, effected me on multiple levels. All of which are positives;

- Knowing that I'd overcome something that has been a burden for 3/4 of my life
- Not subjecting my friends and family to second-hand smoke
- Not smelling like cigarette smoke
- Being able to smell all the wonderful, and not so wonderful smells around me

- Being able to taste the food that now tastes even better
- Being able to run/walk up a set of stairs and not be winded
- Saving money (since quitting, I've saved over \$10,000.00)
- Giving my daughter a kiss good-night and having her say, "You smell like wintergreen Lifesaver", then giggling!

Here are some other points to ponder

- Smoking bans are enacted to protect the public from the harm of secondhand smoke, but e-cigarettes have not been shown to cause harm to bystanders. In fact, all evidence to date shows that the low health risks associated with e-cigarettes are comparable to other smokeless nicotine products.
- The low risks of e-cigarettes is supported by research done by **Dr. Siegel of Boston University, Dr. Eissenberg of Virginia Commonwealth, Dr. Maciej L Goniewicz of the Roswell Park Cancer Institute, Dr. Laugesen of Health New Zealand, Dr. Igor Burstyn of Drexel University**, and by the fact that the FDA testing, in spite of its press statement, failed to find harmful levels of carcinogens or toxic levels of any chemical in the vapor.
- A **comprehensive review** conducted by Dr. Igor Burstyn of Drexel University School of Public Health **based on over 9,000 observations of e-cigarette liquid and vapor** found "no apparent concern" for bystanders exposed to e-cigarette vapor, even under "worst case" assumptions about exposure.
- Electronic cigarette use is easy to distinguish from actual smoking. Although some e-cigarettes resemble real cigarettes, many do not. It is easy to tell when someone lights a cigarette from the smell of smoke. E-cigarette vapor is practically odorless, and generally any detectable odor is not unpleasant and smells nothing like smoke. Additionally, e-cigarette users can decide whether to release any vapor ("discreet vaping"). With so little evidence of use, enforcing use bans on electronic cigarettes would be nearly impossible.
- The ability to use electronic cigarettes in public spaces will actually improve public health by inspiring other smokers to switch. Surveys of thousands of users indicate that the majority of those who switch completely replace tobacco cigarettes with the electronic cigarettes, reducing their health risks by an estimated 99%.
- By switching to a smokeless product, you have greatly reduced your health risks.

For more information

Please visit the CASAA.org website, and check out the [CASAA Research Library](#).

Sincerely,

David Embrey
San Jose, CA 95129

File 131208

From: Kari soberkitten [kariweathers@hotmail.com]
Sent: Thursday, February 06, 2014 11:22 AM
To: Lee, Mayor; Avalos, John; Breed, London; Chiu, David; Cohen, Malia; Farrell, Mark; Kim, Jane; Tang, Katy; Wiener, Scott; Campos, David; Mar, Eric (BOS); Yee, Norman (BOS); Evans, Derek; Board of Supervisors
Subject: electronic cig ban

To whom it may concern,

It would be a detriment to the San Francisco community to ban electronic cigarettes anywhere. They pose no health threat to users or bystanders. There are several studies available showing the safety of the components in these products. The US Dept of Occupational Health and Safety reviewed 9000 studies and found no risk to users or those around them. Please see research articles that are not funded by big tobacco or pharmaceutical companies. Vapers (users of electronic cigarettes) do not wish to be forced to vape (use electronic cigarettes) where there is second hand cigarette smoke. Most people who have made the switch to electronic cigarettes do so to avoid the harmful carcinogens and tobacco found in cigarettes.

Thank you for your consideration.

Kari Hess

From:
Subject:

Board of Supervisors
ORDINANCE 131208

From: Ms Sher P [mailto:sheryl.p@sbcglobal.net]

Sent: Friday, February 07, 2014 5:03 PM

To: Lee, Mayor; Avalos, John; Breed, London; Chiu, David; Cohen, Malia; Farrell, Mark; Kim, Jane; Tang, Katy; Wiener, Scott; Campos, David; Mar, Eric (BOS); Yee, Norman (BOS); Evans, Derek; Board of Supervisors

Subject: ORDINANCE 131208

Vaping has stopped me from smoking tobacco cigarettes. I was smoker for 49 years and have quit since Dec 2013. I am a California citizen and while I support banning sales of e-cigarettes to minors, I OPPOSE banning e-cigarette use where smoking is banned.

- Smoking bans are enacted to protect the public from the harm of secondhand smoke, but e-cigarettes have not been shown to cause harm to bystanders. In fact, all evidence to date shows that the low health risks associated with e-cigarettes are comparable to other smokeless nicotine products.
 - The low risks of e-cigarettes is supported by research done by Dr. Siegel of Boston University, Dr. Eissenberg of Virginia Commonwealth, Dr Maciej L Goniewicz of the Roswell Park Cancer Institute, Dr. Laugesen of Health New Zealand, Dr. Igor Burstyn of Drexel University, and by the fact that the FDA testing, in spite of its press statement, failed to find harmful levels of carcinogens or toxic levels of any chemical in the vapor.
 - A comprehensive review conducted by Dr. Igor Burstyn of Drexel University School of Public Health based on over 9,000 observations of e-cigarette liquid and vapor found "no apparent concern" for bystanders exposed to e-cigarette vapor, even under "worst case" assumptions about exposure.
 - Electronic cigarette use is easy to distinguish from actual smoking. Although some e-cigarettes resemble real cigarettes, many do not. It is easy to tell when someone lights a cigarette from the smell of smoke. E-cigarette vapor is practically odorless, and generally any detectable odor is not unpleasant and smells nothing like smoke. Additionally, e-cigarette users can decide whether to release any vapor ("discreet vaping"). With so little evidence of use, enforcing use bans on electronic cigarettes would be nearly impossible. The ability to use electronic cigarettes in public spaces will actually improve public health by inspiring other smokers to switch. Surveys of thousands of users indicate that the majority of those who switch completely replace tobacco cigarettes with the electronic cigarettes, reducing their health risks by an estimated 99%.
 - By switching to a smokeless product, you have greatly reduced your health risks.
4. Please check out the CASAA.org website, as well as the CASAA Research Library, for more information.

Sheryl Price
Preferences

From: Lisa Bell [lisabelle.artist@gmail.com]
Sent: Sunday, February 09, 2014 5:44 PM
To: Lee, Mayor; Avalos, John; Breed, London; Chiu, David; Cohen, Malia; Farrell, Mark; Kim, Jane; Tang, Katy; Wiener, Scott; Campos, David; Mar, Eric (BOS); Yee, Norman (BOS); Evans, Derek; Board of Supervisors
Subject: OPPOSITION TO: San Francisco, California, E-Cigarette Usage Ban

I gave birth to my 1st Son in San Francisco, I got married at the Presbyterian Church in Noe Valley. I lived in the "city" from 1971 - 1990. I am a native of Californian, I migrated north from my childhood home of Los Angeles where I was born in 1953. After growing up in the smoggiest filthiest air in the United States I am disgusted at the hypocrisy, elitism, social classicism, (neo hate racism) demoralization of 1/5th of the population, that being Americans who consume tobacco products or alternatives to smoking products.

When I decided to be an artist, I realized I wasn't going for an accumulation of wealth. I studied in San Francisco, it was there that my career first took shape. I live below the poverty level according to statistical charts, but the enrichment I have is incalculable. I am ashamed to say I lived in the city of San Francisco. It is too shameful that everything imagined about one of the most beautiful landmarks of the world is filthy not by smokers and vapers but by greed and hatred of those people. We didn't elect you because your smarter than we are, because you know what healthy, happy and equality means only for select ANTI - SMOKING bloated and over paid under achievers of anything that smokers or vapers would consider remotely equanimous with even a shard of humanitarianism and respect of the Constitution of the United States of America, and Bill of Rights! Instead you might as well rewrite it and call it your new Constitution of the United States of Big Pharmaceuticals and Health Orgs. We here in the rest of the country no longer consider you a leader of any kind, California. Your so regressive and oppressive, that we who value our freedoms, are not sure if you are experiencing flashbacks to 1941 - 1945 Nazi Germany. Who ever you think you are, you are not our children's parents, you are not our parents and you are not our dictators. You will rue the day that you have insulted all semblances of personal liberty and the pursuit of happiness, the right to privacy and property. You are the problem not the solution.

E-Cigarettes to the shagrin of the biggest liar bafoon of the year Stanton Glantz... ha ha, I have family photos of him climbing trees with my Husband the Father of my Sons, when they were 10 years old in Ohio. The year he took his tenure at UCSF in 1987, we lived in our flat near Twin Peaks. He paid his childhood buddy a surprise visit. He lambasted verbally assaulting both of us for smoking cigarettes, in front of our neighbors, you could hear him swearing and see him behaving almost animal like, raging about his hatred of us, all smokers. This out of control cannon whose dogma you follow, obviously has a persuasive back pocket full of something that ain't kosher and money that you are lining your programs with isn't going to come from free American consumers who are American Citizens that are not going to be bullied, condemned, harangued, ostracized, banned, chattleled, besmirched, violated, hated, criminalized, marginalized and treated like children, while being told they aren't fit to have their own parental rights over their own children. Wake up before it's too late, sorry I took my kid gloves off.

Respect and the golden rule, because, what comes around goes around does go around, and the rules and intimidations you foster on others will come back around and you will suffer karma or paybacks that you are earning with your draconian, evil spirited intrusive, greediness that is so apparent to common sense ordinary law abiding, working, and co-existing Americans that value democracy and their guaranteed freedoms.

I think you should all walk over to the GG bridge take your bill and let it die over the side. We who love America will light firecrackers and fireworks to celebrate the your cerebral wake-up call! Otherwise the

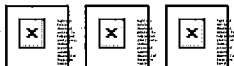
“whole place shaking and can go away” We rose from the ashes and we vape. Oh a rumor has it, that the TST monies and the US Supreme Court may just decide to overturn the Tobacco Settlement you use as a weapon and a source of revenue and make it illegal to rob smokers of their limited resources and freedom to choose 99% safer alternatives known in the free market as Electronic Cigarettes or Personal Vaporizers. See Ya, wouldn't want to be ya!
Lisabelle-Artist

Sincerely, an American
Lisa Bell



www.lisabelle-artist.com

Please connect with me on:



From: Andrew Makuch [andrewmakuch16@msn.com]
Sent: Saturday, February 08, 2014 10:56 PM
To: Lee, Mayor; Avalos, John; Breed, London; Chiu, David; Cohen, Malia; Farrell, Mark; Kim, Jane; Tang, Katy; Wiener, Scott; Campos, David; Mar, Eric (BOS); Yee, Norman (BOS); Evans, Derek; Board of Supervisors
Subject: Please OPPOSE the E-cigarette Smoking Ban Ordinance 131208

Hello,

I am a California citizen who lives in the bay area. While I support banning sales of e-cigarettes to minors, I OPPOSE banning e-cigarette use where smoking is banned.

E-cigarettes has changed my life by making me healthier than I have ever been since I started smoking regular tobacco cigarettes. To ban something so positive to public health is astounding to say the least. In fact, e-cigarette use should be ENCOURAGED among regular cigarette smokers, NOT banned. It improves the users health, and the health of the public, and saves millions, if not billions of dollars, in health care costs.

Smoking bans are enacted to protect the public from the harm of secondhand smoke, but e-cigarettes have not been shown to cause harm to bystanders. In fact, all evidence to date shows that the low health risks associated with e-cigarettes are comparable to other smokeless nicotine products.

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By switching to a smokeless product, you have greatly reduced your health risks.

For more information visit the CASAA.org website, as well as the CASAA Research Library.

Thank you very much.

Sincerely,



**CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER**

Bos-11 electronically
LV clerk **Ben Rosenfield**
Controller
COB
(Cpage) **Monique Zmuda**
Deputy Controller

February 12, 2014

The Honorable Board of Supervisors
City and County of San Francisco
Room 244, City Hall

Angela Calvillo
Clerk of the Board of Supervisors
Room 244, City Hall

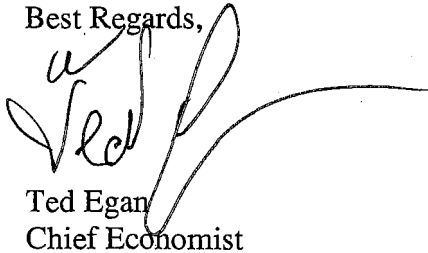
RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2014 FEB 12 PM 1:02
AK

Re: Office of Economic Analysis Impact Report for File Number 130788

Dear Madam Clerk and Members of the Board:

The Office of Economic Analysis is pleased to present you with its economic impact report on file number 130788, "Expanding Formula Retail Controls: Economic Impact Report." If you have any questions about this report, please contact me at (415) 554-5268.

Best Regards,


Ted Egan
Chief Economist

To: Ausberry, Andrea
Subject: File 130788: Controller's Office Report: Expanding Formula Retail Controls: Economic Impact Report

From: Toy, Debbie [<mailto:debbie.toy@sfgov.org>]
Sent: Wednesday, February 12, 2014 12:06 PM
To: Calvillo, Angela; BOS-Supervisors; BOS-Legislative Aides; Kawa, Steve; Howard, Kate; Falvey, Christine; Tsang, Francis; Elliott, Jason; Steeves, Asja; Campbell, Severin; Newman, Debra; Rose, Harvey; sfdocs@sfpl.info; gmetcalf@spur.org; Robert Linscheid; Jon Ballesteros; Rosenfield, Ben; Zmuda, Monique; Lane, Maura
Cc: Egan, Ted; Khan, Asim; Liao, Jay
Subject: Controller's Office Report: Expanding Formula Retail Controls: Economic Impact Report

The Controller's Office has released a report entitled "Expanding Formula Retail Controls: Economic Impact Report". The report was prepared in response to a proposed ordinance (item #130788), introduced by Supervisor Mar in the Summer of 2013, which would expand formula retail controls in San Francisco. Formula retail controls limit the growth of chain stores within San Francisco. The proposed legislation would both expand the definition of formula retail, and require the Planning Commission to consider an independent economic impact report detailing how a proposed chain store would affect existing businesses.

Formula retail controls primarily affect the economy by changing the retail prices paid by consumers, the amount of local spending by retail businesses, commercial rents and vacancy rates, and perceptions of neighborhood quality. In general, chain stores charge lower prices, but may spend less within the local economy, and can be unpopular with some residents because they can be seen to diminish the character of the neighborhood. On the other hand, limiting chain stores can reduce commercial rents and raise vacancy rates.

Research by the Office of Economic Analysis suggests that local retailers may spend up to 9.5% more within the local economy than chain stores, but charge prices that average 17% more. On balance, the economic benefits of greater local spending by non-formula retailers are outweighed by higher consumer prices.

Accordingly, the report concludes that expanding the definition of formula retail in the city will not expand the local economy. Moreover, while the proposed independent report would document the impact of chain stores on existing businesses, a new store could benefit the economy without benefitting existing businesses, by offering lower prices to consumers, for example.

The OEA therefore recommends that the report instead consider the relative prices and local spending by proposed chain stores and existing businesses. In addition, the report recommends the Planning Commission explicitly consider the views of residents, and whether a proposed store could prevent blight.

The report may be downloaded here: <http://openbook.sfgov.org/webreports/details3.aspx?id=1666>

CCSF Controller's Office
1 Dr. Carlton B. Goodlett Place
City Hall, Room 316
San Francisco, CA 94102
Tel: 415-554-7500
Fax: 415-554-7466
Email: controller@sfgov.org

Expanding Formula Retail Controls: Economic Impact Report

Item #130788
Office of Economic Analysis

February 12, 2014



Main Conclusions

- This economic impact report was prepared in response to a proposed ordinance (item #130788), introduced by Supervisor Mar in the Summer of 2013, which would expand formula retail controls in San Francisco. Formula retail controls limit the growth of chain stores within San Francisco.
- The proposed legislation would both expand the definition of formula retail, and require the Planning Commission to consider an independent economic impact report detailing how a proposed chain store would affect existing businesses.
- Formula retail controls primarily affect the economy by changing the retail prices paid by consumers, the amount of local spending by retail businesses, commercial rents and vacancy rates, and perceptions of neighborhood quality.
- In general, chain stores charge lower prices, but may spend less within the local economy, and can be unpopular with some residents because they can be seen to diminish the character of the neighborhood. On the other hand, limiting chain stores can reduce commercial rents and raise vacancy rates.
- Research by the Office of Economic Analysis suggests that local retailers may spend up to 9.5% more within the local economy than chain stores, but charge prices that average 17% more. On balance, the economic benefits of greater local spending by non-formula retailers are outweighed by higher consumer prices.
- Accordingly, the report concludes that expanding the definition of formula retail in the city will not expand the local economy. Moreover, while the proposed independent report would document the impact of chain stores on existing businesses, a new store could benefit the economy without benefitting existing businesses, by offering lower prices to consumers, for example.
- The OEA therefore recommends that the report instead consider the relative prices and local spending by proposed chain stores and existing businesses. In addition, the report recommends the Planning Commission explicitly consider the views of residents, and whether a proposed store could prevent blight.

Introduction

- Formula retail controls are intended to limit the growth of chain stores within San Francisco. The City has adopted a number of formula retail controls, ranging from the prohibition of new formula retail, to requirements for a conditional use authorization.
- For example, Proposition G, in 2006, which requires a conditional use authorization for new formula retail use in a neighborhood commercial district.
- This economic impact report was prepared in response to a proposed ordinance, introduced by Supervisor Mar, which would expand formula retail controls.
- The Office of Economic Analysis (OEA) determined that the proposed legislation could have a material effect on San Francisco's economy.

Background

- Section 303(i) of the Planning Code defines a "formula retail use" as type of retail sales establishment with more than eleven other establishments in the United States, along with two or more of the following characteristics:
 - A standardized array of merchandise
 - A standardized facade
 - A standardized decor and color scheme
 - Uniform apparel
 - Standardized signage
 - A trademark or servicemark
- Most chain stores possess, at a minimum, a trademark or servicemark and sell standardized merchandise, regardless of the physical appearance of the store or its facade. Such stores would qualify as formula retail uses if there were eleven or more other stores in the United States.
- Other sections of the Planning Code impose land use controls on formula retail uses, which vary across neighborhoods in the city.
- The proposed legislation leaves these existing neighborhood controls intact, and only changes the underlying, city-wide definition of a "formula retail use".

Effects of the Legislation

The legislation has three major effects, which are described in the following pages:

1. Broadening the industries subject to formula retail controls
2. Extending the definition and geography of ownership
3. Modifying direction to the Planning Commission when considering a Conditional Use Application

Effects of the Legislation: Broadening the Industries Subject to Formula Retail Controls

- At present, 12 industries (or commercial land uses) are covered by formula retail controls, such as retail sales and services, restaurants and bars, financial services, and movie theaters.
- The proposed legislation would extend the controls to an additional 27 types of business activity, including business and professional services, wholesaling and light industry, and administrative services.

Effects of the Legislation: Extending the Definition and Geography of Ownership

- Formula retail controls currently only apply to the legal entity that owns the eleven establishments.
- In other words, a wholly-owned, but legally-distinct, subsidiary of a formula retail would not be subject to formula retail if it had less than eleven establishments of its own.
- The proposed legislation would change this. Any subsidiary, affiliate, or parent of a formula retail use would, itself, be considered a formula retail use.
- In addition, the current code requires a retailer to have eleven establishments within the United States to qualify as a formula retail use.
- The proposed legislation would broaden this to the entire world, meaning international chain stores just opening in the United States would be covered by formula retail controls for the first time.

Effects of the Legislation: Modifying Direction to the Planning Commission Regarding Conditional Use Authorization

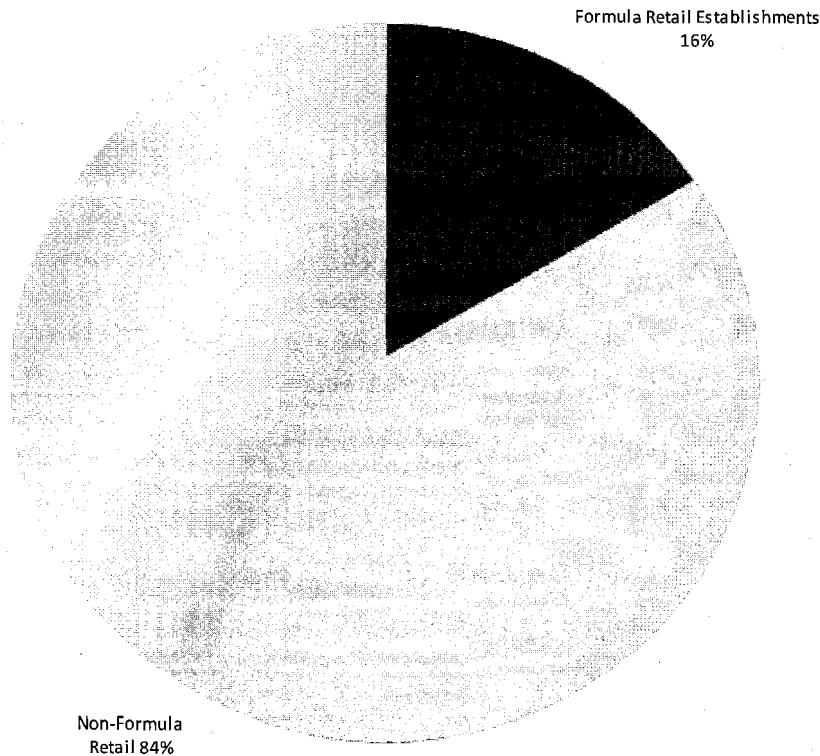
- A conditional use authorization from the Planning Commission is required for a formula retail use to open, in most of the city.
- The Planning Code currently directs the Commission to consider several things when evaluating such an application for a conditional use, including:
 - The existing concentration of formula retail uses in the neighborhood.
 - The availability of similar retail uses (to the applicant) already existing in the neighborhood.
 - Existing retail vacancy rates.
 - The existing mix of city-wide and neighborhood-serving retail uses in the neighborhood.
- The proposed legislation would make two additions:
 1. Directing the Commission to consider the percentage of formula retail uses within a 300-foot radius of the applicant's proposed address.
 2. Adding a requirement that the Planning Commission consider the impact of the proposed use on existing businesses in the area, as indicated by an independent economic impact report.

Understanding Formula Retail Trends in San Francisco

- Because the definition of formula retail is unique to San Francisco, no state or federal economic statistics are available for this economic category.
- However, the Controller's Office has access to individual sales tax payer information from the State Board of Equalization.
- This data allowed the OEA to identify businesses with over 11 establishments within California. These would qualify as formula retail under the City's rules.
- The data set also allowed us to identify businesses that have only one store in San Francisco. An examination of a random sample of 50 of these revealed 98% of were not formula retail.
- These two sets of businesses were therefore used to examine growth trends for both types of retail business in the city.
- However, only businesses subject to the Sales Tax are covered by these samples, which exclude other businesses that are subject to formula retail control, in particular, business and personal service providers.

Formula Retail – Percentage of Businesses

Formula Retail Percentage of All San Francisco Retail Establishments, 2012



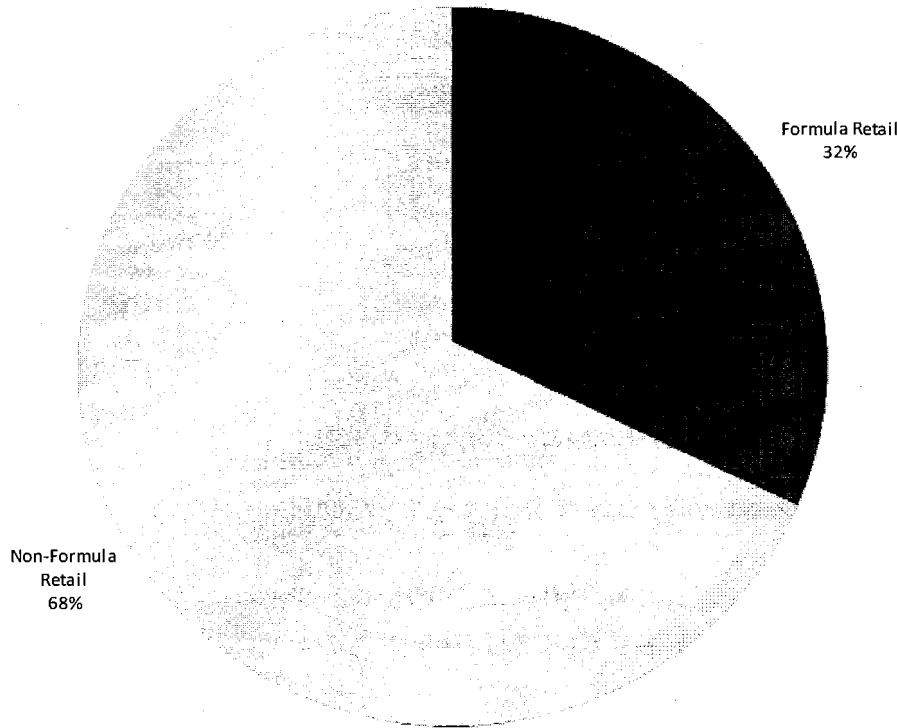
Formula retailers represent a fairly small share of San Francisco's 28,000 sales tax payers. In 2012 only 1 out of 6 retailers was potentially subject to the City's formula retail controls.

Source: Board of Equalization



Formula Retail – Percentage of Sales

Formula Retail Percentage of All San Francisco Retail Sales, 2012



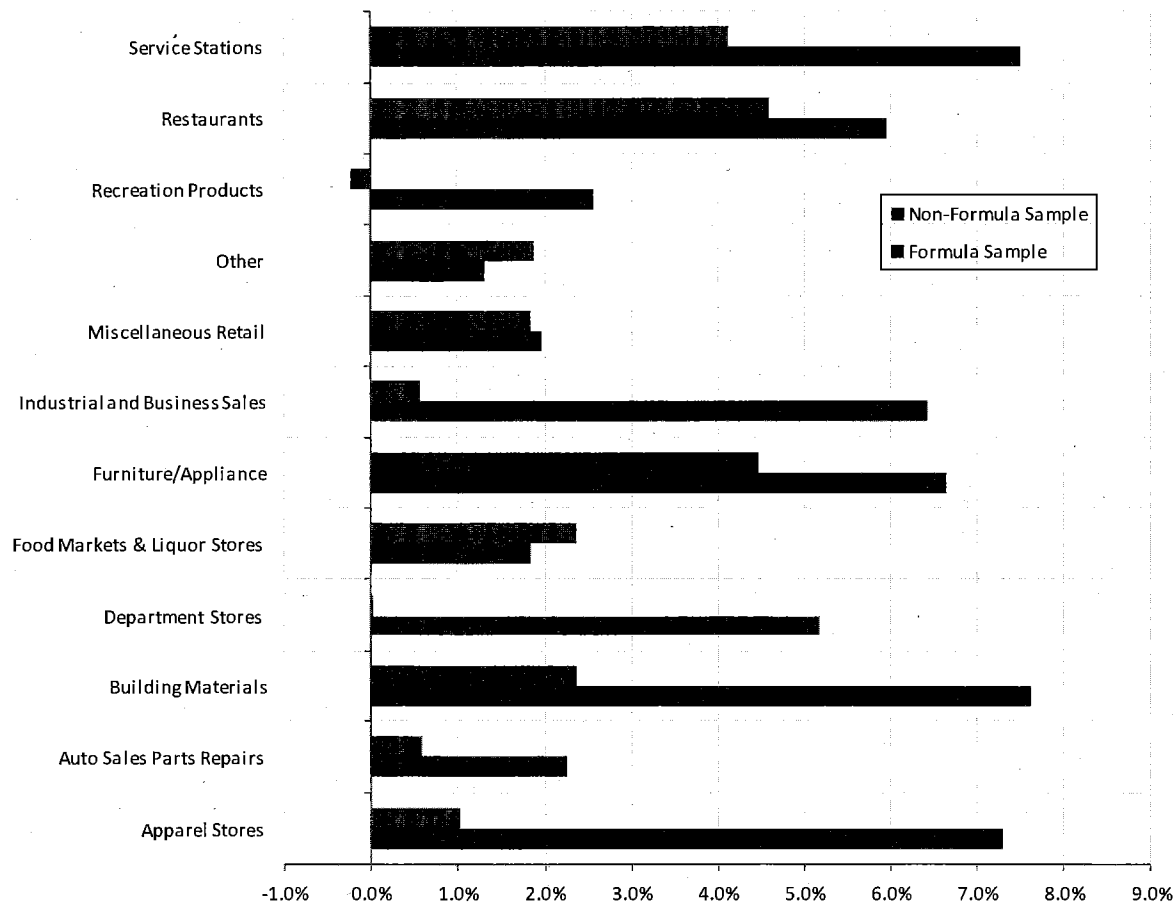
Formula retailers account for a larger share of taxable sales made in San Francisco. 32%, or \$4.4 billion, of San Francisco's \$13.8 billion in retail sales occur at stores that are potentially subject to formula retail controls.

Source: Board of Equalization



Growth Trends in Formula and Non-Formula Retail Sales

**Average Annual Growth in San Francisco Retail Sales, 1993-2012:
Formula and Non-Formula Retail Samples**



In virtually every type of taxable retail activity in San Francisco, sales at formula retailers have grown more rapidly than non-formula retail, over the past twenty years.

The difference in growth rates is most pronounced for apparel stores, industrial and business sales, and building materials.

Food markets and liquor stores were the only retail category for which local sales have expanded more quickly than formula retail sales.

These categories derive from the Sales Tax database and do not align with the categories used in formula retail controls.

Source: Board of Equalization



Economic Impact of Formula Retail Controls

- Formula and non-formula retailers are likely to have different effects on the local economy.
- Controls on formula retail uses could potentially affect the city's economy in the following five ways, discussed on the following pages:
 1. Impacts on the cost of retail distribution, retail prices, and consumer spending
 2. Impacts on spending by retail businesses in the local economy
 3. Impact on employment
 4. Impact on commercial vacancy rates and rents
 5. Impacts on neighborhood quality

Economic Impact Factors: Distribution Costs, Retail Prices, and Consumer Spending

- On average, the sample of non-formula retailers examined by the OEA were smaller than the formula retailers, as measured by sales per establishment within San Francisco.
- Smaller stores generally lack economies of scale, which can lead these stores to have higher costs than chain stores, per unit of item sold.
- Restricting chain stores will therefore likely increase the average cost of retail distribution in the city. Higher costs usually have two effects on markets: higher prices and reduced sales. Businesses pass their higher costs on to consumers in the form of higher prices, who react by spending less in the local economy.
- Higher prices harm consumers, and reductions in sales harm other businesses.

Economic Impact Factors: Business Spending

- Anecdotal evidence suggests that local, non-formula retailers are more likely to locally source their business services, such as accounting, advertising, and legal services.
- Formula retailers, it is often claimed, rely on their corporate offices for these services, and therefore have less reliance on local suppliers of these services.
- This higher spending by local, non-formula retailers, generates positive multiplier effects as it circulates throughout the local economy, expanding spending and employment.

Trade-off Between Higher Prices and Higher Local Spending

- An economic trade-off exists between local spending and consumer prices.
- If consumer price differences between formula and non-formula retailers are sufficiently small, then formula retail controls could expand economic activity in the city by shifting spending to retailers with a higher local multiplier.
- If, on the other hand, there are wide differences in prices, then the negative economic harm of higher consumer prices could outweigh the economic benefit of greater local spending, and overall spending in the city would contract.

Economic Impact Factors: Commercial Vacancy Rates and Rents

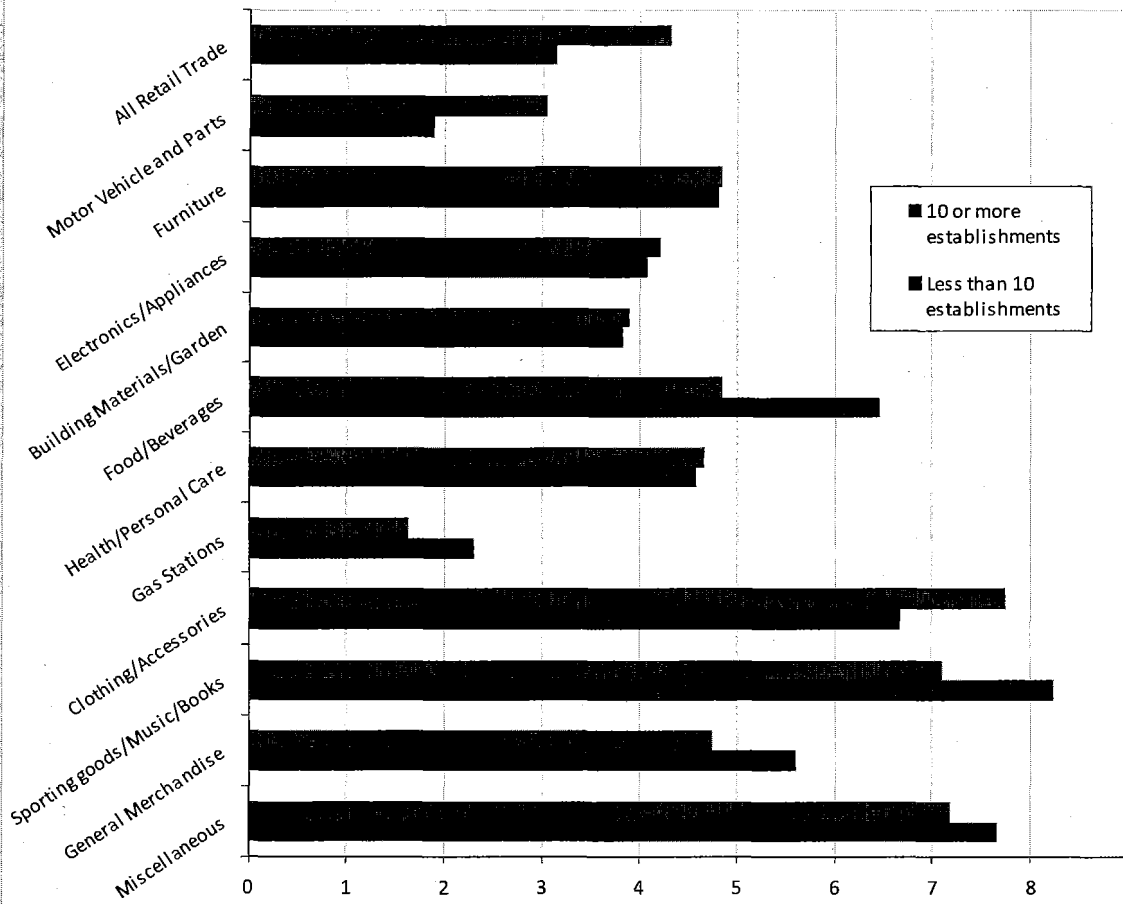
- Current city policy recognizes that formula retail restrictions may increase commercial vacancy rates. The Planning Commission considers vacancy rates in the neighborhood when evaluating a conditional use application.
- Higher commercial vacancy rates, and/or lower rents, primarily harm commercial property owners, reducing the rate of return on their investment.
- Lower rates of return in real estate normally affect the broader economy by reducing the incentive to maintain existing and develop new commercial property. However, the legal ability to develop new commercial space in most San Francisco neighborhoods is already severely restricted by the Planning Code.
- In addition, growth in consumer spending is generally strong in San Francisco, reducing the incentive to leave existing property vacant or under-maintained.
- Therefore, the broader economic impact of higher vacancy rates and lower rents is generally quite limited in most San Francisco neighborhoods.
- However, neighborhoods at risk of commercial decline due to blight conditions would be an exception. In such neighborhoods, policies that discourage formula retail tenants could have negative consequences on the surrounding neighborhood and the city's economy.

Economic Impact Factors: Employment

- If smaller local businesses are generally less efficient, it is reasonable to expect them to employ more people to distribute the same amount of goods to consumers.
- In effect, local businesses may produce more jobs per dollar spent by consumers.
- Formula retail restrictions could then be seen as having an employment benefit. By protecting smaller businesses from competition from larger, more efficient retailers, the city would experience higher retail employment.

Employment and Sales at Small and Large Retailers

**Employees per Million Dollars in Revenue:
U.S. Retail Trade Businesses, by Number of Establishments and Type of Store**



The available evidence, from the Census Bureau, suggests that employment per million dollars of sales is not higher at retail businesses with 10 or fewer establishments.

On the contrary, across all retail types, larger retail establishments employ 4.3 workers per million dollars in sales, while smaller retailers employed 3.2.

The pattern is different across different types of retail trade: smaller food stores do tend employ more people per million dollars in sales, for example.

However, across the breadth of business activities subject to the proposed ordinance, there appears to be no clear employment gain from promoting smaller retail at the expense of larger retail.

Source: U.S. Census Bureau, 2007 *Economic Census*, "Retail Trade: Subject Series - Establishment and Firm Size: Summary Statistics for Single Unit and Multiunit Firms for the United States: 2007



Economic Impact Factors: Perceived Impacts on Neighborhood Quality

- Formula retail controls may also have an effect on the city's economy, through their effect on the city's neighborhoods.
- Proposition G in 2006, which required a conditional use authorization for formula retail uses in most of the city, was passed by a wide majority. This can be read as evidence that many residents do not favor the unrestricted growth of formula retail in their neighborhoods.
- Neighborhood quality is priced into rents and housing prices. Analysis of the Bay Area housing market suggests that San Francisco residents do pay a premium to live in the city. At this point, the OEA is unable to quantify the impact of the presence of formula retailers on this neighborhood premium, if any.
- Consequently, we cannot estimate the relative importance of any effect of formula retail on rents and housing values within neighborhoods, or how it might compare with the impacts of prices and local business spending.
- However, there could be cases in which some neighborhood residents prefer to pay higher prices at local, non-formula retailers to the presence of formula retailers. A decision to limit formula retail in such a circumstance need not necessarily be harmful to the city's economy.

Economic Impact Assessment

- The OEA is able to produce quantitative estimates of two of the economic impact factors just discussed:
 - Estimate of the difference in consumer prices at formula and non-formula retailers.
 - Estimate of the difference in local spending at formula and non-formula retailers.
- As discussed earlier, the available evidence does not suggest that formula retail controls can be expected to increase employment in the city's retail trade industry.
- At this time, the OEA is unable to estimate the impact of formula retailers on commercial or residential property values, or perceptions of neighborhood quality. Recommendations on how these issues may be weighed and considered are provided in the conclusion to this report.

OEA Research on Price Differences at Formula and Non-Formula Retailers

- To assess the extent of price differences at formula and non-formula retailers, OEA economists surveyed prices for a standardized basket of commodities at a range of over 30 formula and non-formula retailers in San Francisco.
- Over 500 individual price points were created over 3 weeks of research.
- Prices of individual commodities were weighted according to how frequently they are purchased, following guidelines established by the Bureau of Labor Statistics when creating Consumer Price Indices.
- Because the research had to be focused on branded, common commodities that can be found in both formula and non-formula retail stores, the research did not consider major retail categories in the city, including restaurants, apparel stores, and industrial sales. Establishing price differences at restaurants, for example, would require adjusting for service and food quality, which is very difficult.
- The research concluded that, on average, prices were 17% higher at the non-formula retailers than at the formula retailers that were surveyed^[1].

Estimating Differences in Local Spending by Formula and Non-Formula Retailers

- The table on the following page relies on U.S. Census to derive an estimate of the percentage of consumer dollars that are spent within the local economy by formula and non-formula retailers.
- On average, U.S. retailers spend 73% of every dollar on the goods they sell, with the remaining 27% going to labor costs, rent, purchased supplies, taxes, and net income.
- Some of these spending categories, such as labor and purchased supplies, generate local multiplier effects. Others, such as cost of goods, do not. Net income for non-formula retailers was presumed to benefit the local economy, while net income from formula retailers was presumed not to.
- The data suggest that, at maximum, non-formula retailer could spend 24% of every dollar received in ways that benefit the local economy, while an estimated 14.5% of formula retail revenue would.
- Accordingly, the estimated difference in spending between formula and non-formula revenue would be a maximum of 9.5%.

Operating Expenses and Local Economic Impacts for Formula and Non-Formula Retailers (as a percent of revenue)

Expense	Formula Retail	Non-Formula Retail	Local Economic Impact?
Cost of goods [2]	73%	73%	No
Labor [3]	9%	10%	Yes
Rent [4]	2%	2%	Yes
Purchased Services/Supplies – Local [5]	3.5%	7%	Yes
Purchased Services/Supplies – Non-Local [5]	6.5%	3%	No
State/Federal Taxes, other expenses[5]	2%	2%	No
Net Income[6]	6%	5%	Yes for Non-Formula
Local Spending	14.5%	24%	Maximum 9.5% difference

Notes at end of report.



Net Economic Impact of Consumer Price and Local Spending Differences

- Based on Census data, the OEA's maximum estimate is that non-formula retailers could spend, on average, 9.5% more of their revenue on local goods and services than formula retailers.
- On the other hand, the OEA's research suggests that prices at non-formula retailers are 17% higher than they are at formula retailers.
- This price difference means that, even though policies that effectively divert spending to non-formula retailers do lead to higher levels of spending on local factors of production such as business suppliers, consumers that shift their purchases to non-formula retailers will have less to spend at other businesses.
- As the table on the next page illustrates, the economic cost of higher prices on local consumers outweighs the potential benefit of greater local spending by non-formula retailers, and the net local spending impact is somewhat negative.

Net Spending Impact Illustration

	Formula Retail	Non-Formula Retail
Retail Price (as share of Formula Retail) ^[7]	\$1.00	\$1.17
a. Spending on local factors, per \$ of formula retail spending ^[8]	\$0.145	\$0.29
b. Spending on non-local factors, per \$ of formula retail spending ^[9]	\$0.855	\$0.88
c. Change in local consumer spending, relative to formula retail per \$ of formula retail spending ^[10]	\$0.00	-\$0.17
Spending on local factors plus change in local consumer spending ^[11]	\$0.145	\$0.12

Higher prices reduce the local spending impact of non-formula retail



Conclusions and Recommendations

- Notwithstanding the fact that formula retail controls, in general, raise consumer prices and reduce the overall level of economic activity in the city, situations may arise in which limiting formula retail can be beneficial to the economy.
- This could happen when price differences between a proposed formula retailer and existing retailers are low, when local spending differences between them are high, and when residents believe the presence of the formula retailer, or the loss of an existing business, would have a negative impact on the quality of the neighborhood.
- Because individual circumstances are important, the case-by-case conditional use authorization may be the appropriate policy tool to deal with the issue.
- The proposed legislation changes both the definition of formula retail, and what the Planning Commission must consider in a conditional use application.
- The recommendations that follow from this analysis therefore address these proposed definitional and procedural changes.

Conclusions and Recommendations

- As this analysis suggests that, in general, limiting formula retail in the city would not expand the local economy, expanding formula retail controls to cover non-U.S. establishments would also not expand the local economy.
- Similarly, there is no reason to believe that expanding the definition of formula retail to include companies that are owned by, or are affiliates of formula retailers, would expand spending in the city.
- The proposed economic impact report to the Planning Commission is required to consider the impact of the proposed formula retailer on existing businesses. However, a new formula retailer could be beneficial to the economy as a whole without benefitting existing businesses—by charging lower prices to consumers, for example.
- Requiring the report to consider the prices and local spending of the proposed and existing businesses would provide better information to the Planning Commission on the overall economic impact of the proposal.
- In addition, the impact of formula retailers on neighborhood quality can be weighed by directing the Commission to consider both the opinions of neighborhood residents, and whether a proposed store could prevent blight.



End Notes

1. In August, 2013, OEA staff priced 25 different commodities at 11 different formula retailers and 20 different non-formula retailers across San Francisco, gathering 366 prices in all. The establishments were chosen at random from the City's database of sales tax payers, and were geographically spread across the city. For each of the 25 commodities, each observed price was expressed as a percentage of the minimum price observed for that commodity at any store. This approach allowed prices to be standardized across commodities. The standardized prices were then weighted according to the weights used by the Bureau of Labor Statistics in calculating the Consumer Price Index, reflecting the fact that some commodities are purchased more frequently than others. Average weighted prices at formula and non-formula retailers were then compared. The weighted average price at non-formula retailers was found to be 17% higher. Based on the number of observations, the 90% confidence interval is a price premium for non-formula retail between 2% and 32%.
2. Source: U.S. Census, *2011 Annual Retail Trade Survey*, "Gross Margin as a Percentage of Sales (1993-2011)", <http://www2.census.gov/retail/releases/current/arts/gmper.xls>. Figure cited in the table is based on 2011 data. Gross margin is defined as is defined as sales less cost of goods sold, so cost of goods sold as a percentage of sales equals one minus the percentage shown the in table (27.1%). Detailed data on costs of good sold is not available by number of establishments within a firm. Since virtually none of the goods sold at retail in San Francisco are manufactured in the city, this is a business expense that leaks out of the city's economy and generates no local multiplier effect. The assumption that both formula and non-formula retailers spend 73% of every revenue dollar on goods sold is unrealistic. Formula retailers are often vertically-integrated or buy in bulk from wholesalers, and hence benefit from lower wholesale prices than non-formula. Our assumption therefore under-estimates the spending leakage associated with non-formula retail, leading to a generous estimate of their overall local spending impact.

End Notes

3. Source: U.S. Census Bureau, *2007 Economic Census*, "Retail Trade: Subject Series - Establishment and Firm Size: Summary Statistics for Single Unit and Multiunit Firms for the United States: 2007" The Census reports payroll and sales data for retailers having differing numbers of establishments, allowing the comparison presented here between firms with fewer than ten U.S. establishments and those with ten or more. This closely approximates the City's formula retail definition. The data is for the U.S. as a whole.
4. Source: U.S. Census, *2009 Annual Retail Trade Survey*, "2007 Detailed Operating Expenses Table", http://www2.census.gov/retail/releases/historical/arts/2009_ARTS_detailed_operating_expenses.xls. Data is provided as a percentage of retail operating expenses, which on average is 21.6% of sales in the retail trade industry. (For this calculation, see "Sales 1992-2011" and "Total Operating Expenses 2006-11" in the same publication. Multiplying the figure from this source, 9.5%, by 21.6% yields the 2% figure in the table. Data is not available by number of establishments in the firm. Given that formula and non-formula retailers generally compete in the same market for the same spaces, this figure will probably be similar for both types.
5. The detailed operating expenses source cited in Note 4 was used to determine local and non-local expenses for formula and non-formula retailers. For formula retailers, local expenses (in addition to rent and payroll as already discussed) included labor fringe benefits, contract labor, repairs and maintenance to machinery, lease and rental payments for machinery and equipment, purchased electricity, purchased fuels (except motor fuels), water and sewer, and local taxes and license fees. In addition to this list, for non-formula retailers, local expenses were also assumed to include: expensed equipment; packaging materials and containers; purchases of other materials, parts, and supplies; data processing and other purchased computer services; commissions; purchased communication services; purchased transportation, shipping, and warehousing services; purchased advertising and promotional services; purchased professional and technical services. All other expenses were presumed to be non-local for both formula and non-formula retailers.

End Notes

6. Net income here refers to the residual percentage of sales remaining after all of the above categories of expenses are deducted. Again, in an assumption that is extremely generous to the local spending impact of non-formula retailers, it is assumed that 0% of the net income earned by the formula retailer is spent within the city, while 100% of non-formula spending is spent within the city. The latter assumption is unrealistic because it assumes that all owners of the non-formula business either spend or invest all of the earnings only within San Francisco. If either assumption is violated, the local economic impact of these earnings will be less than what is assumed here.
7. This illustration is based on a hypothetical commodity with a price of \$1.00 at a formula retail store. Based on the research presented earlier, that commodity would cost \$1.17 at a non-formula retail store in the city.
8. If a consumer purchased the commodity at a formula retailer, 14.5 cents of that dollar would flow to local factors of production such as labor, rent, and local suppliers, based on the analysis on page 24. On the other hand, if the consumer purchased the commodity at a non-formula retailer, the cost would be \$1.17 and 24% of that, or \$0.29, would flow to local factors of production, again based on the page 24 analysis.
9. Whatever is not spent on local factors of production flows to non-local factors like manufacturers not based in the city. This equals 85.5 cents for a formula retailer, or 88 cents ($\$1.17 \times 76\%$) for a non-formula retailer.
10. The purchase of the same commodity at a non-formula retailer entails a loss of consumer spending to the local economy of \$0.17, relative to formula retail.
11. The net impact on local spending is the amount that flows to local factors of production plus the relative impact on consumer spending. This equals 14.5 cents for formula retail, and $\$0.29 - \0.17 or \$0.12 for non-formula retail.

Staff Contacts

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Jay Liao, Economist
jay.liao@sfgov.org

The OEA would like to acknowledge the assistance of Mary Hom and Lily Conover of the Controller's Office in the preparation of this report.

From: Board of Supervisors
To: BOS-Supervisors
Subject: It's time to make English the official language of our county

Supervisors:

The Office of the Clerk of the Board has received 69 petition emails like the one below. They will be included on our next communications page.

-----Original Message-----

From: jeriandjoe@roadrunner.com [mailto:jeriandjoe@roadrunner.com]
Sent: Tuesday, February 11, 2014 9:07 PM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

Joseph Butler
3850 Pansy St.
Seal Beach, CA 90740-2949

February 12, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

Sincerely,

Joseph R. Butler

From: organist@napanet.net
Sent: Saturday, February 08, 2014 12:42 PM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Barbara Tonsberg
220 Sky Oaks Drive
Angwin, CA 94508-9630

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

An overwhelming 85% of likely voters support official English.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Please make official English an agenda item for this year.

Thank you for listening to my concerns.

Sincerely,

Barbara Tonsberg

From: jj.k.harms@gmail.com
Sent: Saturday, February 08, 2014 1:12 PM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Janet Harms
16564 Academia Drive
Encino, CA 91436-4106

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

Rasmussen Reports found as recently as 2013 that high levels of support for official English have remained unchanged for the past decade.

An overwhelming 85% of likely voters support official English.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Please make official English an agenda item for this year. Thank you for listening to my concerns.

Sincerely,

Janet Harms
818-784-2724

From: kcsk22@yahoo.com
Sent: Saturday, February 08, 2014 1:27 PM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Mrs Skelton
po box 3146
Eureka, CA 95502-3146

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

85% of likely voters support official English.

Please make official English an agenda item this year. It's time to limit taxpayer funded translations and encourage English learning in our county.

It I'll be phoning your office to follow up on this matter.

thank you,

Mrs Skelton

From: jaynawilliams@yahoo.com
Sent: Saturday, February 08, 2014 1:32 PM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Jayna Williams
407 East Pasadena Street Apt 2
Pomona, CA 91767-4726

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

An overwhelming 85% of likely voters support official English.

Thank you for listening to my concerns.

Sincerely,

Jayna Williams
5555555555

From: rmkreds@aol.com
Sent: Saturday, February 08, 2014 1:33 PM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Robert Koerner
1639 Beechwood
Costa Mesa, CA 92626-8001

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

Polk County, Wisconsin just adopted an official English resolution.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

An overwhelming 85% of likely voters support official English.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

Robert M. Koerner
7149661880

From: marciesdream@verizon.net
Sent: Saturday, February 08, 2014 1:37 PM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

marce amihod
1240 brookview ave
t.o., CA 91361

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

An overwhelming 85% of likely voters support official English.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

marce amihod
805 495 8543

From: johnwirts@att.net
Sent: Saturday, February 08, 2014 1:52 PM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

John Wirts
1610 6th St.
Livermore, CA 94550-4340

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

An overwhelming 85% of likely voters support official English.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Please make official English an agenda item for this year.

Sincerely,

Mr & Mrs John Wirts
(925)447-0459

From: jhunter25@hotmail.com
Sent: Saturday, February 08, 2014 2:07 PM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Jeffrey Hunter
527 Miller Avenue
Pacifica, CA 94044-1933

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

Polk County, Wisconsin just adopted an official English resolution.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

Rasmussen Reports found as recently as 2013 that high levels of support for official English have remained unchanged for the past decade.

An overwhelming 85% of likely voters support official English.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

Jeffrey Hunter
6507380638

From: brownlady81@gmail.com
Sent: Saturday, February 08, 2014 2:27 PM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Katy C. Arnold
24470 Marie Street
Perris, CA 92570-8242

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I strongly support this effort of English only unity and I urge you to introduce a similar resolution in our state of California and cities and counties in California.

Sincerely,

Katy C. Arnold
(951) 940-0441

From: gfusilier@comcast.net
Sent: Saturday, February 08, 2014 2:57 PM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Gilda Fusilier
955 43rd Avenue
Sacramento, CA 95831-1382

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

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Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

Gilda Fusilier

From: steed.jim@gmail.com
Sent: Saturday, February 08, 2014 3:27 PM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

JAMES STEED
10705 TOPIARY DR
BAKERSFIELD, CA 93306-7811

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

Polk County, Wisconsin just adopted an official English resolution.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

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It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

JAMES STEED
661-742-1116

From: lizernst@hotmail.com
Sent: Saturday, February 08, 2014 4:22 PM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Liz Ernst
5966 Janet Street
Jurupa Valley, CA 92509-5824

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

An overwhelming 85% of likely voters support official English.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

Liz Ernst

From: rvates1@cox.net
Sent: Saturday, February 08, 2014 4:42 PM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

Raymond Vates
10005 Timberlane Way
Santee, CA 92071-1627

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

Polk County, Wisconsin just adopted an official English resolution.

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Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

Raymond Vates

From: waterworker1@cs.com
Sent: Saturday, February 08, 2014 5:07 PM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

James McDonald
19176 Buckboard Ln.
Riverside, CA 92508-7129

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

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It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

James McDonald

From: dastr@yahoo.com
Sent: Saturday, February 08, 2014 5:12 PM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Darrell Astor
1741 Clara Ave
Fortuna, CA 95540-3815

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

An overwhelming 85% of likely voters support official English.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

Darrell Astor
7077253794

From: capalta16@sbcglobal.net
Sent: Saturday, February 08, 2014 5:17 PM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Ray Phillipson
33252 Hawthorne Rd
Ivanhoe, CA 93235-1060

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

Thank you for listening to my concerns.

Sincerely,

Ray Phillipson
559-798-1868

From: ed.hygh@cox.net
Sent: Saturday, February 08, 2014 6:42 PM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Edmund Hygh
25196 PIKE RD
LAGUNA HILLS, CA 92653-5142

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

Sincerely,

Edmund Hygh
9497166407

From: josborns@aol.com
Sent: Saturday, February 08, 2014 6:47 PM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

Jacqueline Osborn
3111 Poe
san Diego, CA 92106-1925

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

An overwhelming 85% of likely voters support official English.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

Jacqueline Osborn

From: onefatcat@cox.net
Sent: Saturday, February 08, 2014 7:22 PM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Phyllis ONeal
443 Sears Ave.
San Diego, CA 92114-4906

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

Polk County, Wisconsin just adopted an official English resolution.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

An overwhelming 85% of likely voters support official English.

Please make official English an agenda item for this year.

Thank you for listening to my concerns.

Sincerely,

Phyllis ONeal
6199169566

From: annell34@aol.com
Sent: Saturday, February 08, 2014 7:27 PM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Patsy Bratta
4549 Mont Eagle Place
Los Angeles, CA 90041-3418

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

Polk County, Wisconsin just adopted an official English resolution.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

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An overwhelming 85% of likely voters support official English.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Thank you for listening to my concerns.

Sincerely,

Patsy Bratta
323 254 5575

From: moloneymkl@gmail.com
Sent: Saturday, February 08, 2014 7:47 PM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

Katie Moloney
4047 co. Rd. F
Orland, CA 95963-9305

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

English is historically the language of the United States of America. It is also the universal language of the world. In order to preserve this great nation, we need to all speak this historic and universal language, English. English is the dominate and universal language, it the unifying language of this Nation. When we all can speak English, we understand each other, we can trust each other, we feel we are in this together.

Let's make English in order to prevent the Balkanization of our Nation"!
It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Sincerely,

Katie Moloney

From: ian.turner019@gmail.com
Sent: Saturday, February 08, 2014 8:02 PM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

Ian Turtner
955 43rd Ave., #112
Sacramento, CA 95831-1392

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

Ian Turtner

From: futureguy7@yahoo.com
Sent: Saturday, February 08, 2014 8:07 PM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

James Corrigan
999 Old San Jose Rd
Soquel, CA 95073-9791

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Thank you for listening to my concerns.

Sincerely,

James Corrigan

From: jameeb2001@yahoo.com
Sent: Saturday, February 08, 2014 9:12 PM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

J Brazie'r
2901 S. El Camino Real
Sa Mateo, CA 94403-2700

February 9, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

Polk County, Wisconsin just adopted an official English resolution.

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Rasmussen Reports found as recently as 2013 that high levels of support for official English have remained unchanged for the past decade.

An overwhelming 85% of likely voters support official English.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

J Brazie'r

From: meredit@gmail.com
Sent: Saturday, February 08, 2014 9:52 PM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

Meredith Alleruzzo
410 N. Euclid Ave., Apt. 11
Pasadena, CA 91101-1388

February 9, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I've taught English to adult immigrants for 12 yrs. and have great respect for the diversity of L.A. County. Several of my Chinese and Hispanic students have voiced what I feel to be true- when you're in a country you should, out of respect for your host, learn the language. A single language facilitates assimilation and expands employment possibilities outside ethnic enclaves, some of my students have stated. That's why they're in our ESL department. We're not even thinking about diluting cultures, simply supporting adoption of a single language that will enhance intercultural communication and understanding. Many students from mainland China have expressed confusion about the reluctance of some to adopt English. Some students have said members of their families have actually told them they shouldn't learn English! Well, sorry, you're here and it's your obligation, just as it would be for me to learn Spanish if I moved to Mexico or Central America. A bit of a push might be in order to ensure that this occurs for the common good.

Sincerely,

A Concerned Adult Ed Teacher
6265777846

From: adinkel1@yahoo.com
Sent: Saturday, February 08, 2014 9:57 PM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

Alexander Dinkel
1960 Washington Dr.
Ventura, CA 93003-7437

February 9, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

Polk County, Wisconsin just adopted an official English resolution.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

An overwhelming 85% of likely voters support official English.

Thank you for listening to my concerns.

Sincerely,

Alex Dinkel
8056761726

From: lucky1win@aol.com
Sent: Saturday, February 08, 2014 11:07 PM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Walter Hay
11059 Fruitland Dr. #15
Studio City, CA 91604-4612

February 9, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

Polk County, Wisconsin just adopted an official English resolution.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

Rasmussen Reports found as recently as 2013 that high levels of support for official English have remained unchanged for the past decade.

An overwhelming 85% of likely voters support official English.

An overwhelming 85% of likely voters support official English.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

Walter Hay
818-415-4008

From: jhopkins@usc.edu
Sent: Saturday, February 08, 2014 10:12 AM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

James Hopkins
165 Linda Vista Ave.
Pasadena, CA 91105-1231

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

As you perhaps know, Polk County, Wisconsin just adopted an official English resolution. I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county. An overwhelming 85% of likely voters (but not illegal invaders) support official English. Please make official English an agenda item for this year. Your constituents want to be heard - IN ENGLISH.

Sincerely,

Dr. James Hopkins

From: jkjarper9@cs.com
Sent: Saturday, February 08, 2014 10:12 AM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

Jan Harper
1794 Bevin Brook DR
San Jose, CA 95112-6408

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

Polk County, Wisconsin just adopted an official English resolution.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

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It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

Jan Harper
4082956413

From: cfneubert@yahoo.com
Sent: Saturday, February 08, 2014 10:13 AM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

CF Neubert
25902 Senator Av
Harbor City, CA 90710-3337

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

It's just common sense.

Sincerely,

CF Neubert

From: renevct@aol.com
Sent: Saturday, February 08, 2014 10:13 AM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Rene Werder
2721 Jurado Ave
Hacienda Heights, CA 91745-5209

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

An overwhelming 85% of likely voters support official English.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

Rene H. Werder
6263364942

From: raymondmars@att.net
Sent: Saturday, February 08, 2014 10:13 AM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Raymond Mars
4500 Lantados Street
Bakersfield, CA 93307-4877

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

An overwhelming 85% of likely voters support official English.

Sincerely,

Raymond Mars

From: markrauen@yahoo.com
Sent: Saturday, February 08, 2014 10:17 AM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Mark Rauen
356 Belhaven Circle
Santa Rosa, CA 95409-6040

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

Polk County, Wisconsin just adopted an official English resolution.

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It's time to limit taxpayer-funded translations and encourage English language learning in our county.

An overwhelming 85% of likely voters support official English.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

Mark Rauen
707-539-7750

From: investinterface@att.net
Sent: Saturday, February 08, 2014 10:14 AM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Richard Wickham
6439 Herndon Pl.
Stockton, CA 95219-3744

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

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It's time to limit taxpayer-funded translations and encourage English language learning in our county.

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Thank you for listening to my concerns.

Sincerely,

Richard Wickham
2099571103

From: bailey-clan@dslextreme.com
Sent: Saturday, February 08, 2014 10:17 AM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

chuck bailey
16390 white blossom cr.
riverside, CA 92503

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

An overwhelming 85% of likely voters support official English.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Polk County, Wisconsin just adopted an official English resolution.

Sincerely,

chuck bailey
9517856229

From: cindyhulett@gmail.com
Sent: Saturday, February 08, 2014 10:27 AM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

Cindy Hulett
8008 Magnolia Ave. #31
Riverside, CA 92504-3452

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Sincerely

Cindy Hulett
951-299-8033

From: garykevinware@yahoo.com
Sent: Saturday, February 08, 2014 10:37 AM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Gary Ware
PO Box 124
Tujunga, CA 91043-0124

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

Polk County, Wisconsin just adopted an official English resolution.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

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An overwhelming 85% of likely voters support official English.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Please make official English an agenda item for this year.

Thank you for listening to my concerns.

Sincerely,

Gary Kevin Ware
818-352-0419

From: judithtanaka@verizon.net
Sent: Saturday, February 08, 2014 10:42 AM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Judith Tanaka
5012 Ponderosa Way
Santa Barbara, CA 93111-1947

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

Polk County, Wisconsin just adopted an official English resolution.

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It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

Judith Tanaka

From: axix2@aol.com
Sent: Saturday, February 08, 2014 10:47 AM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

Arthur Samuel
142 Castellana S
Palm Desert, CA 92260-2115

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

It is time for us to really establish 'our' [English] language as the official language.

People must conform our
country as we would have to in theirs.

Sincerely,

Arthur Samuel
760-413-9053

From: dougeustice@gmail.com
Sent: Saturday, February 08, 2014 10:52 AM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

Douglas Eustice
26108 ALTADENA DR
LOS ALTOS HILLS, CA 94022-2058

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

An overwhelming 85% of likely voters support official English.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Thank you for listening to my concerns.

Sincerely,

Douglas Eustice
6502428373

From: grannymurray@verizon.net
Sent: Saturday, February 08, 2014 10:52 AM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Sandra Murray
81578 Avenida Parito
Indio, CA 92203-7776

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Rasmussen Reports found as recently as 2013 that high levels of support for official English have remained unchanged for the past decade.

Thank you for listening to my concerns.

Sincerely,

Sandra Murray
7603429028

From: hammer5150@verizon.net
Sent: Saturday, February 08, 2014 11:03 AM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

Lloyd Wilson
5307 Josie Ave
Lakewood, CA 90713-1731

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

Polk County, Wisconsin just adopted an official English resolution.

Polk County, Wisconsin just adopted an official English resolution.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

An overwhelming 85% of likely voters support official English.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Sincerely,

Lloyd Wilson
562-925-6369

From: elementald@sbcglobal.net
Sent: Saturday, February 08, 2014 11:03 AM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Brian Rutledge
10321 Avignon Way
Bakersfield, CA 93306-7869

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

As this Country was Founded on the English Language, it should remain as such. All other Countries have an Official Language and one living in said Country MUST learn and adopt that language to be a part of society.

As noted above, the United States of America was Founded on English, and ENGLISH IS the Official Language of the U.S.A...Learn it or leave it. Those not willing the adopt Our Heritage can go back to where they came from. The United States is a 'melting pot' of various ethnicities, yet we are brought together by a common language and Our CONSTITUTION/BILL OF RIGHTS.

I just learned that yet another county has passed a resolution to make English its official language, Polk County, Wisconsin.

An overwhelming 85% of likely voters support official English. I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

Rasmussen Reports found as recently as 2013 that high levels of support for official English have remained unchanged for the past decade. It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for your time regarding my, and Our, concerns.

Regards,

Brian Rutledge US ARMY (RET)
661-873-9759

From: roma3213@gmail.com
Sent: Saturday, February 08, 2014 11:12 AM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Roma Hadley
3213 E Locust Ave
Orange, CA 92867-7562

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Sincerely,

Roma Hadley
714-538-7689

From: bruceodelberg@netscape.net
Sent: Saturday, February 08, 2014 11:12 AM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

Bruce Odelberg
33900 Dangberg Drive
Kirkwood, CA 95646-0077

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

An overwhelming 85% of likely voters support official English.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

Bruce Odelberg

From: kraftykruzer@aol.com
Sent: Saturday, February 08, 2014 11:13 AM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

Michael Holbrook
6249 Marsha St.
Simi Valley, CA 93063-4444

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

Polk County, Wisconsin just adopted an official English resolution.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

An overwhelming 85% of likely voters support official English.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Thank you for listening to my concerns.

Sincerely,

Michael Holbrook
805-527-7502

From: 2duanelittle@cox.net
Sent: Saturday, February 08, 2014 11:17 AM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Duane Little
1229 Soria Glen
Escondido, CA 92026-2360

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

Polk County, Wisconsin just adopted an official English resolution.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

An overwhelming 85% of likely voters support official English.

Please make official English Only an agenda item for this year. It's time we get the country back to being a true melting pot once again.

Thank you for listening to my concerns.

Sincerely,

Duane Little
7607475986

From: rtaylor446@cox.net
Sent: Saturday, February 08, 2014 11:17 AM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

richard taylor
12842 indian trail
Poway, CA 92064-2007

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

Polk County, Wisconsin just adopted an official English resolution.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

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An overwhelming 85% of likely voters support official English.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

richard taylor
858-485-1073

From: upwind2u@yahoo.com
Sent: Saturday, February 08, 2014 11:17 AM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Stephen Kelly
15203 Dos Palmas Rd
Victorville, CA 92392-2539

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

Rasmussen Reports found as recently as 2013 that high levels of support for official English have remained unchanged for the past decade.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Thank you for listening to my concerns.

Sincerely,

Stephen Kelly, CMSgt, USAF (Ret)
9999999999

From: fincab@msn.com
Sent: Saturday, February 08, 2014 11:32 AM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Maritza Cabezas
3809 Rock Hampton Dr.
Tarzana, CA 91356-5705

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Sincerely,

Maritza Cabezas
818-416-0200

From: jbutlerzx@hotmail.com
Sent: Saturday, February 08, 2014 11:37 AM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

James Butler
151 Lincoln
Pomona, CA 91767-3817

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

Polk County, Wisconsin just adopted an official English resolution.

I just learned that yet another county has passed a resolution to make English its official language.

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An overwhelming 85% of likely voters support official English.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

James Butler
909-967-7654

From: fmill@innercite.com
Sent: Saturday, February 08, 2014 11:37 AM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

Floyd Miller
5110 Reservation Rd
Placerville, CA 95667-9743

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

Polk County, Wisconsin just adopted an official English resolution.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

An overwhelming 85% of likely voters support official English.

Sincerely,

Floyd Miller
5306775844

From: mikdot2002@yahoo.com
Sent: Saturday, February 08, 2014 11:47 AM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

Dorothy Cronin
PO Box 3943
Ramona, CA 92065-0967

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

An overwhelming 85% of likely voters support official English.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Sincerely,

Dorothy Cronin
760-789-0990

From: mymyke71@gmail.com
Sent: Saturday, February 08, 2014 11:57 AM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

Michael Keeney-Robinson
2541 w windhaven dr
Rialto, CA 92377-3679

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

Polk County, Wisconsin just adopted an official English resolution.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

An overwhelming 85% of likely voters support official English.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Sincerely,

Michael
9099693299

From: hjr1207@aol.com
Sent: Saturday, February 08, 2014 12:07 PM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

Judy Ramirez
13119 Ramona Ave.
Hawthorne, CA 90250-5122

February 8, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

An overwhelming 85% of likely voters support official English.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

Judy Ramirez
3109781593

From: opalights@earthlink.net
Sent: Sunday, February 09, 2014 11:27 AM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Deborah Tocco
2246 C rescent Ave.
Montrose, CA 91020-1209

February 9, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

Polk County, Wisconsin just adopted an official English resolution.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

Rasmussen Reports found as recently as 2013 that high levels of support for official English have remained unchanged for the past decade.

An overwhelming 85% of likely voters support official English.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

Deborah
626-825-1101

From: coolburns@gmail.com
Sent: Sunday, February 09, 2014 4:52 PM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Douglas Burns
15142 bluffton Dr.
Lake Elizabeth, CA 93532-1332

February 9, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

An overwhelming 85% of likely voters support official English.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

Douglas Burns

From: robertdietrich2000@earthlink.net
Sent: Sunday, February 09, 2014 5:02 PM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

Robert Dietrich
1312 Burbeck Ave.
Richmond, CA 94801-2370

February 9, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

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Polk County, Wisconsin just adopted an official English resolution.

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It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

Robert Dietrich

From: bunnypls@yahoo.com
Sent: Sunday, February 09, 2014 5:07 PM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

Lynn Kellum
1085 Summerplace
Corona, CA 92881-3640

February 9, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

Please present a resolution to make English the official language. A lot of counties across the US are doing so. I believe we can do it too.

Polk County, Wisconsin just adopted an official English resolution.

An overwhelming 85% of likely voters support official English.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

Lynn Kellum

From: judyfunke@gmail.com
Sent: Sunday, February 09, 2014 7:12 PM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

Judy Funke
3021 Sunset Lane
Antioch, CA 94509-5629

February 9, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

An overwhelming 85% of likely voters support official English.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

Thank you for listening to my concerns.

Sincerely,

Judy Funke
925-757-5782

From: mscott5206@aol.com
Sent: Monday, February 10, 2014 8:12 AM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Michael Scott
608 Petrol Rd.
Bakersfield, CA 93308-9756

February 10, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

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An overwhelming 85% of likely voters support official English.

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Sincerely,

Michael Scott
6613325862

From: chilisays@gmail.com
Sent: Monday, February 10, 2014 9:27 AM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

Shawn Kerkhoff
PO BOX 4851
Thousand Oaks, CA 91359-1851

February 10, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

Sincerely,

Shawn Kerkhoff

From: jbenson@coh.org
Sent: Monday, February 10, 2014 10:07 AM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Jay and Alma Benson
737 E. Lime Ave.
Monrovia, CA 91016-3012

February 10, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

It's time to limit taxpayer-funded translations and encourage English language learning in our county.

An overwhelming 85% of likely voters support official English.

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Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

Jay and Alma Benson and Family

From: nluther2000@yahoo.com
Sent: Monday, February 10, 2014 10:37 AM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

Norman Luther
7936 E Monte Carlo Avenue
Anaheim Hills, CA 92808-1526

February 10, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

Polk County, Wisconsin just adopted an official English resolution.

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Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

Norman Luther
7142814246

From: siamouse1@msn.com
Sent: Monday, February 10, 2014 10:02 PM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

JOHN WYPICK
9620 la granada ave
fountain valley, CA 92708-3527

February 11, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

English as primary language. stop printing govt info in 14 different languages. would their countries print English directives for us???? NO

Sincerely,

MR AND MRS JOHN WYPICK
7144748996

From: 1colbob@roadrunner.com
Sent: Monday, February 10, 2014 11:22 AM
To: Board of Supervisors
Subject: Please introduce an official English resolution!

Robert R Crisp Jr
616 Fairwood Way
Upland, CA 91786-5005

February 10, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Sincerely,

Robert R Crisp Jr
9099829975

From: jwiens@spoc-ortho.com
Sent: Monday, February 10, 2014 12:42 PM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

Jeryl Wiens
1630 E. Herndon
Fresno, CA 93720-3391

February 10, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

I just learned that yet another county has passed a resolution to make English its official language.

Polk County, Wisconsin just adopted an official English resolution.

I strongly support this effort of English unity and I urge you to introduce a similar resolution in our county.

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It's time to limit taxpayer-funded translations and encourage English language learning in our county.

Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

Jeryl Wiens
5592610100

From: jwiens@spoc-ortho.com
Sent: Monday, February 10, 2014 12:42 PM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

Jeryl Wiens
1630 E. Herndon
Fresno, CA 93720-3391

February 10, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

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Please make official English an agenda item for this year. I'll be phoning your office to follow up on this matter.

Thank you for listening to my concerns.

Sincerely,

Jeryl Wiens
5592610100

From: Board of Supervisors
To: BOS-Supervisors
Subject: FW: It's time to make English the official language of our county

-----Original Message-----

From: cqlopez@yahoo.com [<mailto:cqlopez@yahoo.com>]
Sent: Thursday, February 13, 2014 10:02 AM
To: Board of Supervisors
Subject: It's time to make English the official language of our county

Cesar Lopez
6787 LANDRIANO PLACE
RANCHO CUCAMONGA, CA 91701-8520

February 13, 2014

City and County of San Francisco
1 Drive Carlton B. Goodlett Place
San Francisco, CA 94102-4603

Dear City and County of San Francisco:

There is an old saying: "when in Rome, do as the Romans do."

NOW we are in America, then "SPEAK ENGLISH, be Patriotic, be nationalistic and be proud to be an American."

Sincerely,

Cesar Lopez

From: McGuire, Kristen [kristen.mcguire@sfgov.org] on behalf of Reports, Controller [controller.reports@sfgov.org]
Sent: Wednesday, February 12, 2014 1:25 PM
To: Calvillo, Angela; BOS-Supervisors; Kawa, Steve; Campbell, Severin; Newman, Debra; Rose, Harvey; sfdocs@sfpl.info; CON-EVERYONE; Martin, John (SFO); Caramatti, Jean; McCoy, Tryg; Fermin, Leo; Tang, Wallace; Franzella, Gary; ema@mgocpa.com; parkjk@flyasiana.com; michelleyoon@flyasiana.com; monique_chen@china-airlines.com
Subject: Report Issued: Airport Commission: Audits of Asiana Airlines and China Airlines

The City and County of San Francisco's Airport Commission (Airport) coordinates with the Office of the Controller's City Services Auditor Division (CSA) to conduct periodic concession or compliance audits of the Airport's tenants and airlines. CSA engaged Macias Gini & O'Connell LLP (MGO) to audit tenants and airlines at the Airport to determine whether they complied with the reporting, payment and selected other provisions of their agreements with the Airport.

CSA presents the reports of MGO's audits of Asiana and China Airlines for July 1, 2010, through June 30, 2012.

To view the full report, please visit our Web site at:

Asiana Airlines -- <http://openbook.sfgov.org/webreports/details3.aspx?id=1667>

Asiana Airlines correctly reported 1,016 revenue aircraft landings and correctly paid \$2,062,721 in landing fees due to the Airport. However, Asiana made multiple late payments resulting in late fee assessments of \$12,846.

China Airlines -- <http://openbook.sfgov.org/webreports/details3.aspx?id=1668>

China Airlines correctly reported 696 revenue aircraft landings and correctly paid \$1,619,125 in landing fees due to the Airport.

This is a send-only e-mail address.

For questions about the report, please contact Director of City Audits Tonia Lediju at Tonia.Lediju@sfgov.org or 415-554-5393 or the CSA Audits Unit at 415-554-7469.

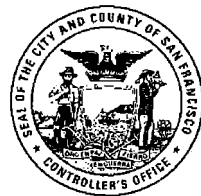
Follow us on Twitter [@sfcontroller](https://twitter.com/sfcontroller)

City and County of San Francisco

Office of the Controller – City Services Auditor

AIRPORT COMMISSION:

Asiana Airlines Paid All Landing Fees Due but Incurred \$12,846 in Late Charges for 2010 Through 2012



February 12, 2014

**OFFICE OF THE CONTROLLER
CITY SERVICES AUDITOR**

The City Services Auditor (CSA) was created in the Office of the Controller through an amendment to the Charter of the City and County of San Francisco (City) that was approved by voters in November 2003. Charter Appendix F grants CSA broad authority to:

- Report on the level and effectiveness of San Francisco's public services and benchmark the City to other public agencies and jurisdictions.
- Conduct financial and performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of processes and services.
- Operate a whistleblower hotline and website and investigate reports of waste, fraud, and abuse of city resources.
- Ensure the financial integrity and improve the overall performance and efficiency of city government.

CSA may conduct financial audits, attestation engagements, and performance audits. Financial audits address the financial integrity of both city departments and contractors and provide reasonable assurance about whether financial statements are presented fairly in all material aspects in conformity with generally accepted accounting principles. Attestation engagements examine, review, or perform procedures on a broad range of subjects such as internal controls; compliance with requirements of specified laws, regulations, rules, contracts, or grants; and the reliability of performance measures. Performance audits focus primarily on assessment of city services and processes, providing recommendations to improve department operations.

CSA conducts its audits in accordance with the Government Auditing Standards published by the U.S. Government Accountability Office (GAO). These standards require:

- Independence of audit staff and the audit organization.
- Objectivity of the auditors performing the work.
- Competent staff, including continuing professional education.
- Quality control procedures to provide reasonable assurance of compliance with the auditing standards.

For questions about the report, please contact Director of City Audits Tonia Lediju at Tonia.Lediju@sfgov.org or 415-554-5393 or CSA at 415-554-7469.

CSA Audit Team: Winnie Woo, Associate Auditor

Audit Consultants: Macias Gini & O'Connell LLP (MGO)



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

February 12, 2014

San Francisco Airport Commission
San Francisco International Airport
P.O. Box 8097
San Francisco, CA 94128-8097

John L. Martin, Airport Director
San Francisco International Airport
P.O. Box 8097
San Francisco, CA 94128-8097

Dear Commission President, Commissioners, and Mr. Martin:

The City and County of San Francisco's Airport Commission (Airport) coordinates with the Office of the Controller's City Services Auditor Division (CSA) to conduct periodic compliance audits of Airport tenants and airlines. CSA engaged Macias Gini & O'Connell LLP (MGO) to audit airlines that do business with the Airport to ensure that they comply with the landing fee provisions of their agreements.

CSA presents the attached report for the compliance audit of Asiana Airlines prepared by MGO.

Reporting Period: July 1, 2010, through June 30, 2012

Landing Fees Paid: \$2,062,721

Results:

Asiana Airlines correctly reported 1,016 revenue aircraft landings and correctly paid the landing fees due to the Airport. However, Asiana made multiple late payments resulting in late fee assessments of \$12,846. Prior to April 1, 2012, the Airport did not seek late fees as a standard practice but the Airport has since implemented procedures to assess service charges of 1.5 percent per month for late payments of rent, operating fees and other billable services. The Airport assessed and collected from Asiana late fees of \$570.09 for April to June 2012.

The responses of Asiana Airlines and the Airport are attached to this report.

CSA appreciates the assistance and cooperation of Airport and airline staff during the audit. For questions about the report, please contact me at Tonia.Lediju@sfgov.org or 415-554-5393 or CSA at 415-554-7469.

Respectfully,

Tonia Lediju
Director of City Audits

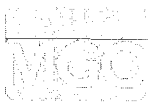
Attachment

cc: Mayor
Board of Supervisors
Budget Analyst
Citizens Audit Review Board
City Attorney
Civil Grand Jury
Public Library

**CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER**

PERFORMANCE AUDIT REPORT
Asiana Airlines

July 1, 2010 through June 30, 2012



Certified Public Accountants.



Certified Public Accountants.

Walnut Creek
2121 N. California Blvd., Suite 750
Walnut Creek, CA 94596
925.274.0190

Sacramento

Oakland

LA/Century City

Newport Beach

San Diego

Seattle

Performance Audit Report

Macias Gini & O'Connell LLP (MGO) presents its report concerning the performance audit of Asiana Airlines (Asiana) as follows:

Background

Asiana operates under lease and use agreement (agreement) with the Airport Commission of the City and County of San Francisco (Commission) to use the landing field facilities at the San Francisco International Airport (SFO) for its air transportation business. During the audit period, Asiana operated under two agreements: 1) agreement No. L99-0318 entered into on October 1, 1999 and expired on June 30, 2011 and 2) agreement No. L10-0079 entered into on July 1, 2011, which expires on June 30, 2021. The agreements require Asiana to submit to the Airport Department (Airport) a monthly report showing its actual revenue aircraft landings by type of aircraft and other landing data necessary to calculate the landing fees.

The Airport charges Asiana a landing fee based on the maximum landing weight of aircraft making revenue landings at the SFO. For every 1,000 pounds of aircraft landed, the Commission sets a fee that it may change annually.

<u>For the Period</u>	<u>Landing Fee Rate</u>
July 1, 2010 through June 30, 2011	\$3.59
July 1, 2011 through June 30, 2012	\$3.79

Reporting Period(s):	July 1, 2010 through June 30, 2012
Lease and Use Agreement(s):	No. L99-0318 No. L10-0079

Objective and scope

The purpose of this performance audit was to obtain reasonable assurance that Asiana complied with the reporting, payment and other landing fee related provisions of its agreement with the Commission. Based upon the provisions of the City and County of San Francisco contract number PSC# 4042-11/12 dated March 1, 2013, between MGO and the City and County of San Francisco, and per Appendix A therein, the objectives of our performance audit were to: verify that landing fees for the audit period were reported to the Airport in accordance with the agreement provisions, and that such amounts agree with the underlying accounting records; identify and report the amount and cause of any significant error (over or under) in reporting, together with the impact on fees payable to the Airport; and identify and report any recommendations to improve record keeping and reporting processes of Asiana relative to its ability to comply with lease provisions; and identify and report any recommendations to improve the Airport's compliance with significant agreement terms and management activities.

Methodology

To meet the objectives of our performance audit, we performed the following procedures: reviewed the applicable terms of the agreement and the adequacy of Asiana’s procedures for collecting, recording, summarizing and reporting its revenue aircraft landings; selected and tested samples of daily and monthly landings; recalculated monthly landing fees due; and verified the timeliness of reporting landing fees to the Airport.

Audit results

Based on the results of our performance audit for the period from July 1, 2010 through June 30, 2012, Asiana correctly reported 1,016 revenue aircraft landings and paid \$2,062,721 in landing fees to the Airport in accordance with its agreement. Those amounts agreed to the underlying records.

The table below shows Asiana Airline’s reported total revenue aircraft landings and landing fees paid to the Airport.

**Revenue Aircraft Landings and Fees Paid
July 1, 2010 through June 30, 2012**

<u>For the Period</u>	<u>Number of Landings</u>	<u>Landing Fees Paid</u>
July 1, 2010 through June 30, 2011	519	\$ 1,093,974
July 1, 2011 through June 30, 2012	497	968,747
Total	1,016	\$ 2,062,721

Finding 2013-1 - Late Payment

During our review of the landing fees paid for the period of July 1, 2010 to June 30, 2012, we noted that for Asiana, 18 out of the 24 months reviewed had payments that were late.

Per lease and use agreement No. L10-0079 dated March 1, 2010; Section 401 Reports and Payments, subsection C(ii) Monthly Activity Reports; Payment of Landing and Other Fees “...Airline shall calculate such Landing Fees incurred during said month and shall pay such amount on behalf of itself and its Affiliate Airlines within fifteen (15) days after the end of each calendar month” and Section 406 Payment Details “Any amounts not paid when due shall be subject to a service charge equal to the lessor of the rate of one and one half percent (1.5%) per month and the maximum rate permitted by law.” Similar provisions were noted in lease and use agreement No. L99-0318.

We recalculated the late fee assessment for the period of July 1, 2010 to June 30, 2012 to be \$12,846. However, we did note that the Airport implemented a policy to not seek late fees prior to April 1, 2012 and did appropriately assess and collect late fees of \$570.09 from the period of April 1, 2012 to June 30, 2012.

Recommendation

We recommend that the Airport continue to monitor procedures to ensure proper assessment and collection of late fees in accordance with its lease agreements and policy.

We conducted this performance audit in accordance with the provisions of our contract, as outlined in the objective and scope section above, and in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives section of this report.

This report is intended solely for the information and use of Asiana, the Commission and the City and County of San Francisco, and is not intended to be and should not be used by anyone other than these specified parties.

Macias Gini & Connell LLP

Walnut Creek, California
February 6, 2014



ASIANA AIRLINES

San Francisco Airport Office
P.O. Box 250310
San Francisco Int'l Airport
San Francisco, CA 94544-0310

(650)877-3010 Phone
(650)877-3014 Fax
<http://flyasiana.com>
Reservation : 1-800-227-4262

December 22, 2013

Ms. Tonia Lediju
Director of City Audits
City Services Auditor Division
Office of the Controller
City and County of San Francisco

Reference: Performance Audit Report – Asiana Airlines

Dear Ms. Lediju

We are acknowledging the findings and recommendations included in the report for the period July 1, 2010 through June 30, 2012.

Truly yours,

Jong Gon Park
Station Manager
SFO station



San Francisco International Airport

February 4, 2014

Ms. Tonia Lediju
Director of Audits
Office of the Controller
City Services Auditor Division
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 477
San Francisco, CA 94102

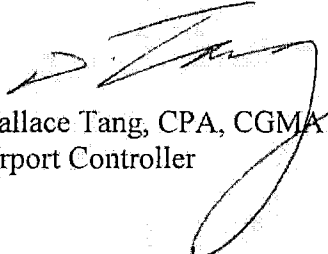
Subject: Performance Audit of Asiana Airlines

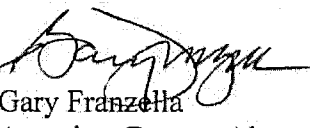
Dear Ms. Lediju:

Attached is the completed Audit Recommendation and Response Form regarding the performance audit of Asiana Airlines.

If you have any questions, please feel free to call us at (650) 821-2850 (Wallace) or (650) 821-4526 (Gary).

Very truly yours,


Wallace Tang, CPA, CGMA
Airport Controller


Gary Franzella
Associate Deputy Airport Director
Aviation and Parking Management

Attachment

cc: John L. Martin
Tryg McCoy
Leo Fermin
Winnie Woo – CSA
Eugene Ma – MGO
Dan Ravina

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

EDWIN M. LEE
MAYOR

LARRY MAZZOLA
PRESIDENT

LINDA S. CRAYTON
VICE PRESIDENT

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

JOHN L. MARTIN
AIRPORT DIRECTOR

AIRPORT COMMISSION: PERFORMANCE AUDIT OF ASIANA AIRLINES

For each recommendation, indicate whether you concur, do not concur, or partially concur with the recommendation. If you concur with the recommendation, please indicate the expected implementation date and your implementation plan. If you do not concur or partially concur, please provide an explanation and an alternate plan of action to address the identified issue.

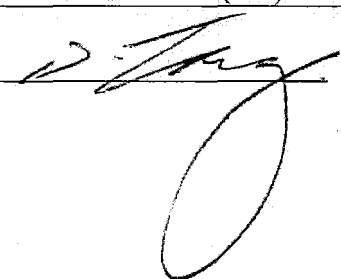
AUDIT RECOMMENDATION AND RESPONSE

Recommendation	Responsible Agency	Response
1. We recommend the Airport continue to monitor procedures to ensure proper assessment and collection of late fees in accordance with its lease agreements and policy.	San Francisco International Airport	A new procedure was established effective April 1, 2012 whereby a service charge of 1.5% per month is automatically charged for late payments of rent, operating fees and other billable services. Property managers are notified through the Airport's Accounting Department regarding any late payments on a monthly basis.

Name: Wallace Tang, CPA, CGMA

Title/Organization: Airport Controller

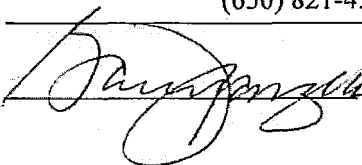
Telephone Number: (650) 821-2850

Signature:  Date FEB 04 2014

Name: Gary Franzella

Title/Organization: Associate Deputy Airport Director
Aviation and Parking Management

Telephone Number: (650) 821-4526

Signature:  Date 2-4-14

City and County of San Francisco

Office of the Controller – City Services Auditor

AIRPORT COMMISSION:

China Airlines Paid All Landing Fees Due for 2010 Through 2012



February 12, 2014

**OFFICE OF THE CONTROLLER
CITY SERVICES AUDITOR**

The City Services Auditor (CSA) was created in the Office of the Controller through an amendment to the Charter of the City and County of San Francisco (City) that was approved by voters in November 2003. Charter Appendix F grants CSA broad authority to:

- Report on the level and effectiveness of San Francisco's public services and benchmark the City to other public agencies and jurisdictions.
- Conduct financial and performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of processes and services.
- Operate a whistleblower hotline and website and investigate reports of waste, fraud, and abuse of city resources.
- Ensure the financial integrity and improve the overall performance and efficiency of city government.

CSA may conduct financial audits, attestation engagements, and performance audits. Financial audits address the financial integrity of both city departments and contractors and provide reasonable assurance about whether financial statements are presented fairly in all material aspects in conformity with generally accepted accounting principles. Attestation engagements examine, review, or perform procedures on a broad range of subjects such as internal controls; compliance with requirements of specified laws, regulations, rules, contracts, or grants; and the reliability of performance measures. Performance audits focus primarily on assessment of city services and processes, providing recommendations to improve department operations.

CSA conducts its audits in accordance with the Government Auditing Standards published by the U.S. Government Accountability Office (GAO). These standards require:

- Independence of audit staff and the audit organization.
- Objectivity of the auditors performing the work.
- Competent staff, including continuing professional education.
- Quality control procedures to provide reasonable assurance of compliance with the auditing standards.

For questions about the report, please contact Director of City Audits Tonia Lediju at Tonia.Lediju@sfgov.org or 415-554-5393 or CSA at 415-554-7469.

CSA Audit Team: Winnie Woo, Associate Auditor

Audit Consultants: Macias Gini & O'Connell LLP (MGO)



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

February 12, 2014

San Francisco Airport Commission
San Francisco International Airport
P.O. Box 8097
San Francisco, CA 94128-8097

John L. Martin, Airport Director
San Francisco International Airport
P.O. Box 8097
San Francisco, CA 94128-8097

Dear Commission President, Commissioners, and Mr. Martin:

The City and County of San Francisco's Airport Commission (Airport) coordinates with the Office of the Controller's City Services Auditor Division (CSA) to conduct periodic compliance audits of Airport tenants and airlines. CSA engaged Macias Gini & O'Connell LLP (MGO) to audit airlines that do business with the Airport to ensure that they comply with the landing fee provisions of their agreements.

CSA presents the attached report for the compliance audit of China Airlines prepared by MGO.

Reporting Period: July 1, 2010, through June 30, 2012

Landing Fees Paid: \$1,619,125

Results:

China Airlines correctly reported 696 revenue aircraft landings and correctly paid the landing fees due to the Airport.

The responses of China Airlines and the Airport are attached to this report.

CSA appreciates the assistance and cooperation of Airport and airline staff during the audit. For questions about the report, please contact me at Tonia.Lediju@sfgov.org or 415-554-5393 or CSA at 415-554-7469.

Respectfully,

Tonia Lediju
Director of City Audits

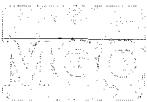
Attachment

cc: Mayor
Board of Supervisors
Budget Analyst
Citizens Audit Review Board
City Attorney
Civil Grand Jury
Public Library

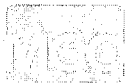
**CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER**

PERFORMANCE AUDIT REPORT
China Airlines

July 1, 2010 through June 30, 2012



Certified Public Accountants.



Certified Public Accountants.

Walnut Creek
2121 N. California Blvd., Suite 750
Walnut Creek, CA 94596
925.274.0190

Sacramento

Oakland

LA/Century City

Newport Beach

San Diego

Seattle

Performance Audit Report

Macias Gini & O'Connell LLP (MGO) presents its report concerning the performance audit of China Airlines (CAL) as follows:

Background

CAL operates under an airline lease and use agreement (agreement) with the Airport Commission of the City and County of San Francisco (Commission) to use the landing field facilities at the San Francisco International Airport (SFO) for its air transportation business. During the audit period, CAL operated under two agreements: 1) agreement No. L82-0315 entered into on July 1, 1999 and expired on June 30, 2011 and 2) agreement No. L10-0082 entered into on July 1, 2011, which expires on June 30, 2021. The agreements requires CAL to submit to the Airport Department (Airport) a monthly report showing its actual revenue aircraft landings by type of aircraft and other landing data necessary to calculate the landing fees.

The Airport charges CAL a landing fee based on the maximum landing weight of aircraft making revenue landings at the SFO. For every 1,000 pounds of aircraft landed, the Commission sets a fee that it may change annually.

<u>For the Period</u>	<u>Landing Fee Rate</u>
July 1, 2010 through June 30, 2011	\$3.59
July 1, 2011 through June 30, 2012	\$3.79

Reporting Period(s):	July 1, 2010 through June 30, 2012
Lease and Use Agreement(s):	No. L82-0315 No. L10-0082

Objective and scope

The purpose of this performance audit was to obtain reasonable assurance that CAL complied with the reporting, payment and other landing fee related provisions of its agreement with the Commission. Based upon the provisions of the City and County of San Francisco contract number PSC# 4042-11/12 dated March 1, 2013, between MGO and the City and County of San Francisco, and per Appendix A therein, the objectives of our performance audit were to: verify that landing fees for the audit period were reported to the Airport in accordance with the agreement provisions, and that such amounts agree with the underlying accounting records; identify and report the amount and cause of any significant error (over or under) in reporting, together with the impact on fees payable to the Airport; and identify and report any recommendations to improve record keeping and reporting processes of CAL relative to its ability to comply with lease provisions; and identify and report any recommendations to improve the Airport's compliance with significant agreement terms and management activities.

Methodology

To meet the objectives of our performance audit, we performed the following procedures: reviewed the applicable terms of the agreement and the adequacy of CAL's procedures for collecting, recording, summarizing and reporting its revenue aircraft landings; selected and tested samples of daily and monthly landings; recalculated monthly landing fees due; and verified the timeliness of reporting landing fees to the Airport.

Audit results

Based on the results of our performance audit for the period from July 1, 2010 through June 30, 2012, CAL correctly reported 696 revenue aircraft landings and paid \$1,619,125 in landing fees to the Airport in accordance with its agreement. Those amounts agreed to the underlying records.

The table below shows China Airline's reported total revenue aircraft landings and landing fees paid to the Airport.

**Revenue Aircraft Landings and Fees Paid
July 1, 2010 through June 30, 2012**

<u>For the Period</u>	<u>Number of Landings</u>	<u>Landing Fees Paid</u>
July 1, 2010 through June 30, 2011	339	\$ 766,716
July 1, 2011 through June 30, 2012	357	852,409
Total	696	\$ 1,619,125

We conducted this performance audit in accordance with the provisions of our contract, as outlined in the objective and scope section above, and in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives section of this report.

This report is intended solely for the information and use of CAL, the Commission and the City and County of San Francisco, and is not intended to be and should not be used by anyone other than these specified parties.

Macias Gini & Connell LLP

Walnut Creek, California
February 6, 2014



Dec. 20, 2013

Tonia Lediju
Director of City audits
City Services Auditor Division
Office of the Controller
City and County of San Francisco

Re: Performance Audit Report – China airlines July 1, 2010 to June 30, 2012

Dear Ms. Lediju,

China Airlines is in concurrence with the attached Performance Audit Report by MGO.
Please do not hesitate to contact me if you have any further questions.

Sincerely yours,

Monique Chen
Assistant to General Manager
China Airlines
San Francisco Branch
650 931-8008
Monique.chen@china-airlines.com

cc. Pao-Chu Peng
General Manager



San Francisco International Airport

February 4, 2014

Ms. Tonia Lediju
Director of Audits
Office of the Controller
City Services Auditor Division
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 477
San Francisco, CA 94102

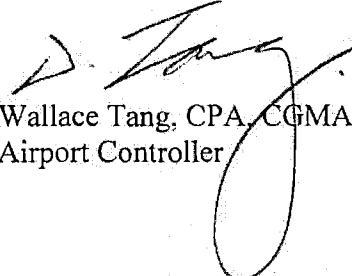
Subject: Performance Audit of China Airlines

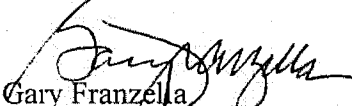
Dear Ms. Lediju:

We have received and reviewed the final draft audit report regarding the performance audit of China Airlines. This letter is to confirm that, based upon the details provided, we agree with the audit result with no findings.

If you have any questions, please feel free to call us at (650) 821-2850 (Wallace) or (650) 821-4526 (Gary).

Very truly yours,


Wallace Tang, CPA, CGMA
Airport Controller


Gary Franzella
Associate Deputy Airport Director
Aviation and Parking Management

cc: John L. Martin
Tryg McCoy
Leo Fermin
Winnie Woo – CSA
Eugene Ma – MGO
Teresa Rivor

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

EDWIN M. LEE
MAYOR

LARRY MAZZOLA
PRESIDENT

LINDA S. CRAYTON
VICE PRESIDENT

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

JOHN L. MARTIN
AIRPORT DIRECTOR

From: Toy, Debbie [debbie.toy@sfgov.org]
Sent: Tuesday, February 11, 2014 4:10 PM
To: Calvillo, Angela; BOS-Supervisors; BOS-Legislative Aides; Kawa, Steve; Leung, Sally; Howard, Kate; Volberding, Emily; Falvey, Christine; Elliott, Jason; Steeves, Asja; Campbell, Severin; Newman, Debra; Rose, Harvey; sfdocs@sfpl.info; CON-CCSF Dept Heads; CON-Finance Officers; francis.tsing@sfgov.org
Subject: Controller's Office Report: Six-Month Budget Status Report

Overall revenue growth and expenditure savings will result in a projected current year ending balance of \$207.8 million, of which \$111.6 million has been appropriated in the FY 2014-15 budget and \$4.5 million will be required to replenish current year uses of the General Reserve. This results in a \$91.7 million projected surplus. The drivers of increased fund balance are predominantly tax revenue growth above budgeted levels and expenditure savings and additional revenues in the Department of Public Health and Human Services Agency. This represents an improvement to current year fund balance of approximately \$62.7 million versus the assumptions contained in the Mayor's Budget Instructions issued in December 2013.

Please see <http://www.sfcontroller.org/Modules/ShowDocument.aspx?documentid=51115> to view the full report.

Debbie Toy

Executive Assistant to Monique Zmuda, Deputy Controller
City and County of San Francisco
Office of the Controller
City Hall, Room 316
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4694
Tel: 415-554-7500
Fax: 415-554-7466
Email: debbie.toy@sfgov.org

City and County of San Francisco

Office of the Controller

FY 2013-14 Six-Month Budget Status Report



February 11, 2014



City and County of San Francisco

Office of the Controller

FY 2013-14 Six-Month Budget Status Report

February 11, 2014

Summary

The Controller's Office provides periodic budget status updates to the City's policy makers during the course of each fiscal year, as directed by Charter Section 3.105. This report provides the most recent expenditure and revenue information and projections for the fiscal year end. Expenditure and revenue information and projections as of December 31, 2013 are included, incorporating more current information up to the date of publication as available. Report highlights include:

- Overall revenue growth and expenditure savings will result in a projected current year ending balance of \$207.8 million, of which \$111.6 million has been appropriated in the FY 2014-15 budget and \$4.5 million will be required to replenish current year uses of the General Reserve. This results in a \$91.7 million projected surplus. The drivers of increased fund balance are predominantly tax revenue growth above budgeted levels and expenditure savings and additional revenues in the Department of Public Health and Human Services Agency. This represents an improvement to current year fund balance of approximately \$62.7 million versus the assumptions contained in the Mayor's Budget Instructions issued in December 2013.
- Projected revenue growth currently exceeds the threshold for deposit to the Rainy Day Reserve by \$6.0 million, resulting in a projected total deposit of \$4.5 million. Charter provisions require 50% of excess revenue, or \$3.0 million, be deposited to the Rainy Day Economic Stabilization Reserve and 25%, or \$1.5 million, to the Rainy Day One-Time Reserve. Any revenue growth beyond current projections will increase deposits to the Rainy Day Reserve. The City is not projected to be able to withdraw from the Economic Stabilization fund in either of the budget years but may use One-Time Reserve funds for capital and other one-time expenditures.
- Economic growth is also contributing to increased enterprise fund balances as described in Appendix 5 below. Building Inspection, Airport, Wastewater and MTA ending fund balances are all projected to be significantly improved from prior year levels.

Table 1. FY 2013-14 Projected General Fund Variances to Budget (\$ Millions)

A. FY 2013-14 Starting Balance	
FY 2012-13 Ending Fund Balance	\$ 240.4
Appropriation in the FY 2013-14 Budget	(122.7)
Subtotal Starting Balance	117.7
B. Current Year Revenues and Expenditures	
Citywide Revenue Surplus	48.5
Baseline Contributions	(2.5)
Departmental Operations	56.0
Pending & Approved Supplemental Appropriations	(4.5)
Projected Use of General Reserve	4.5
Subtotal Current Year Revenues and Expenditures	102.0
C. Withdrawals from / (Deposits) to Reserves	(11.9)
<hr/>	
D. FY 2013-14 Projected Ending Balance	207.8
Balance Appropriated in the Approved FY 2014-15 Budget	(111.6)
Replenishment of General Reserve	(4.5)
E. Projected Surplus / (Shortfall)	\$ 91.7

A. General Fund Starting Balance

The budget appropriated \$122.7 million in FY 2013-14 and \$111.6 million in FY 2014-15. The General Fund available fund balance at the end of FY 2012-13 was \$240.4 million, or \$6.1 million more than was appropriated.

B. Current Year Revenues and Expenditures

Citywide Revenue Surplus

As shown in Table 2, Citywide revenues have improved by \$48.5 million compared to revised budget, primarily due to increased property tax and hotel tax revenue. Improvements to property tax revenue are a result of higher than expected revenue from supplemental and escape assessments. Hotel tax increases are primarily due to higher than expected prior year revenue increasing the base for current year growth projections. More information on these revenue trends is provided in Appendix 1.

Table 2. General Fund Citywide Revenues Variances to Budget (\$ Millions)

	Revised Budget	6-Month Projection	Surplus (Shortfall)
Property Taxes	1,153.4	1,175.0	21.6
Business Taxes	533.0	534.7	1.7
Sales Tax - Local 1% and Public Safety	212.5	215.8	3.3
Hotel Room Tax	273.9	295.9	22.0
Utility User & Access Line Taxes	136.1	134.0	(2.1)
Parking Tax	83.3	82.5	(0.8)
Real Property Transfer Tax	225.2	225.2	-
Interest Income	10.9	9.8	(1.1)
Citywide Realignment Revenue	161.2	164.8	3.6
Motor Vehicle In-Lieu	-	0.7	0.7
Franchise Taxes	16.1	16.3	0.2
Transfers In from Other Funds	219.6	219.3	(0.4)
Total Citywide Revenues	3,025.3	3,073.9	48.5

Baseline Contributions

Table 3 shows that as a result of changes in discretionary revenues, projections for baseline and parking tax in-lieu transfers to the Municipal Transportation Agency (MTA), Public Library and Public Education Enrichment Fund are increased by a net \$2.5 million compared to budget. The Public Library transfer includes a projected \$1.6 million reduction as a result of a projected year-end surplus in the fund, which is returned to the General Fund. In the current year, the City was required to budget \$125.9 million in Children's Baseline expenditures. The \$131.2 million budgeted exceeds the requirement by \$5.3 million.

Table 3. General Fund Baseline and In-Lieu Transfers (\$ Millions)

	Revised Budget	6-Month Projection	Variance
Aggregate Discretionary Revenues (ADR)	2,528.6	2,569.0	40.5
MTA Baseline 9.2% ADR	232.4	236.2	3.7
Library Baseline 2.3% ADR	57.8	57.1	(0.7)
Public Education Fund Baseline 0.3% ADR	3.7	3.7	0.1
Total Baseline Transfers	293.9	297.0	3.1
80% Parking Tax in Lieu Transfer to MTA	66.6	66.0	(0.6)
Total Baselines and In-Lieu Transfers	360.5	362.9	2.5

Departmental Operations

The Controller's Office projects a net departmental operations surplus of \$56.0 million summarized in Table 4 below and further detailed and discussed in Appendix 2.

Table 4. FY 2013-14 Departmental Operating Summary (\$ Millions)

	Revenue Surplus / (Shortfall)	Uses Savings / (Deficit)	Net Surplus / (Deficit)
Net Shortfall Departments			
Economic & Workforce Development (1)	(7.3)	2.1	(5.3)
Fire Department	(2.3)	0.9	(1.4)
City Attorney	(1.3)	0.4	(0.8)
Sheriff	(0.3)	(0.1)	(0.4)
Subtotal Departments with Net Deficits	\$ (11.1)	\$ 3.3	\$ (7.8)
Net Surplus Departments			
Human Services Agency	\$ 26.1	\$ 3.5	\$ 29.6
Public Health	(17.4)	36.7	19.3
General City Responsibility	-	8.3	8.3
City Planning	4.2	(1.4)	2.8
Treasurer/Tax Collector	-	2.0	2.0
Assessor/Recorder	(0.6)	0.9	0.4
Other Net Surplus	(1.7)	3.2	1.5
Subtotal Departments with Net Surpluses	\$ 10.6	\$ 53.2	\$ 63.8
Combined Total	\$ (0.5)	\$ 56.5	\$ 56.0

(1) America's Cup project only.

The Mayor's Office and the Controller's Office will work with departments with anticipated expenditure shortfalls to develop a plan to bring expenditures in line with revenues by year-end without requiring supplemental appropriations. The Department of Emergency Management, the Fire Department, and possibly the Sheriff will require a supplemental appropriation to shift funding from savings in permanent salaries and other categories to cover over-expenditures in overtime, pursuant to San Francisco Administrative Code Section 3.17, adopted by the Board of Supervisors in September 2011. In addition, the Human Services Agency may need supplemental appropriation authority to spend unbudgeted IHSS MOE and CalWIN revenues.

Pending and Approved Supplemental Appropriations

No supplemental appropriations have been approved at this time. There is one pending supplemental appropriation of \$4.5 million of General Reserve for the Mayor's Office of Housing to establish the Nonprofit Rent Stabilization Program.

Projected Use of General Reserve

This report assumes use of \$4.5 million from the General Reserve to support the Nonprofit Rent Stabilization Program administered by the Mayor's Office of Housing. Any uses of the Reserve will require a budget year deposit of an equal amount to maintain required funding levels, as shown in section D of Table 1 above. This use will reduce the balance of the Reserve by \$4.5 million and increase the amount needed to fund the reserve by \$4.5 million more than is currently budgeted in FY 2014-15.

C. Withdrawals from / Deposits to Reserves

A total of \$27.8 million is projected to be deposited into reserves, or \$11.9 million more than budgeted, including \$4.5 million to the Rainy Day Reserve and \$6.7 million to the Citywide Budget Savings Incentive Reserve due to projected departmental expenditure savings. There is no projected deposit to the Recreation and Park Savings Incentive Reserve at this time. The deposit to the Budget Stabilization Reserve is projected to be \$16.7 million, or \$0.7 million over budget, as an increase in the deposit due to the mix of transfer tax receipts is only partially offset by the deposit to the Rainy Day Reserve. A discussion of the status of reserves is included in Appendix 3.

D. Projected Ending Fund Balance: \$207.8 Million

Based on the above assumptions and projections, this report anticipates an ending available General Fund balance for FY 2013-14 of \$207.8 million, \$96.2 million above the \$111.6 million in the approved FY 2014-15 budget.

E. Projected Surplus/(Shortfall): \$91.7 Million

Of the projected ending fund balance of \$207.8 million, \$111.6 million has been assumed in the FY 2014-15 budget, and \$4.5 million is required to bring the General Reserve to required levels, leaving a projected surplus of \$91.7 million.

F. Other Funds

Special revenue funds are used for departmental activities that have dedicated revenue sources or legislative requirements that mandate the use of segregated accounts outside the General Fund. Some of these special revenue funds receive General Fund baseline transfers and other subsidies.

Enterprise funds are used primarily for self-supporting agencies, including the Airport, Public Utilities Commission and the Port. The Municipal Transportation Agency receives a significant General Fund subsidy.

Projected General Fund Support requirements for these funds are included in the department budget projections in Appendix 2. Appendix 5 provides a table of selected special revenue and enterprise fund projections and a discussion of their operations.

G. Projection Uncertainty Remains

Projection uncertainties include:

- The potential for continued fluctuations in general tax revenues.
- The effect of Affordable Care Act (ACA) implementation on Public Health revenues. The state has reduced indigent care funding (1991 Realignment) in the current year by \$16.7 million under the assumption that some portion of previously uninsured clients will be enrolled in insurance plans. Furthermore, there is uncertainty around the financial impact as some Medi-Cal fee-for-service patients transition to a capitated rate model. The net fiscal effect will not be known until data on enrollment and utilization of these clients becomes available over the coming months.

H. Additional Projections will be Provided in the Five-Year Financial Plan Update and Nine-Month Budget Status Report

The Five-Year Financial Plan Update will provide revenue and expenditure projections for FY 2014-15 through FY 2017-18 on March 3, 2014. FY 2013-14 projections will be updated in the Nine-Month Budget Status Report, scheduled to be published in early May 2014.

I. Six-Month Overtime Report

Administrative Code Section 18.13-1 requires the Controller to submit overtime reports to the Board of Supervisors at the time of the Six-Month and Nine-Month Budget Status Reports, and annually. Table A - 6 presents budgeted, actual, and projected Citywide overtime.

J. Appendices

1. General Fund Revenues and Transfers In
2. General Fund Department Budget Projections
3. Status of Reserves
4. Salary and Benefits Reserve Update
5. Other Funds Highlights
6. Overtime Report

Appendix 1. General Fund Revenues and Transfers In

As shown in Table A1-1, total General Fund revenues are projected to be \$51.5 million above budget. Of this total, \$48.5 million is due to improvements in citywide revenue as discussed in this Appendix 1.

The FY 2013-14 budget assumed continued moderate recovery in tax revenues throughout the fiscal year. Property tax and hotel tax revenues are projected to surpass budgeted levels as discussed below. These gains are enhanced by increases in state subventions received by the Human Services Agency discussed in Appendix 2. Selected citywide revenues are discussed below.

Table A1-1: Detail of General Fund Revenue and Transfers In

GENERAL FUND (\$ Millions)	FY 2012-13		FY 2013-14		
	Year End Actual	Original Budget	Revised Budget	6-Month Projection	Surplus/ (Shortfall)
PROPERTY TAXES	\$ 1,114.1	\$ 1,153.4	\$ 1,153.4	\$ 1,175.0	\$ 21.6
BUSINESS TAXES	479.6	533.0	533.0	534.7	1.7
OTHER LOCAL TAXES					
Sales Tax	122.3	125.7	125.7	128.4	2.7
Hotel Room Tax	182.4	273.9	273.9	295.9	22.0
Utility Users Tax	91.9	93.5	93.5	91.4	(2.1)
Parking Tax	81.6	83.3	83.3	82.5	(0.8)
Real Property Transfer Tax	232.7	225.2	225.2	225.2	-
Stadium Admission Tax	2.8	2.8	2.8	2.8	-
Access Line Tax	42.6	42.6	42.6	42.6	-
Total Other Local Taxes	756.3	846.9	846.9	868.7	21.8
LICENSES, PERMITS & FRANCHISES					
Licenses & Permits	10.1	9.4	9.4	9.4	-
Franchise Tax	16.1	16.1	16.1	16.3	0.2
Total Licenses, Permits & Franchises	26.3	25.5	25.5	25.7	0.2
FINES, FORFEITURES & PENALTIES	6.2	9.1	6.8	6.8	-
INTEREST & INVESTMENT INCOME	10.3	10.9	10.9	9.8	(1.1)
RENTS & CONCESSIONS					
Garages - Rec/Park	20.1	9.8	9.8	9.8	-
Rents and Concessions - Rec/Park	13.3	11.1	11.1	11.1	-
Other Rents and Concessions	3.0	2.2	2.2	2.2	-
Total Rents and Concessions	36.4	23.1	23.1	23.1	-
INTERGOVERNMENTAL REVENUES					
Federal Government					
Social Service Subventions	192.9	201.9	203.9	203.6	(0.3)
Other Grants & Subventions	4.3	12.5	12.5	12.3	(0.2)
Total Federal Subventions	197.1	214.5	216.4	215.9	(0.5)
State Government					
Social Service Subventions	151.3	148.2	148.6	169.0	20.4
Health & Welfare Realignment - Sales Tax	147.7	133.9	133.9	133.9	0.0
Health & Welfare Realignment - VLF	27.4	27.4	27.4	30.5	3.2
Health & Welfare Realignment - CalWORKS MOE	25.5	23.5	23.5	23.3	(0.2)
Health/Mental Health Subventions	82.1	97.8	97.7	92.1	(5.6)
Public Safety Sales Tax	83.2	86.8	86.8	87.4	0.6
Motor Vehicle In-Lieu	0.8	-	-	0.7	0.7
Other Grants & Subventions	32.6	45.2	45.2	45.5	0.3
Total State Grants and Subventions	550.6	562.9	563.0	582.4	19.4
Other Regional Government					
Redevelopment Agency	-	3.6	3.6	2.3	(1.3)
CHARGES FOR SERVICES:					
General Government Service Charges	46.2	45.4	45.4	48.9	3.5
Public Safety Service Charges	27.5	26.3	26.3	27.7	1.4
Recreation Charges - Rec/Park	16.3	14.8	14.8	14.8	-
MediCal, Medicare & Health Service Charges	47.3	65.8	65.8	55.5	(10.3)
Other Service Charges	15.3	14.5	14.5	14.5	-
Total Charges for Services	152.6	166.8	166.8	161.4	(5.4)
RECOVERY OF GEN. GOV'T. COSTS	11.9	10.3	10.3	10.3	0.0
OTHER REVENUES	14.6	15.4	15.4	10.9	(4.5)
TOTAL REVENUES	3356.2	3575.3	3575.2	3627.0	51.8
TRANSFERS INTO GENERAL FUND:					
Airport	36.5	37.0	37.0	36.6	(0.4)
Other Transfers	158.6	181.0	182.7	182.7	-
Total Transfers-In	195.1	218.0	219.6	219.3	(0.4)
TOTAL GENERAL FUND RESOURCES	\$ 3,551.3	\$ 3,793.3	\$ 3,794.8	\$ 3,846.3	\$ 51.5

Property Tax revenue in the General Fund is projected to be \$21.6 million (1.9%) above budget and \$60.9 million (5.5%) over prior year actual revenue. Most of the improvement is due to increases in expected supplemental and escape property tax assessments of \$10.2 million and \$5.8 million respectively. The amount to be set aside for prior year property tax appeals and other adjustments was decreased by \$4.7 million (increasing General Fund revenue by the same amount) based upon updated information about fiscal-year-to-date assessment appeal filings and experience from Assessment Appeals Board decisions. These changes will increase property tax set asides to special revenue funds by \$2.9 million, as shown below.

Property Tax Set Asides

	Original Budget	6-Month Projection	Variance
Children's Fund	48.0	49.1	1.1
Open Space Fund	40.0	40.9	0.9
Library Preservation Fund	40.0	40.9	0.9
Total	127.9	130.8	2.9

Business Tax revenues in the General Fund are projected to be \$1.7 million (0.3%) above budget, and \$55.0 million (11.5%) over prior year actual revenues. Business tax revenues are supported by strong growth in wages and employment in San Francisco. Bureau of Labor Statistics data on private employment and average weekly wages in the first two quarters of tax year 2013 indicate total private wages increased by an average of 6.5% over the same quarters in the prior year. The Controller's projections assume the rate of growth in the last two quarters will decline slightly for a year-end total of 5.5%.

The projections include the full annual value of an increase in business registration fee levels, which goes into effect in tax year 2013, and a partial year value of the start of a five-year phase in of a new gross receipts tax, which begins in tax year 2014.

Business registration revenues are projected to be \$3.8 million (-10.0%) below budget and \$23.9 million (63.5%) above prior year actual revenues. The increase over prior year actual revenues reflects the impact of a rate increase included in the approval of a new gross receipts tax in November 2012, reduced slightly to reflect projection and implementation uncertainty.

Local Sales Tax revenues are projected to be \$2.7 million (2.1%) above budget, and \$6.1 million (4.9%) over prior year actual revenues. Cash collections in the first quarter of the fiscal year were up 8.4% from the same period prior year, due in part to the impact of new state laws that came into effect in the second quarter of FY 2012-13 affecting sales tax reporting for online retailers. Underlying economic growth for this quarter was 3.9%, due mainly to increased taxable sales at restaurants and general retail. During the last four quarters, economic growth has averaged 3.0% while the overall revenue change averaged 5.5%, reflecting strong increases in the amount collected from county pool allocations due largely to the change in reporting requirements for online retailers mentioned above.

Hotel Room Tax revenues are projected to be \$22.0 million (8.0%) above budget and \$113.5 million (62.2%) over prior year actual revenues. The increase over prior year is largely due to \$56.4 million previously budgeted in special revenue funds that are now deposited to the General

Fund. The remainder of the increase is a result of reduced litigation-related revenue deferrals and continued strong economic performance in the San Francisco hospitality sector.

The average monthly increase in Revenue per Available Room (RevPAR), which is the combined effect of occupancy, average daily room rates, and room supply, during the first five months of FY 2013-14 was approximately 14% over the same period prior year, and reflects an all-time high of approximately \$222 per night. This current period RevPAR growth is on top of large increases over the last three years: 20% in FY 2012-13, 15% in FY 2011-12 and 15% in FY 2010-11.

San Francisco and a number of other jurisdictions in California and the U.S. are currently involved in litigation with online travel companies regarding the companies' duty to remit hotel taxes on the difference between the wholesale and retail prices paid for hotel rooms. Final year-end revenue will be either greater or less than our projection depending on developments with these lawsuits.

Utility Users Tax revenues are projected to be \$2.1 million (2.3%) below budget and \$0.5 million (0.5%) under prior year actual revenues. The reduction from budget results partly from lower than expected FY 2012-13 year-end revenue from gas and electric utility user tax revenues, and partly from continued lower than expected revenues in FY 2013-14. Telephone user tax revenues are projected to decline by 0.5% over prior year revenues, due to reductions in commercial phone line service partially offset by increases in wireless telephone usage, and gas and electric revenues are projected to remain flat. Water user tax revenue represents a small portion of the tax but is projected to increase 8.8% from prior year due to continued annual rate increases.

Parking Tax revenues are projected to be \$0.8 million (1.0%) below budget and \$0.8 million (1.0%) over prior year revenues. Continued recovery in business activity and employment as reflected in increases to payroll and sales tax projections is driving increases in parking tax revenues, but slightly less than anticipated in the budget. Parking tax revenues are deposited into the General Fund, from which an amount equivalent to 80% is transferred to the MTA for public transit under Charter Section 16.1110.

Real Property Transfer Tax revenues are projected to be equal to budget and \$7.6 million (3.4%) under prior year actual revenues. Strong demand from institutional investors and owner-users for San Francisco real estate across all property types (office, hotel, retail, and residential) has continued into FY 2013-14. This is due in large part to the continued growth of underlying market fundamentals, such as strong tenant demand, rental rates, and occupancy rates, and the relative attractiveness of San Francisco real estate compared with other investment options worldwide.

Transfer tax revenue is one of the General Fund's most volatile sources and is highly dependent on a number of factors, including investor interest, economic cycles, interest rates, and credit availability, all of which have been favorable for San Francisco real estate in the past 18 months. The pace of sales for the final two quarters is projected to decline from prior year, resulting in year-end revenue 3.3% below FY 2012-13 actuals, and consistent with the value of commercial properties known to be on the market and anticipated to close by fiscal year end.

Access Line Tax revenues are projected to be equal to budget, and nearly flat compared to prior year actual revenues. The budget assumed no growth from the prior year, which is consistent with both prior and current projections and with actual revenues.

Interest & Investment revenues are projected to be \$1.1 million (10.2%) below budget in the General Fund and \$0.5 million below prior year actual revenues. The shortfall is due to expenditure savings in the Treasurer/Tax Collector's Office (TTX) that reduce by \$1.3 million the amount of pooled interest revenue TTX is able to claim in the General Fund as described in Appendix 2. These expenditure saving will increase the interest revenue distributed to funds according to their share of cash in the pooled interest fund. A portion will return to the General Fund resulting in a net loss of \$1.1 million.

State Grants and Subventions are projected to be \$20.4 million above budget primarily due to \$20.9 million of new state funding for In Home Supportive Services (IHSS) received by the Human Services Agency (HSA), as well as additional IHSS funds received by HSA via federal subventions. Both sources of IHSS funds are matched to increased City expenditure requirements for IHSS as described in the HSA section of Appendix 2. The increase in state IHSS subventions is offset by other General Fund revenue reductions to Short-Doyle Medi-Cal reimbursements at the Department of Public Health (DPH) of \$5.0 million. Citywide realignment revenues are expected increase by \$10 million from budget due to higher than expected sales tax and vehicle license fee growth during FY 2012-13. This increase is offset by a \$7.0 million General Fund loss due to the state clawback of public health realignment funding. The state projects locals will receive offsetting insurance reimbursements a result of Affordable Care Act implementation.

Appendix 2. General Fund Department Budget Projections

Table A2-1. General Fund Supported Operations (\$ millions) *Note: Figures may not sum due to rounding*

GENERAL FUND (\$ millions)		Uses Revised Budget	Uses Projected Year-End	Revenue Surplus / (Shortfall)	Uses Savings / (Deficit)	Net Surplus / (Deficit)	Notes
PUBLIC PROTECTION							
ADP	Adult Probation	29.2	29.2	-	-	-	
SUP	Superior Court	32.5	32.5	-	-	-	
DAT	District Attorney	37.8	37.6	-	0.2	0.2	
ECD	Emergency Management	42.5	42.5	-	-	-	1
FIR	Fire Department	308.3	307.4	(2.3)	0.9	(1.4)	2
JUV	Juvenile Probation	36.2	34.9	(1.3)	1.3	-	3
PDR	Public Defender	28.6	28.5	-	0.2	0.2	
POL	Police	441.8	441.8	(0.3)	(0.0)	(0.3)	4
SHF	Sheriff	163.6	163.7	(0.3)	(0.1)	(0.4)	5
PUBLIC WORKS, TRANSPORTATION & COMMERCE							
DPW	Public Works	35.7	35.7	-	-	-	
ECN	Economic & Workforce Development	23.3	23.3	-	-	-	6
ECN	Economic & Workforce Development: America's Cup	6.4	4.3	(7.3)	2.1	(5.3)	6
PAB	Board of Appeals	1.0	1.0	-	-	-	
HUMAN WELFARE & NEIGHBORHOOD DEVELOPMENT							
CHF	Children, Youth & Their Families	30.9	30.9	-	-	-	
DSS	Human Services	659.7	656.2	26.1	3.5	29.6	7
ENV	Environment	0.0	0.0	-	-	-	
HRC	Human Rights Commission	1.5	1.2	-	0.4	0.4	8
USD	County Education Office	0.1	0.1	-	-	-	
WOM	Status of Women	5.1	5.1	-	-	-	
COMMUNITY HEALTH							
DPH	Public Health Total	1,018.3	1,017.9	(17.4)	36.7	19.3	9
CULTURE & RECREATION							
AAM	Asian Art Museum	8.6	8.5	-	0.1	0.1	
ART	Arts Commission	5.5	5.5	-	-	-	
FAM	Fine Arts Museum	13.3	12.9	-	0.4	0.4	
LLB	Law Library	1.3	1.3	-	-	-	
REC	Recreation and Park	78.9	78.9	-	-	-	10
SCI	Academy of Sciences	4.2	4.2	-	-	-	
GENERAL ADMINISTRATION & FINANCE							
ADM	City Administrator	47.9	47.9	-	-	-	
ASR	Assessor / Recorder	18.3	17.4	(0.6)	0.9	0.4	11
BOS	Board of Supervisors	13.0	12.8	(0.1)	0.3	0.1	
CAT	City Attorney	10.0	9.5	(1.3)	0.4	(0.8)	12
CON	Controller	12.9	12.9	-	-	-	
CPC	City Planning	26.5	27.9	4.2	(1.4)	2.8	13
CSC	Civil Service Commission	0.6	0.6	-	-	-	
ETH	Ethics Commission	2.6	2.4	-	0.3	0.3	14
HRD	Human Resources	11.5	11.5	-	-	-	
HSS	Health Service System	0.6	0.4	-	0.1	0.1	
MYR	Mayor	8.7	8.7	-	-	-	
REG	Elections	16.7	16.7	-	-	-	
RET	Retirement System	-	-	-	-	-	
TIS	Technology	1.9	1.9	-	-	-	
TTX	Treasurer/Tax Collector	24.2	22.2	-	2.0	2.0	15
GENERAL CITY RESPONSIBILITIES		270.0	261.7	-	8.3	8.3	16
TOTAL GENERAL FUND		3,479.9	3,459.6	(0.5)	56.5	56.0	

Notes to General Fund Department Budget Projection

The following notes provide explanations for the projected variances for select departments' actual revenues and expenditures compared to the revised budget.

1. Emergency Management

The Department of Emergency Management projects that it will end the fiscal year within budget. A supplemental reappropriation will be requested to transfer \$0.6 million from salary savings and contingency funds to cover a projected shortfall in overtime expenditures, per Administrative Code section 3.2. The overtime spending increases are mainly due to maintaining minimum staffing requirements and the expenses incurred to respond to the Asiana incident.

2. Fire Department

The Fire Department currently projects a net shortfall of \$1.4 million. A projected revenue deficit of \$2.3 million will be partially offset by \$0.9 million in expenditure savings. The revenue shortfall is primarily due to a \$4.2 million shortfall in ambulance system revenue, offset in part by a \$2.3 million surplus in fees for fire inspection. These projections assume receipt of \$6.0 million in budgeted prior year Ground Emergency Medical Transport (GEMT) ambulance fee reimbursement. The Department also projects to partially offset the net revenue shortfall with increases in projected Prop 172 Public Protection Sales Tax revenue.

Expenditure savings of \$0.9 million are projected, due to an additional \$0.8 million savings in worker's compensation expenses and \$0.1 million savings in non-personnel expenditures. A supplemental reappropriation request for expenses at the Airport is expected, to transfer funding from savings in regular salaries to cover over-expenditures in overtime, pursuant to Administrative Code Section 3.2.

3. Juvenile Probation

The Juvenile Probation Department projects to end the fiscal year within budget. The Department projects a revenue shortfall of \$1.3 million primarily due to a \$1.2 million decrease in Title IV-E Medi-Cal revenue and expenditure savings of \$1.3 million, primarily due to lower than budgeted salary and benefit expenditures.

4. Police Department

The Police Department projects a net fee revenue shortfall of \$0.3 million. Salary and benefit expenditures are projected to offset additional worker's compensation costs of \$0.4 million and \$1.5 million in projected under-recoveries.

5. Sheriff

The Sheriff's Department projects to end the fiscal year with a net deficit of \$0.4 million, due to a projected revenue deficit of \$0.3 million and \$0.1 million in projected over-expenditures. The \$0.3 million revenue shortfall is projected due to a \$0.5 million underrecovery of state revenue from later than anticipated implementation of the reentry pod and a \$0.2 million shortfall in Federal Criminal Alien Assistance Program (SCAAP) revenue, partially offset by a projected \$0.3 million disability claim reimbursement and a \$0.1 million surplus in other revenues. The Department projects a net expenditure deficit of \$0.1 million due to over-expenditures of \$1.0 million in overtime and premium pay. This is expected to be offset by

projected savings of \$0.7 million in materials and supplies generated by a lower than expected prisoner population, \$0.1 million savings in worker compensation expenses, and up to \$0.1 million from the MOU reserve for salary and benefit expenditures. The Department will request a supplemental to reappropriate salary costs for overtime expenditures and may also need additional overtime expenditure authority.

6. Economic and Workforce Development

The Office of Economic and Workforce Development projects to end the year within budget in its operating funds. The current year budget assumed \$5.0 million in donations towards America's Cup project costs, however, at this time it is projected that no donations will be received. Furthermore, the City will write off a receivable of \$2.3 million carried forward from prior years for a total revenue shortfall in the current year of \$7.3 million. This is partially offset by expenditure savings of \$2.1 million due to the reduced size of the event, for a net FY 2013-14 project shortfall of \$5.3 million. This projection assumes MTA will bill \$1.6 million for transportation and parking control services for the America's Cup, but that public safety departments will not bill charges for the event.

7. Human Services Agency

The Human Services Agency projects to end the fiscal year with a \$29.6 million surplus due to \$3.5 million projected expenditure savings and a \$26.1 million revenue surplus. Projected expenditures in the In Home Supportive Services Program of \$24.7 million above budget will be entirely offset by increased state revenues under the State's new Maintenance of Effort (MOE) requirement, implemented in late FY 2012-13 but not reflected in the budget due to timing. Foster Care revenues are projected to be higher than budget by \$0.5 million, which are offset by Foster Care program cost increases of \$2.4 million due to higher than expected costs per case, resulting in a net program deficit of \$1.9 million.

Other aid program net savings of \$8.0 million are projected primarily due to \$7.0 million in expenditure savings. This savings is due to lower than expected caseloads, including \$2.5 million in expenditure savings projected in the County Adult Assistance Program, \$4.3 million in savings in Client Aid or Ancillary Assistance Costs, and \$0.3 million in savings in other aid programs. The Department anticipates \$1.0 in additional revenue for other aid programs, resulting in a net savings of \$8.0 million. Other program net savings of \$23.5 million is primarily due to salary and benefits savings of \$10.8 million due to hiring delays, contract under-expenditures of \$13.8 million, \$0.9 million in additional program savings, and a slight projected revenue shortfall of \$0.1 million. The Department may request appropriation authority for \$2.0 million in CalWIN expenditures, which will be entirely offset by associated state revenues.

Table A2.2. Human Services Agency (\$ Millions)

Program	Sources Surplus / (Shortfall)	Uses Savings / (Deficit)	Net Surplus / (Deficit)
In Home Supportive Services (IHSS)	24.7	(24.7)	-
Foster Care	0.5	(2.4)	(1.9)
Other Aid Assistance/Programs	1.0	7.0	8.0
All Other Programs	(0.1)	23.6	23.5
Total All Programs	\$ 26.1	\$ 3.5	\$ 29.6

8. Human Rights Commission

The Department projects to end the fiscal year with a surplus of \$0.4 million due to salary savings resulting from vacancies and leaves.

9. Public Health

The Department of Public Health projects to end the fiscal year with a net General Fund surplus of \$19.3 million. Overall department revenues are projected to be \$17.4 million less than budgeted, and expenditures are projected to be \$36.7 million less than budgeted.

Table A2.3. Department of Public Health by Fund (\$ Millions)

Fund	Sources Surplus/ (Shortfall)	Uses Savings/ (Deficit)	Net Surplus/ (Shortfall)
Public Health General Fund	(13.7)	0.4	(13.3)
Laguna Honda Hospital	19.9	-	19.9
Subsidy Transfer to SF General Hospital	(6.7)	-	(6.7)
San Francisco General Hospital	(16.9)	36.3	19.3
Total	(17.4)	36.7	19.3

Public Health General Fund

Department of Public Health General Fund programs, including Primary Care, Mental Health, Substance Abuse, Jail Health, and Population Health & Prevention, have a combined revenue shortfall of \$13.7 million. This includes \$5.0 million less than expected reimbursement from Short Doyle Medi-Cal for Mental Health, \$5.8 million below budget in Medi-Cal and Medicare revenue for Primary Care, and \$2.4 million less than budgeted revenue in the Population Health Division primarily from a delayed property sale. Expenditures are expected to be \$0.4 million below budget.

Laguna Honda Hospital

The Department projects a \$19.9 million net surplus for Laguna Honda Hospital. A revenue surplus of \$19.9 million includes an expected \$21.6 million increase in Medi-Cal revenue resulting from state legislation reversing a prior year Medi-Cal reduction, and administrative changes to use more current cost data to estimate Distinct Part Nursing Facility supplemental payments. Laguna Honda also projects a \$0.3 million surplus in other patient revenue, offset by a \$2.0 million shortfall in Medicare revenue. The Department projects expenditures to be within budget.

San Francisco General Hospital

The Department projects a \$12.6 million net surplus for San Francisco General Hospital due to \$19.3 million net savings offset by the use of \$6.7 million in prior year fund balance, which reduces of the subsidy transfer from the General Fund. Revenues are projected at \$23.6 million below budget due to the following: \$11.9 million below budget due to a revised estimate of county allocations of Disproportionate Share Hospital (DSH) and Safety Net Care Pool (SNCP) funding; \$9.7 million below budget due to state withholding of realignment funding; a \$25.0 million shortfall in state Healthcare Initiative revenue, which is associated with intergovernmental transfer (IGT) programs (however, the department shows a nearly equal corresponding expenditure savings since it will not have to make the

transfers, and therefore this shortfall does not impact the department's General Fund support). The hospital projects \$15.0 million above budget due to receipt of SB208 supplemental reimbursement for seniors and persons with disabilities and \$8.0 million above budget in net patient service revenues. Expenditures are \$36.3 million below budget, primarily due to \$22.5 million less than expected intergovernmental transfers, which correspond to the revenue shortfall in State Healthcare Initiative as described above, and \$14.3 million savings in salary and fringe benefits.

10. Recreation and Park

The Recreation and Park Department projects to end the fiscal year within budget. The Department projects over expenditures due to increased Water and Sewer usage of \$2.3 million, which will be offset by projected expenditure savings in work orders with other City departments, including \$0.9 million in worker's compensation.

11. Assessor Recorder

The Assessor Recorder projects to end the fiscal year with a net surplus of \$0.4 million. The Department projects a revenue shortfall of \$0.6 million primarily due to slower growth in the collection of recording fees compared to the prior year. However, the department projects \$0.9 million in expenditure savings to offset the revenue shortfall resulting in a net savings of \$0.4 million.

12. City Attorney

The City Attorney's Office projects a net \$0.8 million year-end shortfall, based on an anticipated revenue shortfall of \$1.3 million that is slightly offset by \$0.2 million in expenditure savings and \$0.2 million in transfers from the MOU Reserve. The revenue shortfall is largely due to \$1.3 million less revenue from the Office of Community Investment and Infrastructure due to lower than budgeted legal support needs. Expenditure savings of \$0.2 million are based on \$2.3 million in anticipated salary and benefits savings, \$0.4 million in nonpersonnel expenditure savings, and \$2.8 million in increased litigation expenses above budgeted work order amounts, offset by \$0.2 million in salary and benefit expenses. Potential salary savings and increased work order recoveries in the second half of the year may address the projected shortfall.

13. City Planning

The City Planning Department projects to end the year with a net surplus of \$2.8 million, due to a revenue surplus of \$4.2 million offset by expenditures of \$1.4 million above budget. The revenue surplus is primarily driven by a continued increase in the volume of planning cases and building permits. This increase is also leading to a growing backlog in permit reviews, forcing the department to defer an increasing amount of permit revenue until review work commences. The Department projects \$0.2 million in salary savings from currently unfilled positions, offset by a minor shortfall in work order recoveries due to some project delays, and \$1.5 million in additional expenditures that correspond to the increased revenues.

14. Ethics Commission

The Ethics Commission projects \$0.3 million in salary savings. The Election Campaign Fund began the fiscal year with a balance of \$2.4 million, none of which has been withdrawn in the current fiscal year. The department projects \$0.5 million in election expenditures related

to the November 2014 Board of Supervisors elections, and a projected ending fund balance of \$3.9 million.

15. Treasurer/Tax Collector

The Treasurer/Tax Collector (TTX) projects to end the fiscal year with \$2.0 million of expenditure savings offset by \$1.3 million reduction to interest revenue to TTX as described in the Interest and Investment Income section of Appendix 1. The expenditure savings are from lower than budgeted salary and nonpersonnel costs in the cashier, banking and investment functions, as shown in Table A2-1 above.

16. General City Responsibility

General City Responsibility contains funds that are allocated for use across various City departments. There is a projected \$1.6 million reduction in budgeted transfers to the Library Preservation Fund due to the portion of projected year-end surplus in the fund attributable to the General Fund baseline contribution returning to the General Fund. In addition, General Fund support to San Francisco General Hospital will be reduced by the hospital's \$6.7 million FY 2012-13 ending fund balance, which was retained to partially address known Affordable Care Act revenue losses not included in the budget. Projections assume that appropriated balances for nonprofit COLAs are fully allocated in the current year.

Appendix 3. Status of Reserves

Various code and Charter provisions govern the establishment and use of reserves. Reserve uses, deposits, and projected year-end balances are displayed in Table A3.1 and discussed in detail below. Table A3.1 also includes deposits and withdrawals included in the approved FY 2014-15 budget.

Table A3.1 Reserve Balances (\$ millions)

	FY 2013-14				FY 2014-15		
	Starting Balance	Projected Deposits	Projected Withdrawals	Projected Ending Balance	Budgeted Deposits	Budgeted Withdrawals	Projected Ending Balance
General Reserve	\$ 44.7	\$ -	\$ (4.5)	\$ 40.1	\$ 10.8	\$ -	\$ 51.0
Budget Savings Incentive Fund	24.8	6.7	(8.4)	23.1	-	(6.8)	16.4
Recreation & Parks Savings Incentive Reserve	15.9	-	(9.7)	6.2	-	(5.1)	1.1
Rainy Day Economic Stabilization Reserve	23.3	3.0	(5.8)	20.5	-	(4.4)	16.1
Rainy Day One-Time Reserve	3.0	1.5	(1.5)	3.0	-	-	3.0
Budget Stabilization Reserve	121.6	16.7	-	138.2	14.4	-	152.6
Salary and Benefits Reserve	19.4	-	(19.4)	-	13.5	(13.5)	-
Total	252.7	27.8	(49.4)	231.2	38.7	(29.7)	240.2

General Reserve: To date, a supplemental appropriation of \$2.5 million for nonprofit rent assistance through the Mayor's Office of Housing has been proposed, and an increase of \$2 million is pending at the Budget and Finance Committee, for a total of \$4.5 million. No supplementals have been approved. This report assumes approval of this \$4.5 million supplemental. The remaining \$40.1 million will be carried forward to FY 2014-15. The approved budget includes a \$10.8 million deposit to the reserve in FY 2014-15, which will have to be increased by \$4.5 million as discussed in section B of the report above.

Pursuant to a financial policy approved by the Board of Supervisors in 2011 and codified in Administrative Code Section 10.60(b), year-end balances in the General Reserve are carried forward into subsequent years and thereby reduce the amount of future appropriations required to support minimum reserve requirements established by the policy. For the FY 2013-14 and FY 2014-15, the policy requires the General Reserve to be no less than 1.25% and 1.5% of budgeted regular General Fund revenues, respectively. The current balance of the reserve is \$44.7 million.

Budget Savings Incentive Fund: The Citywide Budget Savings Incentive Fund (authorized by Administrative Code Section 10.20) receives 25% of year-end departmental expenditure savings to be available for one-time expenditures, unless the Controller determines that the City's financial condition cannot support deposits into the fund. At FY 2012-13 year-end, the Reserve balance was \$24.8 million from expenditure savings. Projected deposits of \$6.7 million and budgeted uses of \$8.4 million result in a projected yearend balance of \$23.1 million. Note that the current budget appropriated \$6.8 million of the balance for use in FY 2014-15.

Recreation and Parks Savings Incentive Reserve: The Recreation and Parks Saving Incentive Reserve, established by Charter Section 16.107(c), is funded by the retention of year-end new revenue and net expenditure savings by the Recreation and Parks Department. This Reserve ended FY 2012-13 with \$15.9 million, of which \$9.7 million was appropriated for FY 2013-14 uses. No deposits are projected for the current fiscal year, leaving a projected ending balance of \$6.2 million. Note that the current budget also appropriated \$5.1 million in uses for FY 2014-15.

Rainy Day Economic Stabilization Reserve: Charter Section 9.113.5 establishes a Rainy Day Economic Stabilization Reserve funded by 50% of excess of revenue growth in good years, which can be used to support the City General Fund and San Francisco Unified School District operating budgets in years when revenues decline. The Rainy Day Economic Stabilization Reserve began the year with \$23.3 million. A projected deposit of \$3.0 million and budgeted \$5.8 million withdrawal from the Reserve for the benefit of the San Francisco Unified School District to offset the impact of declines in inflation-adjusted per pupil revenue result in a projected year-end balance of \$20.5 million. The approved FY 2014-15 budget includes a draw of \$4.4 million for the benefit of the School District.

Rainy Day One-Time Reserve: Charter Section 9.113.5 establishes a Rainy Day One-Time Reserve funded by 25% of excess revenue growth, which can be used for one-time expenses. This Reserve began the year with \$3.0 million. A projected deposit of \$1.5 million and a budgeted withdrawal of \$1.5 million result in a projected year-end balance of \$3.0 million.

Any increases to revenues during the remainder of the fiscal year would result in deposits of 75% of such revenue to the Rainy Day Reserve as described in this section.

Budget Stabilization Reserve: Established in 2010 by Administrative Code Section 10.60(c), the Budget Stabilization Reserve augments the Rainy Day Economic Stabilization Reserve. The Budget Stabilization Reserve is funded by the deposit each year of 75% of real property transfer taxes above the prior five-year average (adjusted for policy changes) and ending unassigned fund balance above that appropriated as a source in the subsequent year's budget. The current balance of the Reserve is \$121.6 million, and the budget assumed a \$16.0 million deposit in FY 2013-14. The adjustment for rate increases in November 2008 and November 2010 has declined due to updated data about the tax rates at which transactions are occurring, resulting in a projected increase in the deposit of \$5.2 million, partially offset by the \$4.5 million deposit to the Rainy Day Reserve. This results in a \$16.7 million deposit, \$0.7 million more than budgeted. The projected ending balance for FY 2013-14 is \$138.2 million. The approved FY 2014-15 budget includes a deposit of \$14.4 million.

Salary and Benefits Reserve: Administrative Provisions Section 10.4 of the Annual Appropriation Ordinance (AAO) authorizes the Controller to transfer funds from the Salary and Benefits Reserve, or any legally available funds, to adjust appropriations for employee salaries and related benefits for collective bargaining agreements adopted by the Board of Supervisors. The Salary and Benefits Reserve had a fiscal year starting balance of \$19.4 million (\$6.3 million carried forward from FY 2013-14 and \$13.1 million appropriated in the FY 2013-14 Annual Appropriation Ordinance). As of February 6, 2014, the Controller's Office has transferred \$0.9 million to City departments and anticipates transferring the remaining amount to City departments by year-end, as detailed in Appendix 4. The approved budget for FY 2014-15 assumes the deposit and use of \$13.5 million to this reserve.

Appendix 4. Salary and Benefits Reserve Update

Table A4-1. Salary and Benefits Reserve (\$ millions)

Sources	
Adopted AAO Salary and Benefits Reserve	\$ 13.1
Carryforward balances from FY 2012-13	6.3
Total Sources	19.4
 Uses	
Transfers to Departments	
SEIU as needed temporary employees healthcare (Q1 & Q2)	0.8
Visual Display Terminal Insurance (Q1 & Q2)	0.1
Total Transfers to Departments	0.9
 Anticipated Allocations	
Police Wellness, Premium, and Compensatory Time payouts	10.1
Citywide Premium, Retirement and Severance payouts	2.6
Various Training, Tuition, and Other Reimbursements	2.8
Retiree Health	1.0
Fire Wellness, Premium, and Compensatory Time payouts	0.7
SEIU as needed temporary employees healthcare (Q3 & Q4)	0.8
Fingerprinting and background checks	0.4
Sheriff Premium and Other Reimbursements	0.1
Visual Display Terminal Insurance (Q3 & Q4)	0.1
Total Remaining Allocations	18.5
 Total Uses	 19.4
 Net Surplus / (Shortfall)	 \$ 0.0

Appendix 5. Other Funds Highlights

Table A5-1. Other Fund Highlights, \$ Millions

	Prior Year		FY 2013-14				FY 2014-15		Note
	FY 2012-13 Year-End Available Fund Balance	Fund Balance Used in FY 13-14 Budget	Starting Available Fund Balance	Sources Surplus / (Shortfall)	Uses Savings /(Deficit)	Net Operating Surplus / (Deficit)	Estimated Year-end Fund Balance	Fund Balance Used in FY 14-15 Budget	
<u>SELECT SPECIAL REVENUE AND INTERNAL SERVICES FUNDS</u>									
Building Inspection Operating Fund	\$52.6	\$21.6	\$31.0	\$16.5	\$0.0	\$16.5	\$47.5	\$6.6	1
Children's Fund	\$8.6	\$4.8	\$3.8	\$1.1	\$0.2	\$1.3	\$5.1	\$1.7	2
Children's Fund - Public Education Special Fund	\$2.9	\$0.0	\$2.9	\$0.0	\$0.0	\$0.0	\$2.9	\$0.0	3
Convention Facilities Fund	\$32.0	\$10.1	\$21.9	\$0.0	\$2.2	\$2.2	\$24.1	\$7.2	4
Golf Fund	\$0.1	\$0.0	\$0.1	(\$0.3)	\$0.2	(\$0.0)	\$0.0	\$0.0	5
Library Preservation Fund	\$19.6	\$0.9	\$18.7	\$0.0	\$1.1	\$1.1	\$19.8	\$0.0	6
Local Courthouse Construction Fund	(\$4.2)	\$1.1	(\$5.3)	\$0.0	(\$0.7)	(\$0.7)	(\$6.0)	\$1.1	7
Open Space Fund	\$5.1	\$1.8	\$3.3	\$0.9	\$0.6	\$1.5	\$4.8	\$0.7	8
Telecomm. & Information Systems Fund	\$4.6	\$0.6	\$4.0	\$0.0	\$0.3	\$0.3	\$4.3	\$0.0	9
General Services Agency- Central Shops Fund	\$0.2	\$0.0	\$0.2	\$0.0	\$0.0	\$0.0	\$0.2	\$0.0	10
<u>SELECT ENTERPRISE FUNDS</u>									
Airport Operating Fund	\$97.2	\$7.5	\$89.7	(\$13.2)	\$26.7	\$13.5	\$103.2	\$14.3	11
MTA – Operating Funds	\$89.2	\$0.0	\$89.2	\$43.7	\$2.7	\$46.4	\$135.6	\$0.0	12
Port Operating Fund	\$28.8	\$13.1	\$15.7	\$1.7	\$9.5	\$11.2	\$26.9	\$0.0	13
PUC – Hetch Hetchy Operating Fund	\$63.9	\$20.7	\$43.2	(\$3.6)	\$10.4	\$6.8	\$50.0	\$0.0	14
PUC – Wastewater Operating Fund	\$88.2	\$0.0	\$88.2	\$3.5	\$12.0	\$15.5	\$103.7	\$0.0	15
PUC – Water Operating Fund	\$279.5	\$81.5	\$198.0	(\$24.9)	\$46.9	\$22.0	\$220.0	\$0.0	16

Notes to Special Revenue, Internal Services and Enterprise Funds

Select Special Revenue & Internal Services Funds

1. Building Inspection Fund

The Building Inspection Department operating fund began the year with \$31.0 million in available fund balance. The \$21.6 million appropriated in the current year includes \$14.7 million for the Department's One Time and Capital Project Reserve. The Department projects operating revenues net of refunds to be \$16.5 million over budget, largely due to increases in plan review and building permit fee revenue. The combined effect of an 8.2% increase in permit volume and 37.5% increase in valuation result in a 63% increase in revenue year over year. The Department projects expenditure to be within the budget, resulting in a projected fiscal year-end available fund balance of \$47.5 million.

2. Children's Fund

The Children's Fund began the fiscal year with \$3.8 million in available fund balance. Current year revenues are projected to be \$1.1 million better than budget due to estimated increases in property tax set-aside revenue, and \$0.2 million in expenditure savings on services from other departments. The projected fiscal year-end available fund balance is \$5.1 million.

3. Children's Fund – Public Education Special Fund

The Public Education Special Fund began the fiscal year with \$2.9 million in available fund balance. There are no projected changes to fund balance in the current year.

4. Convention Facilities Fund

The Convention Facilities Fund began the fiscal year with \$21.9 million in available fund balance. Debt service savings of \$2.2 million are projected, resulting in a \$24.1 million available fund balance expected at year-end.

5. Golf Fund

The Golf Fund began the fiscal year with \$0.1 million in available fund balance. The Recreation and Parks Department projects revenues to be \$0.3 million less than expected. This reduced revenue is projected to be partially offset by salary and benefit savings of \$0.2 million. There is no available fund balance expected at year-end.

6. Library Preservation Fund

The Library Preservation Fund began the fiscal year with \$18.7 million in available fund balance. The Department projects revenue to be on budget including \$1.0 million and \$0.9 million improvement to general fund baseline contributions and property taxes respectively, offset by a \$1.6 million return to the general fund of revenue surplus and expenditure savings in the fund attributable to the baseline transfer and a \$0.3 million shortfall in library services revenue. The Department projects expenditure savings of \$1.1 million primarily due to \$0.8 million in salaries and benefits and \$0.3 million in nonpersonnel expenses. The net result is an operating surplus of \$1.1 million and a projected fiscal year-end available fund balance of \$19.8 million.

7. Local Courthouse Construction Fund

The Local Courthouse Construction Fund began the year with a fund balance shortfall of \$5.3 million. Current year revenues are expected to close as budgeted and offset the debt service payment of \$4.2 million leading to a net operating shortfall of \$ 0.7 million for FY 2013-14. This results in an anticipated year-end fund balance shortfall of \$6.0 million.

The fund supports debt service on the Certificates of Participation sold to support construction of the 400 McAllister Street courthouse and lease costs for the Community Justice Center at 575 Polk Street. The State Administrative Office of the Courts recently declined the City's request to extend its retention of the Fund's revenue for a period not to exceed one year beyond the final maturity date on the bonds, which would have allowed this deficit to be cleared prior to transfer to the State.

8. Open Space Fund

The Open Space Fund began the fiscal year with \$3.3 million in available fund balance. The Department projects an expenditure surplus of \$0.6 million and revenues to be \$0.9 million greater than budget due to increased Property Tax set-aside revenues, resulting in a projected fiscal year-end available fund balance of \$4.8 million.

9. Telecommunication & Information Services Fund

The Telecommunication & Information Services Fund began the fiscal year with an available fund balance of \$4 million. The Department projects \$0.3 million more in revenues, and expenditures to be on budget, resulting in a fiscal year-end available fund balance of \$4.3 million.

10. Central Shops Fund

The Central Shops fund began the year with an available fund balance of \$0.2 million. The City Administrator projects that expenditures will be below budget, offset by associated reduced recoveries from departments. The estimated available year-end fund balance is projected to be \$0.2 million.

Select Enterprise Funds

11. Airport Operating Fund

The Airport Operating Fund began the fiscal year with \$89.7 million in available fund balance. The Department is projecting a net revenue shortfall of \$13.2 million, which consists of a \$10.0 million increase in rent and concessions revenue and an \$8.6 million increase in aviation revenues partially offset by a \$10.1 shortfall in non-operating revenue. The Department projects expenditure savings of \$26.7 million driven primarily by \$13.0 million in non-personnel services, \$4.2 million in debt service, \$3.8 million in services of other departments, and \$2.2 million in public safety costs. The expenditure savings is partially offset by \$1.0 million in unbudgeted expenditures related to the crash of Asiana Airlines Flight 214 on July 6, 2013. These factors result in a projected net surplus of \$13.5 million and a fiscal-year end available fund balance of \$103.2 million.

12. Municipal Transportation Agency (SFMTA) Operating Funds

SFMTA began the fiscal year with \$89.2 million in available operating fund balance. The Agency is projected to end the year with a net operating surplus of \$46.4 million, resulting in

a projected year-end fund balance of \$135.6 million. The Agency projects a revenue surplus of \$43.7 million, including \$16.9 million surplus in Taxi Medallion Sales, \$3.8 million in increased parking meter revenues, \$4.2 million increase in MTA Baseline Transfer, \$8.3 million in increased transit fare revenue, and \$10.8 million in increased State operating grants, offset by a \$0.6 million reduction in parking tax transfers. The Agency projects to end the year with \$2.7 million in expenditure savings, as over expenditures of \$12.5 million in overtime pay, \$2.1 million in temporary pay, and \$2.6 million in holiday pay are offset by \$4.1 million surplus in overhead, \$1.1 million surplus in professional and specialized services, \$1.9 million savings in rents and leases, \$0.5 million savings in materials and supplies, \$10 million from not funding reserves as originally anticipated, and \$0.1 million in other savings.

13. Port Operating Fund

The Port Operating Fund began the fiscal year with \$15.7 million in available fund balance. The Department projects a \$1.7 million revenue surplus due to \$0.8 million in increased real estate from parking revenue, a \$0.1 million increase in maritime revenues as a result of Harbor Services and other Marine volume, and \$0.8 million in other revenue including development fees, permits and other miscellaneous revenue. The Department projects \$9.5 million in expenditure savings consisting of \$1.4 million in debt service savings, \$2.6 million in salaries and benefits savings, \$1.7 million in non-personnel expense savings, \$2.9 million in annual project savings, \$0.5 million in savings from services of other departments, and \$0.4 million savings in materials and supplies. This results in a projected net operating surplus of \$11.2 million and a fiscal-year end available fund balance of \$26.9 million that will be used to support the Port's capital program and 15 percent operating reserve.

14. Public Utilities Commission – Hetch Hetchy Operating Fund

The Hetch Hetchy Operating Fund began the fiscal year with \$43.2 million in available fund balance. The Department projects a net revenue shortfall of \$3.6 million due to lower power sales and below budget gas and steam revenues due to lower planned rates for natural gas. This shortfall is offset by \$10.4 million in projected expenditure savings, resulting in a projected net operating surplus of \$6.8 million and available fiscal year-end fund balance of \$50 million.

Hetch Hetchy Water and Power operations are affected by drought. If current dry conditions persist, the lack of water will simultaneously reduce revenue from the sales of surplus power and possibly create the need to purchase power on the open market to cover City municipal loads, which are typically met through generation at Hetch Hetchy. Taken together, this could lower ending fund balances of \$5 to \$15 million, depending on weather conditions. Projections will be updated in the Nine-Month Report.

15. Public Utilities Commission – Wastewater Operations Fund

The Wastewater Operations Fund began the fiscal year with \$88.2 million in available fund balance. The Department projects revenue to be \$3.5 million higher than budget mainly due to higher retail sewer service charges, and projects \$12 million in expenditure savings primarily due to refunding 2013A bonds and personnel cost savings. This results in a projected net operating surplus of \$15.5 million and a fiscal year-end available fund balance of \$103.7 million.

16. Public Utilities Commission – Water Operating Fund

The Water Operating Fund began the fiscal year with \$198 million in available fund balance. Water Department revenues are projected to be \$24.9 million lower than budget, mainly because wholesale customers made an early repayment of \$356 million in the prior year resulting in a lower FY2013-14 wholesale rate. The Department projects \$46.9 million of expenditure savings primarily from refunding of Water Bond Series 2012 C and D, and the defeasance related to the wholesale customer early repayment. This results in a projected net surplus of \$22.0 million and a fiscal year-end available fund balance of \$220 million.

Appendix 6. Overtime Report

Overtime Spending by Department, Fiscal Year 2013-14

Department	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 13 Projection Change from Prior Year Actuals				
	Actual	Actual	Actual	Actual	Revised Budget	July through December 2013	Straight Line Projection	Surplus/ (Deficit)	\$ Million	Percent
MTA										
Municipal Railway	\$ 45.6	\$ 52.2	\$ 53.2	\$ 46.3	\$ 34.9	\$ 24.9	\$ 49.7	\$ (14.8)	\$ 3.4	7%
Parking & Traffic	2.3	2.1	2.5	2.3	1.6	1.2	2.4	(0.8)	0.0	2%
Subtotal - MTA	47.9	54.3	55.7	48.7	36.5	26.1	52.1	(15.6)	3.4	7%
Police										
General Fund Operations	13.8	13.1	10.7	13.0	13.4	6.7	13.5	(0.1)	0.5	4%
Special Law Enforcement Services (10B)	10.5	8.6	10.4	10.5	5.7	5.7	11.4	(5.7)	0.9	8%
Grants & Other Non-10B Special Revenues	0.9	1.5	2.1	2.4	1.6	0.6	1.2	0.4	(1.2)	-48%
Airport	1.7	1.4	1.8	1.8	1.7	0.5	1.0	0.7	(0.8)	-45%
Subtotal - Police	26.9	24.6	24.9	27.7	22.5	13.6	27.1	(4.7)	(0.6)	-2%
Public Health										
SF General	2.9	4.2	5.1	5.1	4.5	2.2	4.4	0.1	(0.7)	-13%
Laguna Honda Hospital	5.1	5.6	5.7	6.4	5.6	2.9	5.8	(0.2)	(0.5)	-8%
All Other Non-Hospital Operations	0.8	0.8	0.8	1.1	0.8	0.6	0.6	0.2	(0.5)	-49%
Subtotal - Public Health	8.9	10.6	11.6	12.6	10.9	5.7	10.8	0.1	(1.8)	-14%
Fire										
General Fund Operations	21.0	27.7	32.6	40.4	37.5	20.5	41.0	(3.5)	0.6	1%
Grants & Other Special Revenues	0.0	-	-	-	(0.0)	0.1	0.1	(0.1)	0.1	n/a
Airport	2.2	2.5	2.8	3.1	2.6	2.2	4.3	(1.7)	1.3	42%
Port	0.2	0.3	0.2	0.3	0.4	0.1	0.2	0.1	(0.1)	-37%
Subtotal - Fire	23.5	30.5	35.6	43.8	40.4	22.8	45.6	(5.2)	1.8	4%
Sheriff										
Subtotal - Sheriff	7.1	5.8	8.4	10.7	9.8	5.5	11.1	(1.3)	0.4	3%
Subtotal - Top 5	114.3	125.8	136.2	143.4	120.1	73.6	146.7	(26.6)	3.3	2%
Public Utilities Commission										
Recreation & Park	1.4	1.4	1.1	1.6	1.3	0.9	1.7	(0.4)	0.1	7%
Human Services Agency	0.5	0.6	0.6	0.8	0.5	1.1	2.2	(1.7)	1.4	175%
Fine Arts Museum	1.0	0.8	0.9	0.7	0.3	0.5	1.0	(0.6)	0.2	30%
Public Works	1.5	1.4	1.5	2.0	1.7	1.0	1.9	(0.2)	(0.1)	-3%
Juvenile Probation	0.8	0.8	0.9	1.4	0.9	0.6	1.3	(0.4)	(0.1)	-6%
Airport Commission	1.7	2.2	2.2	2.5	2.6	1.4	2.8	(0.2)	0.3	14%
Elections	0.4	0.4	0.4	0.3	0.6	0.1	0.2	0.4	(0.1)	-42%
Emergency Management	1.4	1.4	1.2	1.1	1.1	0.7	1.4	(0.3)	0.3	25%
All Other Departments	2.0	3.2	2.9	4.0	3.8	2.6	5.2	(1.4)	1.2	30%
Total	130.0	144.0	154.1	163.8	136.9	85.9	171.2	(34.2)	7.3	4%
Top 5 % of Total	87.9%	87.4%	88.4%	87.6%	87.7%	85.7%	85.7%			
Change from Prior Year Actual	\$ (12.0)	\$ 14.0	\$ 12.0	\$ 9.7	\$ (26.9)		\$ 7.4			
Total Gross Salaries (Cash Compensation)	\$ 2,595.8	\$ 2,529.6	\$ 2,634.5	\$ 2,802.2	\$ 2,856.8	\$ 1,340.7	\$ 2,681.4			
Overtime as a % of Total Gross Salaries	5.0%	5.7%	5.8%	5.8%	4.8%	6.4%	6.4%			

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BOS-11 directly
page

From: Loeza, Gabriela
Sent: Monday, February 10, 2014 4:07 PM
To: Caldeira, Rick; Calvillo, Angela; BOS Legislation; Landis, Deborah; Nevin, Peggy; Wong, Linda (BOS); Young, Victor
Cc: Campbell, Severin
Subject: Analysis of the Impact of the 34th America's Cup to the City
Attachments: BLA.America's Cup Costs Feb 10 2014.pdf


Attached please find a copy of the Budget and Legislative Analyst's report, *Analysis of the Impact of the 34th America's Cup to the City*, prepared for Supervisor Avalos. For further information about this report, please contact Severin Campbell at the Budget and Legislative Analyst's Office: 553-4647 or severin.campbell@sfgov.org.

Gabriela Loeza
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**CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST**

1390 Market Street, Suite 1150, San Francisco, CA 94102
(415) 552-9292 FAX (415) 252-0461

Policy Analysis Report

To: Supervisor Avalos
From: Budget and Legislative Analyst's Office 
Re: Analysis of the Impact of the 34th America's Cup to the City
Date: February 10, 2014

Summary of Requested Action

Your office requested that the Budget and Legislative Analyst review the impact of the 34th America's Cup to the City. We reviewed the economic impact, the City's revenues and expenditures, the America's Cup Organizing Committee's performance in reaching its contractual goal to raise \$32 million to offset City costs, a summary of investments made to Port property, and the Event Authority's vacation of the Port venues. We also reviewed the Event Authority's compliance with the *Workforce Development and Local Small Business Inclusion Plan*.

For further information about this report, contact: Severin Campbell at the Budget and Legislative Analyst's Office.

EXECUTIVE SUMMARY

The 34th America's Cup was a series of international sailing races, consisting of the two America's Cup World Series events in 2012, and the Louis Vuitton Cup Challenger Series and America's Cup Finals in 2013. The City, the America's Cup Organizing Committee, and the America's Cup Event Authority (Event Authority) entered into a Host and Venue Agreement, which set the terms for the City's hosting of the America's Cup events, and the Lease Disposition Agreement, which set the specific terms for the Event Authority's use of City property. The Lease Disposition Agreement incorporated the *Workforce Development and Local Small Business Inclusion Plan*, which set local hiring and local small business participation goals for Event Authority contracts.

The economic impact to the City from hosting the America's Cup was 27 percent of the original projections by the Office of Economic and Workforce Development's (OEWD) economic consultant, as shown in the table below. The original projections were prepared in 2010 prior to selection of San Francisco as the host city and were based on 15 racing syndicates participating in the America's Cup sailing races. The 34th America's Cup included only four rather than 15 racing syndicates and attracted fewer spectators than estimated.

Table I: Summary of the Initial, Revised and Final Estimates of the Economic Impact of the America's Cup Events in 2012 and 2013

	2010 Report	March 13, 2013 Presentation to Budget and Finance Committee	December 2013 Report	December 2013 Economic Benefit as a Percent of Original Projection in 2010
Total Economic Impact to City Businesses and Residents	\$1.372 billion	\$901.8 million	\$364.4 million	27%
Tax Revenues to the City	\$23.9 million	\$13.0 million	\$5.8 million	24%
Number of New Jobs	8,840	6,481	2,863	44%

Source: Bay Area Council Economic Institute Reports

The City incurred \$11.5 million in net costs to host the 34th America's Cup, including \$6.0 in net General Fund costs and \$5.5 million in net Port costs

Under the Host and Venue Agreement between the City and the Event Authority, the City provided City services and exclusive and non-exclusive use of Port property to serve as America's Cup venues at no cost to the Event Authority. In exchange, the America's Cup Organizing Committee was to "endeavor" to raise up to \$32 million to reimburse the City for a portion of the City's costs. The Host and Venue Agreement did not require the Event Authority or the America's Cup Organizing Committee to fully reimburse the City's costs for the America's Cup.

The America's Cup Organizing Committee has only raised funds sufficient to reimburse the City for \$8.7 million of the City's General Fund expenditures to host the America's Cup of \$20.5 million. The America's Cup events generated an additional \$5.8 million in tax revenues, but the combined reimbursements from the America's Cup Organizing Committee and tax revenues generated by America's Cup events were insufficient to cover the City's General Fund costs to host the America's Cup events in 2012 and 2013, as shown in the table below.

Table II: The City's General Fund Costs and Revenues to Host the America's Cup

<u>General Fund Expenditures</u>	
Planning, Permitting, and Environmental Review	\$9,265,036
City Department Operating Expenditures	6,147,391
Port Expenditures Reimbursed by General Fund	4,038,662
Portable restrooms and servicing	1,015,300
Total City General Fund Expenditures	\$20,466,389
Total Tax Revenues	5,793,484
America's Cup Organizing Committee Reimbursements	8,674,387
Total Revenues	\$14,467,871
Net General Fund Costs	\$5,998,518
Port Costs	5,461,386
Total City Costs	\$11,459,904

Source: OEWD, Bay Area Council Economic Institute, City Departments

The Event Authority did not notify or work with OEWD to recruit San Francisco residents for Event Authority contracts in 2012

The City's Administrative Code provisions for hiring San Francisco residents on City contracts did not apply to Event Authority contracts because these contracts were between private entities. To meet the City's objective that San Francisco residents would be hired for America's Cup events in 2012 and 2013, the *Workforce Development and Local Small Business Inclusion Plan (Plan)* provided for the Event Authority to work closely with OEWD to identify jobs with Event Authority contractors and refer San Francisco residents for these jobs. The *Plan* provided for OEWD to monitor and enforce the local resident hiring provisions of the Event Authority contracts for event management and installation work, and assess penalties of \$5,000 per contract for failure to complete the steps to achieve the hiring goals.

According to OEWD's presentation to the March 13, 2013 Budget and Finance Committee, the Event Authority did not notify OEWD prior to the America's Cup events in 2012 nor report hiring goals for San Francisco residents in 2012. Although the OEWD presentation attributed the lack of notification to the short amount of time between the finalizing of the Lease Disposition Agreement in August 2012 and the America's Cup World Series events held in August and October 2012, the original Host and Venue Agreement between the City, the America's Cup Organizing Committee and the Event Authority and draft versions of the *Workforce Development and Local Small Business Inclusion Plan* provided for the Event Authority to "participate in the San Francisco Workforce Development System and comply with mandatory local hiring program regulations".

According to OEWD staff, they monitored Event Authority contractors in 2013 to ensure compliance with the *Plan's* goals for local hiring. In 2013, 517 San Francisco residents worked on Event Authority contracts, for an average of 127 hours or more than three weeks of full time work, as shown in the table below.

Table III: San Francisco Residents' Work Hours for 2013 Event Authority Contracts

Contract	Work Hours	Number of San Francisco Residents	Average Number of Hours per Resident
Events Management	58,654	419	140
Temporary Installation	6,854	98	70
Total	65,508	517	127

Source: OEWD

The *Plan* set a goal for 50 percent of new hires on the Event Authority's contracts to be San Francisco residents. Events management contracts met this local hire goal, but temporary installation contracts did not, as shown in the table below. According to the CityBuild Director, Event Authority installation contractors did not meet the *Plan* goals for new hires because of union hiring rules and because many of the Event Authority contractors were from outside of the Bay Area. Overall, 53 percent of new hires on Event Authority contracts in 2013 were San Francisco residents.¹

Table IV: New Hires on 2013 Event Authority contracts

Contract	New Hires	San Francisco Residents	Percent San Francisco Residents
Events Management	701	419	60%
Temporary Installation	252	87	35%
Total	953	506	53%

Source: OEWD

Payment of Prevailing Wage by Event Authority Contractors

According to the *Plan*, the Event Authority agreed to comply with the City's prevailing wage provisions for temporary event-related installation work. The Office of Labor Standards Enforcement (OLSE) conducted audits of several Event Authority contractors, based on complaints from the Carpenters Local Union No. 22 and Pile Drivers Local No. 34, and assessed nine contractors and subcontractors \$406,566 in back wages for not complying with the City's prevailing wage requirements.

The *Workforce Development and Local Small Business Inclusion Plan* did not create a mechanism to track small business participation

The *Workforce Development and Local Small Business Inclusion Plan* set local small business participation goals of 30 percent for Event Authority contracts of \$150,000 or more for event management activities. The Office of Contract Administration's Contract Monitoring Division did not set up a mechanism to track small businesses' inclusion in Event Authority contracts, nor did the *Plan* create a mechanism to track small business participation. After the conclusion of the America's Cup events in the fall of 2013, the Contract Monitoring Division and the Office of Small Business began to identify small business inclusion in the Event Authority contracts. According to the Contract Monitoring Division, of the 328 Event Authority contracts, six contractors were certified Local Business Enterprises

¹ 506 of the 517 San Francisco residents working on Event Authority contracts were new hires.

by the City. The Office of Small Business is currently verifying the number of local small San Francisco businesses that contracted with the Event Authority.

Conclusion

Under the Host and Venue Agreement, the Event Authority had exclusive and non-exclusive use of City property for the 2012 and 2013 America's Cup events at no cost to the Event Authority with the expectation that fundraising by the America's Cup Organizing Committee would reimburse the City for a portion of the City's costs to host the America's Cup. Because both the America's Cup Organizing Committee's fundraising and tax revenues generated by the America's Cup events fell short of the original projections, the City's General Fund incurred net costs of \$6.0 million and the Port incurred net costs of \$5.5 million, totaling \$11.5 million.

As a result of these net costs to the City of \$11.5 million, any agreement between the City and the Event Authority to host a future America's Cup should require payment to the City for use of City property and for City services, other than services routinely provided by the City.

The City considered that the hiring of local residents and contracts with local small businesses were benefits of the 34th America's Cup. However, while the Event Authority worked with OEWD to recruit San Francisco residents for Event Authority contracts in 2013, the Event Authority did not notify or work with OEWD to recruit San Francisco residents for Event Authority contracts in 2012, as provided by the *Workforce Development and Small Business Inclusion Plan*. Neither the Event Authority nor OEWD sufficiently tracked small business participation in Event Authority contracts.

Any agreement between the City and the Event Authority to host a future America's Cup should ensure that the Event Authority and its contractors understand and comply with local hire and prevailing wage requirements for all events covered by the agreement. The City needs to better monitor local hire requirements, and to track inclusion of local small businesses in event contracts.

The 34th America's Cup

The Host and Venue Agreement

The 34th America's Cup was a series of international sailing races between the Golden Gate Yacht Club, the defender of the America's Cup, and three challengers from New Zealand, Italy and Sweden. San Francisco was selected as the host city for the 34th America's Cup by the America's Cup Event Authority (Event Authority) on December 31, 2010, and the Mayor, the Event Authority, and the America's Cup Organizing Committee executed the Host and Venue Agreement on January 4, 2011. The Host and Venue Agreement obligated the City, as the host city for the America's Cup, to conduct an environmental review, provide waterfront venues at no cost to the Event Authority, and provide or facilitate the provision of certain services required to host a successful event.

The Lease Disposition Agreement

While the City and Event Authority tentatively agreed to a draft Development and Disposition Agreement in 2012, in which the Event Authority would enter into long-term leases for Port property in exchange for developing the property, the Event Authority withdrew its proposal for long-term development of Port property, and instead, entered into a Lease Disposition Agreement, approved by the Board of Supervisors on March 22, 2012. The Lease Disposition Agreement modified the terms of the Host and Venue Agreement, including defining the terms and conditions for which the Port (1) provided venues to the Event Authority for the America's Cup, including the respective licenses or leases for these venues, at no cost to the Event Authority; and (2) made improvements to these venues at the Port's expense in preparation for the America's Cup.

The Sailing Races

The 34th America's Cup races consisted of two America's Cup World Series, the Louis Vuitton Cup Challenger Series, and the America's Cup Finals. The World Series races, which raced 45-foot catamarans, were held in several locations², including San Francisco in August and October 2012. The Louis Vuitton Cup Challenger Series and the America's Cup Finals, which raced 72-foot catamarans, were held in San Francisco in July through September 2013.

² The 2011-2012 World Series races were held in Cascais, Portugal; Plymouth, England; Naples, Italy; Venice, Italy; San Diego, California; and Newport, Rhode Island. The 2012-2013 World Series were held in Naples, Italy and San Francisco.

Economic Benefits of the America's Cup

The Office of Economic and Workforce Development (OEWD) commissioned a report from the Bay Area Council Economic Institute and Beacon Economics on the potential economic impact of hosting the America's Cup in San Francisco, which was released in 2010 and titled *The America's Cup: Economic Impacts of a Match on San Francisco Bay* ("2010 Report"). According to the 2010 Report, economic benefits to San Francisco from hosting the America's Cup would come from expenditures by the racing teams and by spending on hotels, restaurants and retail services.

The 2010 Report estimated that benefits to the City from hosting the America's Cup would include:

- Total economic benefit to City businesses and residents of \$1.372 billion;
- Tax revenues to the City of \$23.9 million; and
- 8,840 new jobs due to America's Cup activities.

Racing Syndicates

The 2010 Report was prepared prior to the selection of San Francisco as the host city and determination of the race format, and based their estimates of the economic impact to San Francisco on 15 racing syndicates participating in the racing matches, or three more than in the prior America's Cup hosted in Valencia, Spain. However, only four racing syndicates, rather than 15, participated in the 2013 America's Cup racing matches, including the Louis Vuitton Cup Challenger and Final Series. Eight racing syndicates consisting of 11 catamarans participated in the 2012 America's Cup World Series.

March 2013 Revised Estimates of Economic Impact

The Bay Area Council Economic Institute presented revised estimates of the economic impact of the America's Cup to San Francisco to the March 13, 2013 Budget and Finance Committee that reflected the reduced number of racing syndicates and impact of the America's Cup. The 2013 presentation estimated that benefits to the City from hosting the America's Cup would include:

- Total economic benefit to City businesses and residents of \$901.8 million;
- Tax revenues to the City of \$13.0 million; and
- 6,481 new jobs due to America's Cup activities.

December 2013 Final Analysis of Economic Impact

The America's Cup events in 2012 and 2013 had a much smaller economic impact than the original and revised estimates had projected. According to the Bay Area Council Economic Institute's December 2013 summary analysis, the benefits to the City from hosting the America's Cup included:

- Total economic benefit to City businesses and residents of \$364.4 million;
- Tax revenues of \$5.8 million; and
- 3,858 new jobs due to America's Cup activities.

The following table summarizes the initial, revised and final estimates of the economic impact of the America's Cup events in 2012 and 2013.

Table 1: Summary of the Initial, Revised and Final Estimates of the Economic Impact of the America's Cup Events in 2012 and 2013

	2010 Report	March 13, 2013 Presentation to Budget and Finance Committee	December 2013 Report ¹	December 2013 Economic Benefit as a Percent of Original Projection in 2010
Total Economic Impact to City Businesses and Residents	\$1.372 billion	\$901.8 million	\$364.4 million	27%
Tax Revenues to the City	\$23.9 million	\$13.0 million	\$5.8 million	24%
Number of New Jobs	8,840	6,481	2,863	44%

Source: Bay Area Council Economic Institute Reports

¹ The 2013 report analyzed the economic impact of the construction of phase one of the Pier 27 Cruise Terminal project, which was accelerated to serve as a venue for the America's Cup. Because the Pier 27 Cruise Terminal project would have been constructed even if the City had not hosted the America's Cup, although at a later date, the Budget and Legislative Analyst did not include the economic impact of the accelerated construction in the above estimates.

The City's Net General Fund Expenditures

While the City's General Fund expenditures to host the America's Cup were less than originally estimated because there were fewer spectators, the City incurred General Fund expenditures of approximately \$20.5 million. These expenditures were partially offset by revenues of \$14.5 million, resulting in net General Fund expenditures of \$6.0 million, as shown in Table 2 below.

Table 2: The City's General Fund Expenditures and Revenues to Host the America's Cup

General Fund Expenditures	
Planning, Permitting, and Environmental Review	\$9,265,036
City Department Operating Expenditures	6,147,391
Port Expenditures Reimbursed by General Fund	4,038,662
Portable restrooms and servicing	1,015,300
Total City General Fund Expenditures	\$20,466,389
Tax Revenues	5,793,484
America's Cup Organizing Committee Reimbursements	8,674,387
Total Revenues	\$14,467,871
Expenditures Less Revenues	\$5,998,518

Source: OEWD, Bay Area Council Economic Institute, City Departments

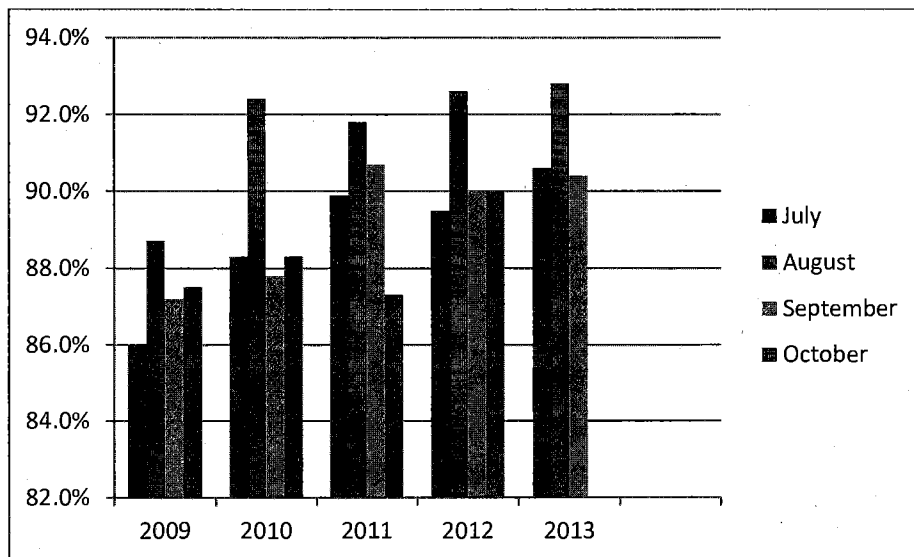
Details of the City's revenues and expenditures are shown in the attachment to this report.

Hotel Occupancy and Hotel Tax Revenues

The impact of America's Cup tourism on hotel occupancy was minimal. The City's hotel occupancy rate increased overall between 2009 and 2011 as the economy improved. Increases in hotel occupancy rates for the 2012 and 2013 America's Cup events compared to prior years were generally less than 1.0 percentage point, with a range from 0.2 percentage points to 1.1 percentage points, as shown in the chart below.³

³ Year-to-year increases in hotel occupancy rates were highest in October 2012, when the America's Cup held its second World Series (catamaran racing matches) event in San Francisco; the October 2012 hotel occupancy rate of 90.0% was 2.7 percentage points higher than the October 2011 hotel occupancy rate of 87.3%. During that same month, the San Francisco Giants played several post season games in San Francisco, including two World Series (baseball) games

Chart 1: Hotel Occupancy Rates in 2009 through 2011 Before the America's Cup Event and During the America's Cup Events in 2012 and 2013



Source: Controller's Office Economic Barometer

Because San Francisco hotels generally exceeded 90 percent occupancy in 2012 and 2013, the Bay Area Council Economic Institute estimated that America's Cup visitors displaced other visitors to San Francisco, reducing the total increased hotel tax revenues from \$3.8 million to \$2.35 million, as shown in Table 2 above.

America's Cup Organizing Committee Reimbursements

Section 9.4 of the Host and Venue Agreement between the City and the America's Cup Organizing Committee stated that the "Committee will endeavor to raise up to \$32 million over a three-year period from private sources" to reimburse the City for its costs to host the America's Cup. The Host and Venue Agreement did not require the Event Authority or the America's Cup Organizing Committee to fully reimburse the City's costs for hosting the 34th America's Cup.

Because America's Cup Organizing Committee fundraising was less than the amount anticipated in the Host and Venue Agreement, the America's Cup Organizing Committee has only reimbursed the City \$8,674,387 to date, or 42 percent of the City's General Fund expenditures of \$20,466,389.

The Port's Expenditures for America's Cup Events

Port property served as America's Cup venues for the 2012 and 2013 event. Under the Lease Disposition Agreement between the Port and the America's Cup Event Authority, Piers 19, 23, 27, 29 and 29 ½, 30-32, and 80 served as short term America's Cup venues. The Port entered into license agreements with the Event Authority for their use of the piers at no cost to the Event Authority during America's Cup events in 2012 and 2013 with the requirement that the venues be returned to the Port no later than six months after the completion of the America's Cup events.

Port Expenditures Reimbursable by the City's General Fund

The Board of Supervisors approved a Memorandum of Understanding (MOU) between the City and the Port to reimburse the Port for lost rent from the Event Authority's free use of Port property. Under the MOU, the City's General Fund was to reimburse the Port for rent it would have earned from the previous tenants, with offsets for tenants relocated to other Port property and for increases in percentage rent paid by tenants to the Port.

Other race related Port costs, such as the costs of relocating tenants and capital improvements, would be reimbursed based on America's Cup Organizing Committee fundraising. The Port's costs that were reimbursed by the General Fund were \$4,038,662, as shown in the attachment to this report.

Unreimbursed Port Capital and Operating Expenditures

Capital Expenditures

The Port incurred an additional \$23.3 million in expenses for America's Cup improvements to Port property that were not reimbursed by the General Fund under the MOU. Of the \$23.3 million, the Port estimates that \$20.3 million has long-term benefit to the Port and \$3.0 million was for dredging, temporarily relocating shore side power, and other activities that have no long term benefit to the Port, as shown in Table 3 below.

Table 3: Port Expenditures for America's Cup Improvements to Port Property

	No Long Term Benefit to Port	Port Fund Long Term Benefit to Port	Total
Pier 27 Cruise Terminal Projects	\$1,424,006	\$2,070,195	\$3,494,201
Piers 30-32 Study and Design	0	1,000,000	1,000,000
America's Cup Team Bases and Other Capital Improvements	1,578,320	6,642,051	8,220,371
Bay Conservation and Development Commission Requirements	0	10,574,832	10,574,832
Total	\$3,002,326	\$20,287,078	\$23,289,404

Source: Port

Operating Expenditures

The Port incurred \$2.5 million in operating costs that were not reimbursed by the General Fund, as shown in Table 4 below.

Table 4: Port Unreimbursed Operating Expenditures

	Port Expenditures for the America's Cup Events
Legal costs	1,172,651
Tenant relocation	32,378
Travel	14,516
Permits and engineering	260,720
Temporary parklets	239,199
Marketing	15,000
Economic impact study	25,000
Pier 27 maintenance and repairs	699,596
Port Expenditures	\$2,459,060

Source: Port

The Port also incurred \$2,036,043 in existing staff costs for Port activities related to the America's Cup events, for total Port costs not reimbursed by the General Fund of \$4,495,103.

Therefore, unreimbursed Port capital and operating expenditures to host the America's Cup, not including Port staff costs, were \$5.5 million, as shown in Table 5 below.

Table 5: Port Capital and Operating Unreimbursed Capital and Operating Expenditures Specific to America's Cup Events

Capital Expenditures (Table 3)	\$3,002,326
Operating Expenditures (Table 4)	2,459,060
Total	\$5,461,386

Source: Port

Return of America's Cup Venues to the Port

The Event Authority returned all of the venues to the Port prior to or as of the required return date in the Lease Disposition Agreement. The two Port properties still occupied by the Event Authority are:

- Pier 23 offices, which the Event Authority must vacate by March 31, 2014 under the terms of the Lease Disposition Agreement;
- Pier 80 shed, apron, and water space, which the Event Authority must vacate by March 1, 2014 under the terms of the Lease Disposition Agreement.

The Port will retain tenant improvements made by the Event Authority to the following Port properties when the Event Authority vacates the space:

- Pier 23 office space improvements;
- Pier 80 office space, restroom and plumbing improvements, and new hangar door;
- Pier 27 public access benches, for which the Port will pay one-half of the costs;
- Piers 23 and 29 storefront inserts; and
- Pier 27 temporary piles that will be used during phase two construction of the cruise terminal.

According to Port staff, the Port was entitled to retain these tenant improvements under the terms of the Lease Disposition Agreement.

Hiring of San Francisco Residents

According to the Host and Venue Agreement between the City and the Event Authority, the America's Cup Organizing Committee and the Event Authority were to participate in the City's First local hiring programs. The City and Event Authority agreed to the *Workforce Development and Local Small Business Inclusion Plan (Plan)* that defined the local hiring goals for the 34th America's Cup events. While the *Plan* acknowledged that the private contracts between the Event Authority and its contractors were not covered by the City's Administrative Code's local hiring provisions, the *Plan* incorporated provisions similar to the City's First Source Hiring and Local Hiring Policy for Construction.

Activities covered by the *Plan* included:

- Event management activities, consisting of (1) administrative and organizational work required to host the events, and (2) vendor, concession, janitorial and security, and other services;
- Permanent infrastructure improvements to Piers 30-32 to be used as team bases; and
- Event-related temporary installation work, such as setting up tents and installing bleachers.

The *Plan* was developed in December 2011 and finalized in August 2012, when the City and the Event Authority executed the final Lease Disposition Agreement for the Event Authority's use of Port property for America's Cup venues, and covered the America's Cup events in 2012 (America's Cup World Series) and 2013 (Louis Vuitton Cup Challenger Series and the America's Cup Finals).

The prevailing wage provisions of the *Plan* did not apply to America's Cup team and sponsor locations.

Goals for Local Resident Hiring

The *Plan* set local resident hiring goals for 34th America's Cup event management activities, permanent infrastructure improvements to Piers 30-32, and event-related temporary, installation work. Event Authority contractors were to make good faith efforts to hire San Francisco residents for the following event-related work:

- Event management contracts of \$150,000 or more:
50 percent of all entry-level hires for event management activities, including catering, food and beverage concessions, transportation, janitorial and security services, portable restrooms, and other events management activities.

- Event-related temporary installation contracts of \$350,000 or more:
 - (a) 20 percent of all permanent, non-managerial or non-supervisory jobs would be San Francisco residents, of which one-half (10 percent of these jobs) would be filled by economically disadvantaged residents; and
 - (b) 50 percent of all new hires would be San Francisco residents.

The *Plan* also required that Event Authority contracts of \$400,000 or more for permanent infrastructure improvements to Piers 30-32 for use as team bases were to conform to the public works contracting provisions of Administrative Code Section 6.22. However, because the Port, rather than the Event Authority, performed necessary repairs to Piers 30-32, the Event Authority did not have permanent infrastructure improvement contracts.⁴

Monitoring Event Authority Contractors' Compliance with the *Plan*

The *Plan* required the Event Authority to include language describing outreach requirements and local hiring goals in its bid documents and contracts for events management and installation work; and required Event Authority contractors to enter into resident hiring agreements, which set the expectation that these contractors would extend as many hiring opportunities as possible to San Francisco residents.

The *Plan* provided for OEWD to monitor and enforce the local resident hiring provisions of the America's Cup event management and installation work contracts. OEWD was authorized to assess a penalty of \$5,000 per contract for failure to complete the steps to achieve the hiring goals.

According to OEWD's presentation to the March 13, 2013 Budget and Finance Committee, the Event Authority did not notify OEWD prior to the America's Cup events in 2012 nor report hiring goals for San Francisco residents in 2012. Although the OEWD presentation attributed the lack of notification to the short amount of time between the finalizing of the Lease Disposition Agreement in August 2012 and the America's Cup World Series events held in August and October 2012, the original Host and Venue Agreement between the City, the America's Cup Organizing Committee and the Event Authority and draft versions of the *Workforce Development and Local Small Business Inclusion Plan* provided for the Event Authority to "participate in the San Francisco Workforce Development System and comply with mandatory local hiring program regulations".

According to the CityBuild Director, OEWD staff increased their oversight and tracking of Event Authority contractors' local hiring efforts in anticipation of the

⁴ Work performed by the Port and its contractors were subject to the provisions of the Administrative Code.

2013 American’s Cup events. OEWD followed up with Event Authority contractors to obtain payroll records and other documents to identify the number of local hires and work hours. While OEWD was able to obtain local hire information for 2013, OEWD does not have this information for 2012.

Recruitment for America’s Cup Jobs

The *Plan* provided for the Event Authority to work closely with OEWD to identify jobs with Event Authority contractors and refer San Francisco residents for these jobs. According to OEWD staff, OEWD conducted job fairs for America’s Cup event management activities. Community based organizations recruited San Francisco residents for these job fairs and conducted additional outreach to San Francisco residents when necessary. Workers for event-related temporary installation work were recruited through the City’s Workforce Development Access Points and City Build programs⁵.

New Hires for Events Management Activities

The *Plan* set a goal that 50 percent of new entry-level positions of Event Authority contracts of \$150,000 or more for events management would be San Francisco residents. According to OEWD, San Francisco residents made up 60 percent of new entry-level positions hired by events management contractors, which exceeded the *Plan* goal, as shown in Table 6 below.

Table 6: San Francisco Residents’ Share of New Hires’ Work Hours for 2013 America’s Cup Event Management Contracts

Event Management and Staging	Number of New Hires			New Hire Work Hours		
	Total	San Francisco Residents	Percent	Total	San Francisco Residents	Percent
Food and Beverage	401	210	52%	53,245	28,319	53%
Retail	176	126	72%	28,739	19,203	67%
Security	60	26	43%	12,619	5,115	41%
Janitorial	42	38	90%	2,757	2,549	92%
Entertainment	22	19	86%	3,963	3,468	88%
Total	701	419	60%	101,323	58,654	58%

Source: OEWD

In 2013, 43 percent of total work hours for America’s Cup event management activities were filled by San Francisco residents, as shown in the table below.

⁵ Access Points are training and referral centers, funded by federal Workforce Investment Act and other funds; and CityBuild is a City-funded program that provides pre-apprenticeship training in building trades.

Table 7: San Francisco Residents' Share of All Work Hours for 2013 America's Cup Event Management Activities⁶

Event Management and Staging	2013 Work Hours		
	Total	San Francisco Residents	Percent
Food and Beverage	86,578	28,319	33%
Retail	28,739	19,203	67%
Security	15,623	5,115	33%
Janitorial	3,963	3,468	88%
Entertainment	2,776	2,549	92%
Total	137,679	58,654	43%

Source: OEWD

According to OEWD, employees of America's Cup events management contractors earned an average hourly wage of \$12.21. Average hourly wage rates by type of vendor are shown below.

Table 8: Average Hourly Wage Rates of 2013 America's Cup Event Management and Staging Vendors

Event Management and Staging	Average Hourly Wage	San Francisco 2013 Minimum Wage	Over Minimum Wage
Food and Beverage	\$14.37	\$10.55	\$3.82
Retail	\$11.18	\$10.55	\$0.63
Security	\$11.90	\$10.55	\$1.35
Janitorial	\$13.00	\$10.55	\$2.45
Entertainment	\$10.62	\$10.55	\$0.07
Average	\$12.21	\$10.55	\$1.66

Source: OEWD

New Hires for Event Related Temporary Installation Work

The Event Authority hired contractors to assemble tents, install event seating and graphics, construct temporary walls and structures, and assemble event stages and bleachers. These contractors hired carpenters, laborers, and stagehands to perform this work. Data on hiring was reported to OEWD by the contractors from payroll records.

The *Plan* set a goal that for installation contracts of \$350,000 or more 20 percent of permanent, non-managerial or non-supervisory jobs would be filled by San

⁶ The *Plan* set a local hire goal that 50 percent of new hires for event management contracts, but did not set a goal for work hours.

Francisco residents, of which one-half (10 percent of these jobs) would be filled by economically disadvantaged San Francisco residents; and 50 percent of all new hires would be San Francisco residents.

Table 9: San Francisco Residents' Share of 2013 Installation Jobs Hours

Trade	Number of Workers			Number of New Hires		
	Total	San Francisco Residents	Percent	Total	San Francisco Residents	Percent
Carpenter	53	16	30%	28	9	32%
Laborer	40	4	10%	0	0	n/a
Stagehand	237	78	33%	224	78	35%
Total	330	98	30%	252	87	35%

Source: OEWD

35 percent of the new hires by Event Authority installation contractors were San Francisco residents, which was less than the goal of 50 percent.⁷ According to the CityBuild Director, Event Authority installation contractors did not meet the *Plan* goals for new hires because of union hiring rules and because many of the Event Authority contractors were not local.⁸ For example, the contractors that employed laborers were generally not Bay Area contractors, and therefore, only 10 percent of laborers were San Francisco residents, as shown in the table above.

According to OEWD data, 28 percent of all installation contract hours were San Francisco residents, as shown in Table 10 below.

Table 10: San Francisco Residents' Share of 2013 Installation Hours

Trade	Total Work Hours		
	Total	San Francisco Residents	Percent
Carpenter	7,556	1,436	19%
Laborer ⁹	1,544	45	3%
Stagehand	15,193	5,373	35%
Total	24,293	6,854	28%

Source: OEWD

⁷ While 30 percent of the total installation workers were San Francisco residents, these workers were not all permanent employees of the contractors, and therefore, the *Plan* goal that 20 percent of permanent non-management, non-supervisor installation workers would be San Francisco residents did not apply.

⁸ As noted below, the *Plan* did not set local small business participation goals for event-related temporary installation work.

⁹ According to OEWD, only 3 percent of laborer hours were San Francisco residents because the contractors hiring the laborers were not local businesses.

Economically Disadvantaged San Francisco Residents

The *Plan* set a goal that 10 percent of installation contract jobs go to economically disadvantaged San Francisco residents. "Economically disadvantaged" was defined as (1) homeless or formerly homeless; (2) annual income that is not greater than 50 percent of the area median income; (3) meet the definition in Administrative Code Chapter 83¹⁰; or (4) have been unable to secure employment in his or her trade for more than 20 working days during the preceding six months.

OEWD helped to recruit workers for America's Cup projects through outreach to unions and through the City Build, Neighborhood Access Points, and the One Stop Career Link databases. These outreach efforts did not specifically target economically disadvantaged San Franciscans, although OEWD recruits for City Build in low-income neighborhoods.

While participants referred through OEWD are generally economically disadvantaged, employers who hire San Francisco residents through OEWD referrals or other sources do not track economic status by individual worker. OEWD collects data on local hires by residential zip code and therefore does not have data that conforms to the definition of "economically disadvantaged" in the *Plan*.

OEWD obtained zip code data for Event Authority installation contracts from the CityBuild data base. Of 432 San Franciscans who worked on America's Cup projects in 2013 and for whom zip code data was available, 217 or approximately 50 percent lived in zip codes in which the median household income was less than the citywide median income, as shown in Table 11 below.

¹⁰ According to Administrative Code Chapter 83, "economically disadvantaged individual" shall mean an individual who is either: (1) eligible for services under the Workforce Investment Act of 1988 (WIA) (29 U.S.C.A. 2801 et seq.), as determined by the San Francisco Private Industry Council, or any successor agency; or (2) designated "economically disadvantaged" by the First Source Hiring Administration, as an individual who is at risk of relying upon, or returning to, public assistance, including unemployment benefits.

Table 11: Percent of San Francisco Residents in Zip Codes with Household Income below the Citywide Median Household Income

Zip Code	Number of Workers Hired for America's Cup Projects ¹¹	Median Income	Percent
94102	28	22,252	6%
94108	10	33,979	2%
94130	7	36,553	2%
94103	33	44,145	8%
94124	57	46,692	13%
94133	19	46,841	4%
94109	46	58,915	11%
94134	17	59,690	4%
Subtotal	217		50%
Citywide		61,400	
94158	1	64,594	0%
94132	23	67,493	5%
94121	13	72,371	3%
94112	21	72,396	5%
94115	17	73,797	4%
94122	18	77,889	4%
94110	24	79,516	6%
94118	17	81,545	4%
94116	12	82,648	3%
94117	14	91,303	3%
94111	3	93,393	1%
94131	7	94,770	2%
94123	5	107,226	1%
94114	14	115,734	3%
94107	20	117,556	5%
94127	6	128,079	1%
Subtotal	215		50%
Total	432		100%

Source: U.S. Census Bureau American Community Survey, 2008-2012; OEWD

Prevailing Wage Requirements

Because the Event Authority's contracts for events management and installation work were private contracts, the Administrative Code's prevailing wage provisions did not apply.¹² According to the *Plan*, the Event Authority agreed to comply with

¹¹ OEWD reported 517 San Francisco residents who worked on America's Cup projects, for whom 85 either did not have zip code data or the U.S. Census Bureau did not track median income.

¹² Administrative Code Section 6.22 (E) requires City construction contractors and subcontractors to pay prevailing wage; and Administrative Code Chapter 21 requires City contractors for janitorial, security, moving services, theatrical workers, and certain other services to pay prevailing wage.

the City's prevailing wage provisions for permanent infrastructure improvements to Piers 30-32 and temporary event-related installation work.

According to the Office of Labor Standards Enforcement (OLSE) Manager's presentation to the March 13, 2013 Budget and Finance Committee meeting, eight Event Authority contractors had failed to pay prevailing wages for event-related work in 2012. In response, the Event Authority's Chief Executive Officer (CEO) stated that the Event Authority agreed voluntarily to include prevailing wage requirements in the *Plan* because they were being reimbursed by the City for permanent infrastructure improvements to Piers 30-32; although the Event Authority did not perform reimbursable permanent infrastructure improvements to piers 30-32, the CEO stated that the Event Authority would maintain the "spirit" of the agreement voluntarily.

However, while the *Plan* specifically stated that the Event Authority's agreement to comply with prevailing wage requirements for permanent infrastructure improvements to Piers 30-32 was based on reimbursements by the City, the *Plan* also required compliance with the City's prevailing wage requirements for temporary event-related installation work as part of the leases for America's Cup venues.

The Office of Labor Standards Enforcement (OLSE) conducted audits of several Event Authority contractors, based on complaints from the Carpenters Local Union No. 22 and Pile Drivers Local No. 34. As shown in the table below, OLSE assessed nine contractors and subcontractors \$406,566 in back wages for not complying with the City's prevailing wage requirements.

Table 12: OLSE Assessments for Prevailing Wage Violations

Name of Contractor	Wages and Apprenticeship Training
T&B Equipment	\$98,299
Elchik Builders	8,160
Labor Ready	32,874
Shaffer Sports	134,037
Aggreko	68,969
Kleege Industries	20,969
Made in the Shade	13,796
Michael Hensley Party Rentals	27,040
Buestad Construction	2,420
Total	\$406,566

Source: OLSE

According to the OLSE Manager, the City has received \$406,566 from the Event Authority. The Controller's Office has disbursed back wages to 74 of the 120 employees owed back wages, and OLSE is attempting to locate and pay the remaining employees.

Event Authority Contracts with Local Small Businesses

The *Workforce Development and Local Small Business Inclusion Plan* set local small business participation goals of 30 percent for Event Authority contracts of \$150,000 or more for event management activities.¹³ The *Plan* provided for the Event Authority to work with the City's Human Rights Commission and Office of Small Business to conduct outreach to meet the small business inclusion goals.

The Event Authority set up a website in 2011 through the San Francisco Chamber of Commerce, called Business Connect, to recruit local businesses to provide services to the America's Cup events. Requests for proposals for America's Cup services were posted on the website in the fall of 2012 through the spring of 2013. According to OEWD, 2,883 businesses registered on Business Connect prior to the 2013 America's Cup events.

OEWD, the Office of Small Business, and the Event Authority jointly conducted community meetings to City businesses and residents in 2011 and 2012 on ways to participate in America's Cup events. According to OEWD staff, OEWD worked with the City's Office of Contract Administration to ensure local business participation in Event Authority contracts, especially local disadvantaged business participation (Local Business Enterprise or LBE).

According to the Office of Contract Administration's Contract Monitoring Division's presentation to the March 13, 2013 Budget and Finance Committee meeting, the Contract Monitoring Division did not set up a mechanism to track small businesses' inclusion in Event Authority contracts. Although the *Plan* required the Event Authority contracts to incorporate the proposed utilization of small businesses into the contracts, the *Plan* did not create a mechanism to track small business participation. While City contractors must regularly report local disadvantaged business participation (Local Business Enterprise or LBE) to the Contract Monitoring Division, no similar requirement existed for the private Event Authority contracts.

After the conclusion of the America's Cup events in the fall of 2013, the Contract Monitoring Division and the Office of Small Business began to identify small business inclusion in the Event Authority contracts. According to the Contract Monitoring Division, of the 328 Event Authority contracts, six contractors were certified Local Business Enterprises by the City. The Office of Small Business is currently verifying the number of local small San Francisco businesses that contracted with the Event Authority. Because these were private contracts, the Contract Monitoring Division was not able to identify the amount of these contracts.

¹³ The *Plan* set local small business participation goals for permanent infrastructure improvement contracts, but as noted above, the Event Authority did not conduct infrastructure improvement work or have contracts for this work. The *Plan* did not set local small business participation goals for event-related temporary installation work contracts.

Conclusion

Under the Host and Venue Agreement, the Event Authority had exclusive and non-exclusive use of City property for the 2012 and 2013 America's Cup events at no cost to the Event Authority with the expectation that fundraising by the America's Cup Organizing Committee would reimburse the City for a portion of the City's costs to host the America's Cup. Because both the America's Cup Organizing Committee's fundraising and tax revenues generated by the America's Cup events fell short of the original projections, the City's General Fund incurred net costs of \$6.0 million and the Port incurred net costs of \$5.5 million, totaling \$11.5 million.

As a result of these net costs to the City of \$11.5 million, any agreement between the City and the Event Authority to host a future America's Cup should require payment to the City for use of City property and for City services, other than services routinely provided by the City.

The City considered that the hiring of local residents and contracts with local small businesses were benefits of the 34th America's Cup. However, while the Event Authority worked with OEWD to recruit San Francisco residents for Event Authority contracts in 2013, the Event Authority did not notify or work with OEWD to recruit San Francisco residents for Event Authority contracts in 2012, as provided by the *Workforce Development and Small Business Inclusion Plan*. Neither the Event Authority nor OEWD sufficiently tracked small business participation in Event Authority contracts.

Any agreement between the City and the Event Authority to host a future America's Cup should ensure that the Event Authority and its contractors understand and comply with local hire and prevailing wage requirements for all events covered by the agreement. The City needs to better monitor local hire requirements, and to track inclusion of local small businesses in event contracts.

Table: The City's General Fund Expenditures and Revenues to Host the America's Cup

General Fund Expenditures	
<i>Planning, Permitting and Environmental Review</i>	
Environmental Impact Report	\$4,473,470
America's Cup Event Authority	482,296
U.S. Geologic Survey	150,000
Planning Department staff	184,599
Memorandum of Understanding with Association of Bay Area Governments	183,875
Presidio Trust	36,427
Bay Conservation and Development Commission	447,650
U.S. Army Corps of Engineers	131,419
National Park Service permit	3,175,300
Planning, Permitting, and Environmental Review Subtotal	9,265,036
<i>City Department's Operating Expenditures</i>	
Office of Economic and Workforce Development	845,822
Municipal Transportation Agency	1,639,587
Fire	403,383
Police	484,975
Emergency Management	16,805
Public Works	16,109
Recreation and Park	162,000
City Attorney	662,909
Event Insurance	842,386
Owner's Delay Insurance	1,047,988
Travel, supplies, other	25,427
City Department Operating Expenditures Subtotal	6,147,391
<i>Port Expenditures Reimbursed by General Fund</i>	
Lost rent MOU payments	1,992,162
Tenant relocation costs	95,092
Real estate analysis	273,960
Parking removal	77,448
Pier 29 substructure and end wall	1,600,000
Port Expenditures Reimbursed by General Fund Subtotal	4,038,662
Portable restrooms and servicing	1,015,300
City General Fund Expenditures Total	\$20,466,389
General Fund Revenues	
<i>Tax Revenues</i>	
Hotel Tax	\$2,352,366
Payroll Tax	1,273,760
Retail	1,163,864
Parking	1,003,494
Tax Revenues Subtotal	5,793,484
<i>America's Cup Organizing Committee</i>	
Reimbursements to City	8,622,432
Payment to Bicycle Coalition for Bicycle Parking	51,955
America's Cup Organizing Committee Reimbursements Subtotal	8,674,387
City General Fund Revenues Total	\$14,467,871
Expenditures Less Revenues	\$5,998,518

Source: Office of Economic and Workforce Development, Bay Area Council Economic Institute, City Departments

Commissioners
Michael Sutton, President
Monterey
Jack Baylis, Vice President
Los Angeles
Jim Kellogg, Member
Discovery Bay
Richard Rogers, Member
Santa Barbara
Jacque Hostler-Carmesin, Member
McKinleyville

STATE OF CALIFORNIA
Edmund G. Brown Jr., Governor

Fish and Game Commission



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February 6, 2014

NOTICE OF PROPOSED EMERGENCY ACTION Low Flow Closures to Fishing Due to Drought Conditions

Pursuant to the requirements of Government Code section 11346.1(a)(1), the Fish and Game Commission (FGC) is providing notice of proposed emergency action with regards to the above-entitled emergency regulation.

SUBMISSION OF COMMENTS

Government Code section 11346.1(a)(2) requires that, at least five working days prior to submission of the proposed emergency action to the Office of Administrative Law (OAL), the adopting agency provide a Notice of the Proposed Emergency Action to every person who has filed a request for notice of regulatory action with the agency. After submission of the proposed emergency to the OAL, the OAL shall allow interested persons five calendar days to submit comments on the proposed emergency regulations as set forth in Government Code section 11349.6.

Any interested person may present statements, arguments or contentions, in writing, submitted via U.S. mail, e-mail or fax, relevant to the proposed emergency regulatory action. Written comments submitted via U.S. mail, e-mail or fax must be received at the OAL within five days after FGC submits the emergency regulations to the OAL for review.

Please reference submitted comments as regarding "Low Flow Closures to Fishing Due to Drought Conditions" addressed to:

Mailing Address: Reference Attorney
Office of Administrative Law
300 Capitol Mall, Suite 1250
Sacramento, CA 95814

California State
Fish and Game Commission
Attn: Jon Snellstrom
1416 Ninth Street, Rm. 1320
Sacramento, CA 95814

E-mail Address: staff@oal.ca.gov
Fax No.: 916-323-6826

fgc@fgc.ca.gov
916-653-5040

For the status of the FGC submittal to the OAL for review, and the end of the five-day written submittal period, please consult the Web site of the OAL at <http://www.oal.ca.gov> under the heading "Emergency Regulations."

CALIFORNIA FISH AND GAME COMMISSION
STATEMENT OF PROPOSED EMERGENCY REGULATORY ACTION

Emergency Action to
Amend Subsection (e)(2) of Section 7.00,
Subsections (b)(5) and (b)(155) of Section 7.50,
and Subsections (a) and (b) of Section 8.00
Title 14, California Code of Regulations
Re: Low Flow Closures to Fishing Due to Drought Conditions

I. Statement of Facts Constituting the Need for Emergency Regulatory Action

The long range precipitation forecast for most of California predicts below normal rainfall through at least April 30, 2014. California and parts of western Oregon witnessed their driest year on record in 2013, according to statistics from the National Weather Service. As a result, 85 percent of California was categorized in severe drought. According to the California Department of Water Resources, many lakes and reservoirs are less than 40 percent capacity as of December 31, including Lake Shasta (37 percent), Folsom Lake (19 percent), Lake Oroville (36 percent) and San Luis Reservoir (30 percent).

Many coastal streams from Point Conception to the California/Oregon Border remain in extreme low flow conditions with their current low flow fishing restrictions ending soon. The low flow conditions have prevented steelhead and threatened and endangered salmon from migrating beyond the estuary and lower reaches, causing them to congregate in any available large body of water. These fish will be subject to lawful and unlawful fishing techniques, if the current low flow fishing restrictions are lifted. These low flow conditions have also resulted in many estuaries being blocked by sand bars effectively stopping any fish from leaving the river system.

The Department of Fish and Wildlife (Department) has made observations on the American River of newly hatched Chinook salmon fry emerging from moist gravel with no surrounding water, massive predation by birds on newly hatched fry and young-of-the-year, and large areas of exposed gravel and disconnected tributaries due to reduced releases from Nimbus Dam. Many of the tributaries to the Russian River have serious fish passage concerns due to reduced releases from the Coyote Dam. There have been multiple announcements from water districts and local municipalities within the American and Russian river watersheds of mandatory water restrictions due to these low river flows and no rain predicted in the foreseeable future.

On January 16, 2014, the U.S. Department of Agriculture (USDA) designated portions of 11 drought-ridden western and central states as primary natural disaster areas, highlighting the financial strain the lack of rain is likely to bring to farmers in those regions. The federal disaster declaration includes counties in Colorado, New Mexico, Nevada, Kansas, Texas, Utah, Arkansas, Hawaii, Idaho, Oklahoma and California. While storms have dumped rain and snow in the East,

droughts are persisting or intensifying in the West, according to officials connected with the U.S. Drought Monitor, an index on which the USDA's declarations are based. A ridge of high pressure is to blame for keeping storms off the Pacific coast and guiding them to the East. Poor snowpack is threatening regions dependent on major western rivers.

On January 17, 2014, Governor Edmund G. Brown Jr. proclaimed a State of Emergency for California and directed state officials to take all necessary actions to prepare for drought conditions with California facing water shortfalls in the driest year in recorded state history. The Department was ordered to evaluate and manage the changing impacts of drought on threatened and endangered species and species of special concern, and develop contingency plans for state Wildlife Areas and Ecological Reserves to manage reduced water resources in the public interest. The Department was also ordered to work with the Fish and Game Commission, using the best available science, to determine whether restricting fishing in certain areas will become necessary and prudent as drought conditions persist.

In response to the above federal and state actions, the Department has determined that current historically low stream flows are preventing the movement of migrating anadromous fish, primarily wild steelhead trout. Stream flows in many systems are inadequate to allow passage of spawning adults, increasing their vulnerability to mortality from predation, physiological stress, and fishing. Furthermore, survival of eggs and juvenile fish in these systems over the coming months is likely to be extremely low as the current drought conditions continue.

The historically low stream flows have also concentrated adult wild steelhead into shrinking pools of cold water making them easy prey for poachers, illegal angling methods such as snagging, increased hooking mortality due to legal catch and release angling targeting hatchery steelhead, as well as other human-related disturbances within their spawning streams. When coupled with drought-related environmental stressors, such as high water temperature, poor water quality, and severely reduced suitable habitat, these human stressors can seriously affect reproductive success and adult survival rates.

The Department believes that, under these extreme conditions, it is prudent to temporarily close these streams in order to eliminate angling as an additional stressor on steelhead populations. Stream closures will also serve to deter poaching and snagging activity since all angling will be prohibited. These actions are necessary to conserve wild steelhead populations by protecting as many adult fish as possible.

Subsection 7.00(e) provides the seasons, size, and bag and possession limits for trout and salmon for waters in the South Central District which are not otherwise specified in Section 7.50. Subsections 7.50(b)(5) and (b)(155) provide the season, size, bag and possession limits for trout and salmon in the American River and Russian River, respectively. Section 8.00 provides fishing restrictions (closures) for specified rivers and streams during low flow conditions.

The following proposed regulatory changes would implement the emergency closure until April 30, 2014 of selected streams to increase survival of adult wild steelhead by reducing hooking-related mortality.

Amend American River, subsections (b)(5)(A)-(C) of Section 7.50, Title 14, CCR. Closure of the American River from Nimbus Dam to the SMUD power line crossing at the southwest boundary of Ancil Hoffman Park until April 30.

Amend Russian River, (b)(155)(A) of Section 7.50, Title 14, CCR. Closure of the Russian River main stem below the confluence of the East Branch of the Russian River until April 30.

Amend Low Flow Restrictions, subsections (a) and (b) of Section 8.00, Title 14, CCR. Extension of the low flow fishing restrictions ending date for the North Coast and Central Coast areas (above San Francisco Bay) until April 30.

Amend South Central District Regulations, subsection (e)(2) of Section 7.00, Title 14, CCR. Close all portions of any coastal stream in Monterey, San Francisco, San Luis Obispo, San Mateo, Santa Clara and Santa Cruz counties, west of any Highway 1 bridge until April 30.

Additional streams closures are currently being evaluated by the Department for future actions as needed.

II. Impact of Regulatory Action

The potential for significant statewide adverse economic impacts that might result from the proposed regulatory action has been assessed, and the following determinations relative to the required statutory categories have been made:

- (a) **Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State:**

There may be a reduction in Steelhead report cards that provide revenue specific to the monitoring and study of the fishery. For the period of the closure, estimates of loss range from 3,750 to 15,000 cards which could result in a revenue loss to the Department of Fish and Wildlife of \$24,375 to \$97,500.

- (b) **Nondiscretionary Costs/Savings to Local Agencies:**

None.

(c) Programs Mandated on Local Agencies or School Districts:

None.

(d) Costs Imposed on Any Local Agency or School District that is Required to be Reimbursed Under Part 7 (commencing with Section 17500) of Division 4, Government Code:

None.

(e) Effect on Housing Costs:

None.

III. Authority and Reference

The Fish and Game Commission proposes this emergency action pursuant to the authority vested by sections 200, 202, 205, 215, 220, 240, 315, and 316.5 of the Fish and Game Code and to implement, interpret, or make specific sections 200, 202, 205, 206, 215, 220, and 316.5 of said Code.

IV. Section 240 Finding

Pursuant to Section 240 of the Fish and Game Code, the Commission made the finding that the adoption of this regulation is necessary for the immediate conservation, preservation, or protection of birds, mammals, reptiles, or fish, including, but not limited to, any nests or eggs thereof.

Informative Digest (Plain English Overview)

On January 16, 2014, the U.S. Department of Agriculture (USDA) designated portions of 11 drought-ridden western and central states as primary natural disaster areas, highlighting the financial strain the lack of rain is likely to bring to farmers in those regions. The federal disaster declaration includes counties in Colorado, New Mexico, Nevada, Kansas, Texas, Utah, Arkansas, Hawaii, Idaho, Oklahoma and California. Poor snowpack is threatening regions dependent on major western rivers.

On January 17, 2014, Governor Edmund G. Brown Jr. proclaimed a State of Emergency for California and directed state officials to take all necessary actions to prepare for drought conditions with California facing water shortfalls in the driest year in recorded state history. The Department of Fish and Wildlife (Department) was ordered to evaluate and manage the changing impacts of drought on threatened and endangered species and species of special concern, and develop contingency plans for state Wildlife Areas and Ecological Reserves to manage reduced water resources in the public interest. The Department was also ordered to work with the Fish and Game Commission, using the best available science, to determine whether restricting fishing in certain areas will become necessary and prudent as drought conditions persist.

In response to the above federal and state actions, the Department has determined that the historically low stream flows will prevent the movement of migrating anadromous fish, primarily wild steelhead trout. Stream flows in many systems are inadequate to allow passage of spawning adults, increasing their vulnerability to mortality from predation, physiological stress, and fishing. Furthermore, survival of eggs and juvenile fish in these systems over the coming months is likely to be extremely low as the current drought conditions continue. The Department believes that, under these extreme conditions, it is prudent to temporarily close these streams in order to eliminate angling as an additional stressor on steelhead populations. Stream closures will also serve to deter poaching and snagging activity since all angling will be prohibited. These actions are necessary to conserve wild steelhead populations by protecting as many adult fish as possible.

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Additional streams closures are currently being evaluated by the Department for future actions as needed.

Benefits: The proposed regulation will provide benefits to the environment in the conservation and preservation of wild steelhead populations.

The proposed regulations are neither inconsistent nor incompatible with existing State regulations. The Legislature has delegated authority to the Commission to promulgate sport fishing regulations (sections 200, 202, 205, 315, and 316.5, Fish and Game Code).

Regulatory Language

Subsection (e)(2) of Section 7.00, Title 14, CCR is amended to read:

§7.00. District General Regulations.

Unless otherwise provided, waters shown as open to trout and salmon fishing in subsections (a) through (g) below, are open to fishing for other species. Gear restrictions listed in this section apply to the take of all species of fish unless otherwise noted. Every body of water listed in subsections (a) through (g) of Section 7.00 (below) is closed to all fishing, except during the open season as shown. Unless otherwise provided, waters closed to trout and salmon fishing are closed to fishing for all other species, except that these closures do not apply to fishing for amphibians (see Section 5.05), freshwater clams (see Section 5.20), crayfish (see Section 5.35), and lamprey (see Section 5.40), using legal fishing methods other than hook-and-line fishing, and saltwater clams, crabs, ghost shrimp, and blue mud shrimp (see Ocean Regulations Booklet Sections 29.20 to 29.87). Crabs may only be taken using hoop nets or by hand, and Dungeness crab may only be taken within the North Coast District and Sonoma and Mendocino counties.

Daily bag and possession limits, unless otherwise provided, mean the total number of trout and salmon in combination. Unless otherwise provided, no more than one daily bag limit may be possessed. Coho (silver) salmon may not be taken in any of the waters of the State, except in Lake Oroville and Oroville-Thermalito Complex (Diversion Pool, Forebay, and Afterbay) and the Feather River from the Diversion Pool Dam to the Fish Barrier Dam. Incidentally hooked Coho (silver) salmon, except those in Lake Oroville and Oroville-Thermalito Complex (Diversion Pool, Forebay, and Afterbay) and the Feather River from the Diversion Pool Dam to the Fish Barrier Dam, must be immediately released unharmed to the waters where they are hooked. In waters where the bag limit for trout or salmon is zero, fish for which the bag limit is zero must be released unharmed, and should not be removed from the water.

These waters may also be subject to restrictions on fishing methods and gear (sections 2.00 through 2.45), fishing hours (section 3.00), and the use of bait (sections 4.00 through 4.30).

District/Water	Open Season	Daily Bag and Possession Limit
<i>[text for subsections (a) through (d) unchanged]</i>		
(e) South Central District		
(1) All lakes and reservoirs except those listed by name in the Special Regulations.	All year	5
(2) That portion of any stream west of any Highway 1 bridge except those listed by name in the special regulations.	Dec. 1 through Mar. 7 [OAL to insert the day before the effective date], but only on Sat., Sun.,	2 hatchery trout or hatchery steelhead* 4 hatchery trout or hatchery

District/Water	Open Season Wed., legal holidays and opening and closing days. Only barbless hooks may be used.	Daily Bag and Possession Limit steelhead* in possession. Closed to the take of salmon.
(3) All streams in Alameda, Contra Costa, and Santa Clara Counties except those listed by name in the Special Regulations.	<u>Closed to all fishing from [OAL to insert effective date] through Apr. 30.</u> Last Saturday in Apr. through Nov. 15	
(4) All other streams and portions of streams except those listed in subsection (e)(2) above or by name in the Special Regulations.	Closed to all fishing all year	

[text for subsections (f) through (g) unchanged]

Note: Authority cited: Sections 200, 202, 205, 220 and 240, Fish and Game Code.
Reference: Sections 200, 205 and 206, Fish and Game Code.

Subsections (b)(5) and (b)(155) of Section 7.50, Title 14, CCR are amended to read:

§7.50. Alphabetical List of Waters with Special Fishing Regulations.

[Subsection (a) unchanged]

(b)

**Daily Bag
and
Possession
Limit**

Body of Water

Open Season and Special Regulations

[subsections (b)(1) through (4) unchanged]

(5) American River (Sacramento Co.) (A) From Nimbus Dam to the Hazel Avenue bridge piers.	<u>Closed to all fishing from [OAL to insert effective date] through April 30.</u>	
	Jan. 1 to <u>[OAL to insert the day before the effective date]</u> and May 1 through July 15.	2 hatchery trout or hatchery steelhead** 4 hatchery trout or hatchery steelhead** in possession
	July 16 through Dec. 31.	2 hatchery trout or hatchery steelhead** 4 hatchery trout or hatchery steelhead** in possession 2 Chinook salmon
(B) From Hazel Avenue bridge piers to the U.S. Geological Survey gauging station cable crossing about 300 yards downstream from the Nimbus Hatchery fish rack site.	<u>Closed to all fishing from [OAL to insert effective date] through April 30.</u>	
	Jan. 1 to <u>[OAL to insert the day before the effective date]</u> and May 1 through July 15. Only barbless hooks may be used.	2 hatchery trout or hatchery steelhead** 4 hatchery trout or hatchery steelhead** in possession
	July 16 through Aug. 15. Only barbless hooks may be used.	2 hatchery trout or hatchery

Body of Water	Open Season and Special Regulations	Daily Bag and Possession Limit
		steelhead** 4 hatchery trout or hatchery steelhead** in possession 2 Chinook salmon
(C) From the U.S. Geological Survey gauging station cable crossing about 300 yards downstream from the Nimbus Hatchery fish rack site to the SMUD power line crossing at the southwest boundary of Ancil Hoffman Park.	<u>Closed to all fishing from [OAL to insert effective date] through April 30.</u>	
	Jan. 1 to [OAL to insert the day before the effective date] and May 1 through July 15. Only barbless hooks may be used.	2 hatchery trout or hatchery steelhead** 4 hatchery trout or hatchery steelhead** in possession
	July 16 through Oct. 31. Only barbless hooks may be used.	2 hatchery trout or hatchery steelhead** 4 hatchery trout or hatchery steelhead** in possession 2 Chinook salmon
(D) From the SMUD power line crossing at the southwest boundary of Ancil Hoffman Park downstream to the Jibboom Street bridge.	Jan. 1 through July 15.	2 hatchery trout or hatchery steelhead** 4 hatchery trout or hatchery steelhead** in possession
	July 16 through Dec. 31.	2 hatchery trout or hatchery steelhead** 4 hatchery trout or

Body of Water	Open Season and Special Regulations	Daily Bag and Possession Limit
		hatchery steelhead** in possession 2 Chinook salmon
(E) From the Jibboom Street bridge to the mouth.	Jan. 1 through July 15.	2 hatchery trout or hatchery steelhead** 4 hatchery trout or hatchery steelhead** in possession
	July 16 through Dec. 16.	2 hatchery trout or hatchery steelhead** 4 hatchery trout or hatchery steelhead** in possession 2 Chinook salmon
	Dec. 17 through Dec. 31.	2 hatchery trout or hatchery steelhead** 4 hatchery trout or hatchery steelhead** in possession

[subsections (b)(6) through (154) unchanged]

(155) Russian River and tributaries (Sonoma and Mendocino Cos.). Also see Section 8.00(b).		
(A) Russian River main stem below the confluence of the East Branch Russian River. (See also Mendocino Lake tributaries (7.50(b)(116)).	All year. Only artificial lures with barbless hooks may be used from Apr. 4 <u>May 1</u> through Oct. 31. Only barbless hooks may be used from Nov. 1 through Mar. 31 <u>[OAL to insert the day before the effective date]</u> .	2 hatchery trout or hatchery steelhead** 4 hatchery trout or hatchery steelhead** in possession
	<u>Closed to all fishing from [OAL to insert effective date] through Apr. 30.</u>	

Body of Water	Open Season and Special Regulations	Daily Bag and Possession Limit
(B) Russian River main stem above the confluence of the East Branch and all River tributaries. (See Laguna de Santa Rosa 7.50(b)(93) and Santa Rosa Creek (7.50(b)(172) for non-salmonids only.)	Closed to all fishing all year.	
(C) Russian River within 250 feet of the Healdsburg Memorial Dam.	Closed to all fishing all year.	

[subsections (b)(156) through (212) unchanged]

* Wild Chinook salmon are those not showing a healed adipose fin clip and not showing a healed left ventral fin clip.

**Hatchery trout or steelhead in anadromous waters are those showing a healed adipose fin clip (adipose fin is absent). Unless otherwise provided, all other trout and steelhead must be immediately released. Wild trout or steelhead are those not showing a healed adipose fin clip (adipose fin is present).

Note: Authority cited: Sections 200, 202, 205, 215, 220, 240, 315 and 316.5, Fish and Game Code. Reference: Sections 200, 202, 205, 206, 215 and 316.5, Fish and Game Code.

From: Toy, Debbie [debbie.toy@sfgov.org]
Sent: Tuesday, February 04, 2014 11:36 AM
To: Calvillo, Angela; BOS-Supervisors; BOS-Legislative Aides; Kawa, Steve; Howard, Kate; Volberding, Emily; Falvey, Christine; Elliott, Jason; Campbell, Severin; Newman, Debra; Rose, Harvey; sfdocs@sfpl.info; Zmuda, Monique; Rosenfield, Ben; Gannon, Maureen; Corso, Mark; Wagner, Greg; Petrucione, Katharine; Jacobo, Carlos; mgutierrez@famfsf.org; Chu, Derek; Dawson, Julia; McGuire, Catherine; Kuzina, Nataliya
Cc: Sandler, Risa
Subject: Controller's Office Report: FY 2012-13 Annual Overtime Report

* The Fiscal Year 2012-13 Annual Overtime Report has been released with an adjustment to Appendix 2 to exclude overtime hours compensated by a third party from the calculation of overtime limits. A total of 314 employees exceeded the maximum overtime threshold.

<http://openbook.sfgov.org/webreports/details3.aspx?id=1661>

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City and County of San Francisco

Office of the Controller

FY 2012-13 Annual Overtime Report



January 30, 2014

City and County of San Francisco

Office of the Controller - Budget and Analysis Division

FY 2012-13 Annual Overtime Report

January 30, 2014

Highlights

During fiscal year (FY) 2012-13, City departments spent \$163.8 million on overtime, which is \$7.0 million or 4.5% more than revised overtime budgets and \$9.7 million or 6.3% more than they spent in FY 2011-12. Overtime hours between FY 2011-12 and FY 2012-13 increased 4% from 2.5 million to 2.6 million. Overtime as a percentage of overall Citywide spending remained relatively flat at 1.8%. All of these measures are below the expenditure highs in FY 2007-08 of \$168 million, 2.9 million hours and 2.5% of Citywide spending.

The Controller's Office recommends a review of provisions in some Memoranda of Understanding (MOU) both regarding seniority for overtime scheduling and the type of work hours used as the basis for triggering overtime compensation which may reduce overtime expenditures. Additionally, recommendations to enhance management practices including increased hiring in some job classes and allocating overtime hours in the beginning of the year may also reduce overtime expenditures and improve overtime management.

The five City departments that used the most overtime, Municipal Transportation Agency, Fire, Police, Public Health, and Sheriff, collectively account for 87.6% of total Citywide overtime expenditures. Details of overtime spending for additional City departments are included in Appendix 1. Highlights of the top user departments include:

- **Sheriff's Department:** Over the past ten years, overtime spending for the Sheriff's Department ranged from a low of \$5.6 million to a high of \$15.3 million. Between FY 2007-08 and FY 2011-12, overtime spending declined by 45% from \$15.3 million to \$8.4 million as the City jail population declined from an average count of 2,085 to 1,531. In FY 2012-13, overtime spending increased to \$10.7 million while the average jail population stayed flat with at 1,530. During this period, as the number of total staff has decreased, additional overtime was used to maintain jail coverage.
- **Municipal Transportation Agency (MTA):** Overtime expenditures over the past 10 years have grown from \$28.6 million to \$48.7 million in FY 2012-13. In the past year, overtime

expenditures decreased by 13% from the FY 2011-12 total. Transit operators and associated job classes accounted for 71% of overtime use within the Department in FY 2012-13, with maintenance job classifications accounting for 23%. Continued emphasis on increased hiring in transit and maintenance job classes, including but not limited to part-time operators and electrical and automotive mechanics, may help reduce overtime usage in the MTA. Additionally, a review of MOU provisions regarding seniority requirements when scheduling overtime may lead to decreased overtime usage.

- **Department of Public Health (DPH):** Overtime expenditures over the past 10 years ranged from a low of \$8.9 million to a peak of \$17.0 million in FY 2007-08. In FY 2012-13, the average overtime expenditure per FTE in Laguna Honda Hospital was \$5,115, or nearly three times the average overtime expenditure of \$1,832 per FTE in San Francisco General Hospital. The Department's overtime spending as a percentage of regular salaries is the lowest of highlighted departments at 2%. Adjustments to MOU provisions that would expand options to schedule staff based on criteria in addition to seniority may reduce overtime expenditures in those departments that have 24-hour operations such as the Department of Public Health. Additionally, increased hiring in those nursing and non-nursing healthcare job classes that have experienced high overtime may reduce overtime usage.
- **Fire Department:** Overtime expenditures over the past 10 years have increased from \$9.9 million to a high of \$43.8 million in FY 2012-13. Overtime use within the Department is the result of deliberate Department decisions regarding how to cost-effectively meet minimum staffing requirements. As new classes of fire fighters join the workforce, overtime usage is expected to decrease.
- **Police Department:** Overtime expenditures over the past 10 years have increased from \$22.6 million to \$27.7 million in FY 2012-13. Overtime expenditures have decreased by 34% since the ten year high of \$41.7 million in FY 2007-08. In FY 2012-13, 38% of overtime expenditures or \$10.4 million, was reimbursed by event organizers.

Recommendations

Recommendations to decrease the use of overtime can be made both at the department level and within MOUs between the City and employee organizations. A combination of adjustments to seniority scheduling criteria in MOUs, and changes in management practices that lead to overtime, can reduce overtime use and expenditures throughout the City.

MOU Adjustments

MOUs between some employee organizations and the City affect the use of overtime, particularly in the areas of scheduling and in round-the-clock Departmental operations. The Controller's Office recommends that the Department of Human Resources identify alternative methods to support decreased use of overtime via exploration of adjustments to MOU provisions. These provisions include, but are not limited to adjustment of seniority scheduling provisions, adjusting the basis on which overtime is triggered, and a review of provisions that increase the amount of concurrent leave time that is filled with overtime hours.

Seniority Scheduling

In terms of seniority scheduling, adjustment to scheduling provisions that lead to little flexibility for some staff may result in less staff absences that require overtime to fill the schedule slots. Adjustments to seniority scheduling provisions would have a significant affect in those departments that require 24-hour operations, including but not limited to the Department of Emergency Management, Public Health, and Juvenile Probation.

Basis for Determining Overtime

Adjustment of the basis on which overtime hours are triggered may reduce overall overtime. For example, if straight-time work hours, rather than paid leave hours, become the basis for the application of overtime compensation and hours, overtime may be reduced. Those MOUs with trade organizations would be among those affected.

Management Practices

Among the five highest overtime-user departments, the peak levels of overtime use are concentrated in several job classes, including: transit job classes, municipal maintenance job classes, and nursing and non-nursing health care jobs. Increased hiring in these classes should result in reduced overtime usage.

Additionally, pre-planning overtime use at the beginning of the year, and engaging supervisors and staff at multiple levels may also help reduce overtime usage. For example, the Police Department allocates its overtime budget by each of its four bureaus, and supervisors at multiple levels communicate with leadership regarding overtime use on a regular basis throughout the year. In another example, the Department of Emergency Management was able to effectively stay within its overtime budget in FY 2012-13 by working across levels and job classes to closely monitor overtime usage. Allocation of the overtime budget by functional unit and/or location, and collaboratively engaging supervisors to help monitor usage, allows the Department to proactively manage overtime use throughout the year.

Section I: Citywide Overtime Use

As shown in Figure 1, during FY 2012-13 City departments spent \$163.8 million on overtime, which was \$9.7 million (5.9%) above the prior year, but \$3.9 million (2.4%) less than FY 2007-08's peak. Overtime hours increased at a higher rate, rising 0.25 million (8.9%) from the prior year, but still 0.28 million (9.1%) below the FY 2007-08 peak.

Figure 2 presents two other ways to look at overtime trends that factor in changes in the overall size of the workforce and City budget. FY 2012-13 overtime hours represented 4.6% of regular (straight-time) hours, which was an increase from the prior year, but below FY 2007-08's peak of 5.1%. Overtime spending in FY 2012-13 represented 1.8% of the \$9.0 billion total Citywide expenditures, essentially unchanged from the prior year two years, and was well below the FY 2007-08 peak of 2.5%.

Figure 1. 10-year History of Overtime Hours and Overtime Dollars (millions)

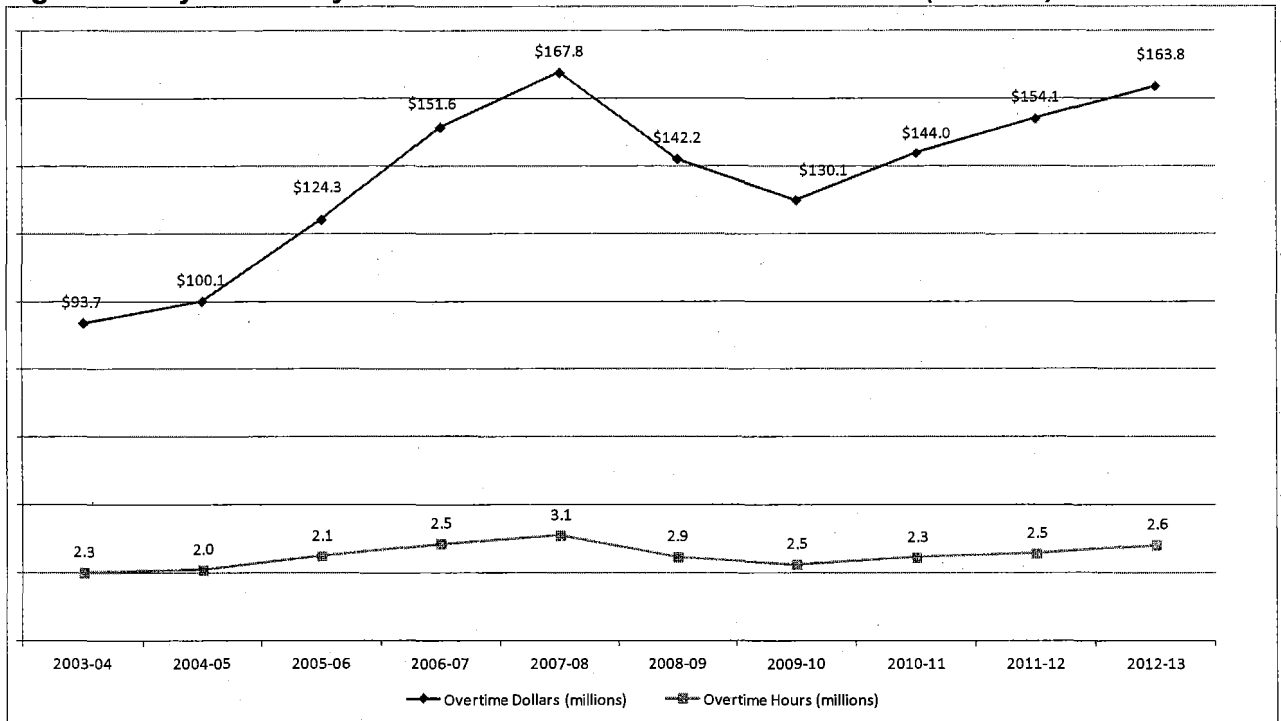
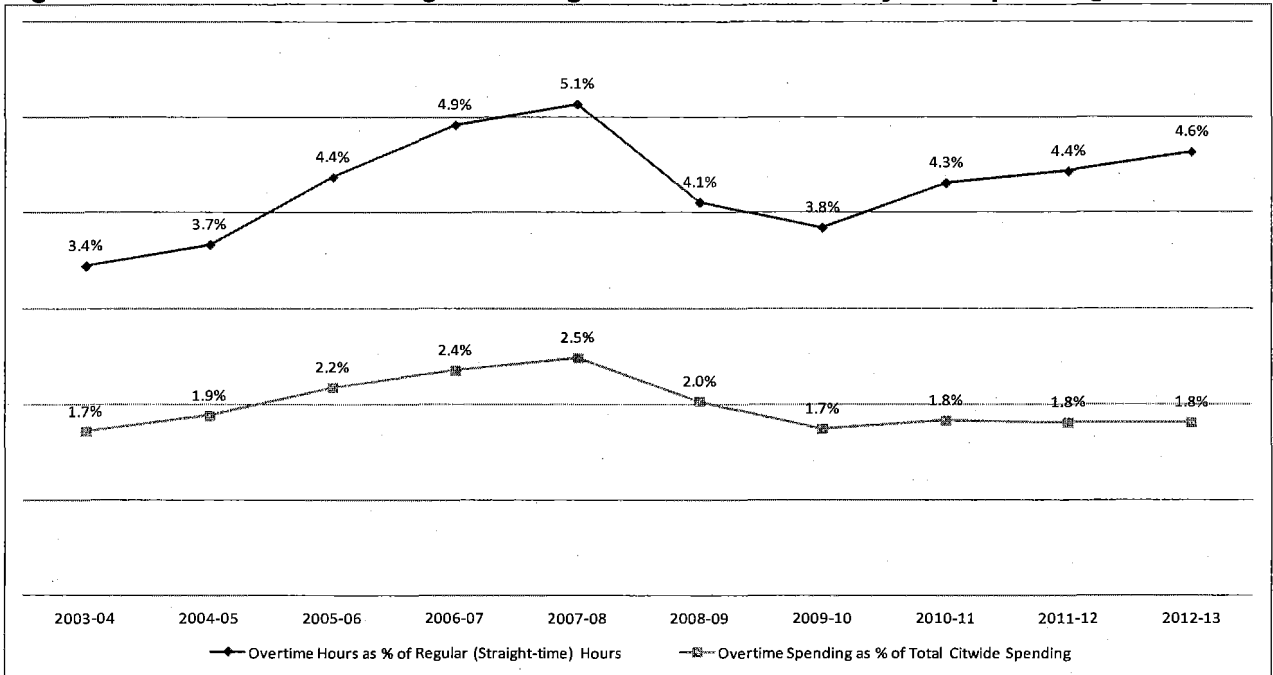


Figure 2. Overtime as % of Regular Straight-time Hours and Citywide Spending



Section II: Overtime Use for Highest User Departments

As shown in Table 1, the five highest overtime user departments (MTA, Fire, Police, Public Health, Sheriff) accounted for 88% of overtime dollars spent Citywide. Factors contributing to overtime use include:

- Full time equivalent (FTE) reductions without reducing service levels
- 24-hour operations and minimum staffing requirements
- Labor contract provisions that can drive overtime use
- Unexpected Citywide events that exceeded available regular time or budgeted overtime

In most situations, overtime is a deliberate budgetary choice departments make to maintain service levels without increasing FTEs.

Table 1 shows expenditures for the five highest user departments in FY 2012-13. Additional departments are included in Appendix 1.

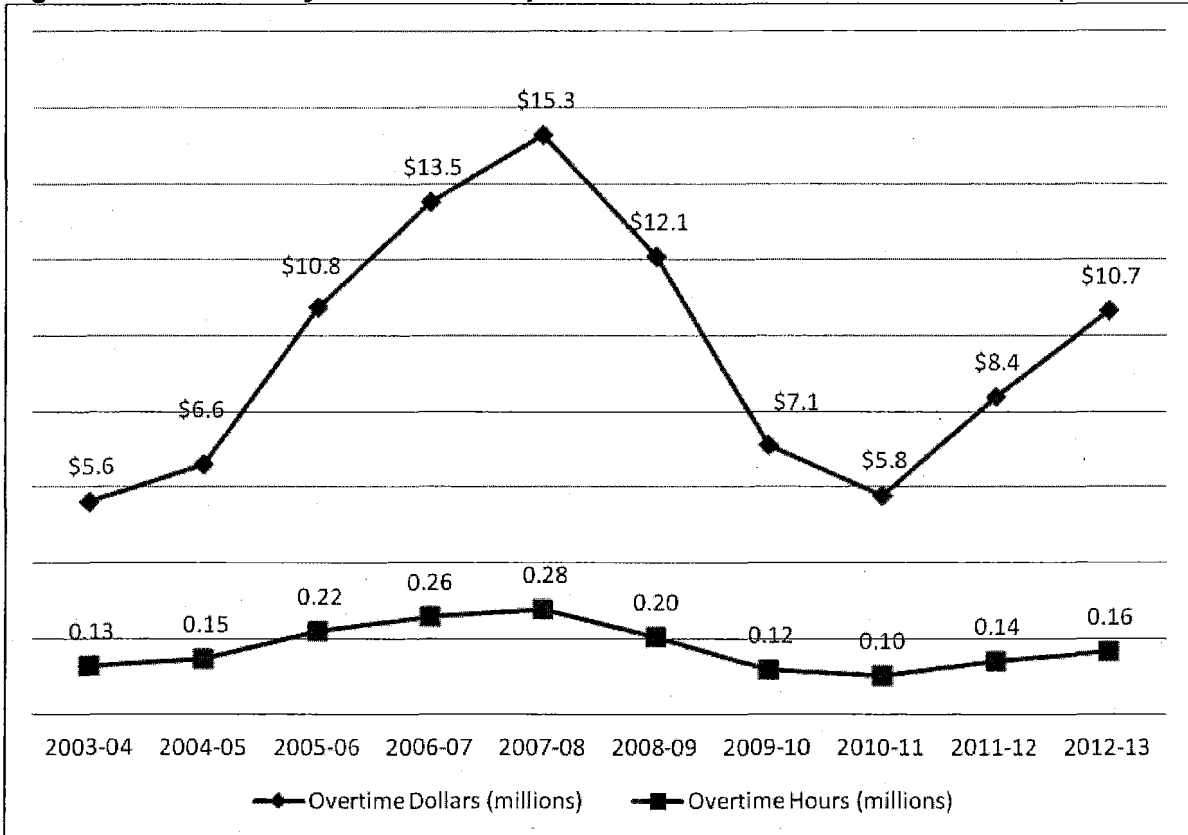
Table 1. FY 2012-13 Overtime Budget and Actual Expenditures by Department (\$ millions)

	Revised Budget	Actual Overtime Expenditures	Revised Budget vs. Actual Expenditures	Average Overtime \$ per FTE
Municipal Transportation Agency (MTA)	43.6	48.7	(5.1)	10,993
Fire	43.5	43.8	(0.3)	30,903
Police	28.2	27.7	0.5	10,653
Public Health	12.6	12.6	-	2,152
Sheriff	10.5	10.7	(0.2)	10,971
All Other Departments	18.4	20.4	(2.0)	1,583
Grand Total	\$156.8	\$163.8	(\$7.0)	\$5,810

A. Sheriff's Department

Over the past ten years, overtime spending for the Sheriff's Department ranged from a low of \$5.6 million to a high of \$15.3 million. Overtime spending increased 173% between FY 2003-04 and FY 2007-08, and has since decreased by 30%. Overtime hours followed a similar trend and increased by 118% between FY 2003-04 and FY 2007-08 and have since decreased by 30%. Figure 3 shows overtime spending and hours within the Department over the past 10 years.

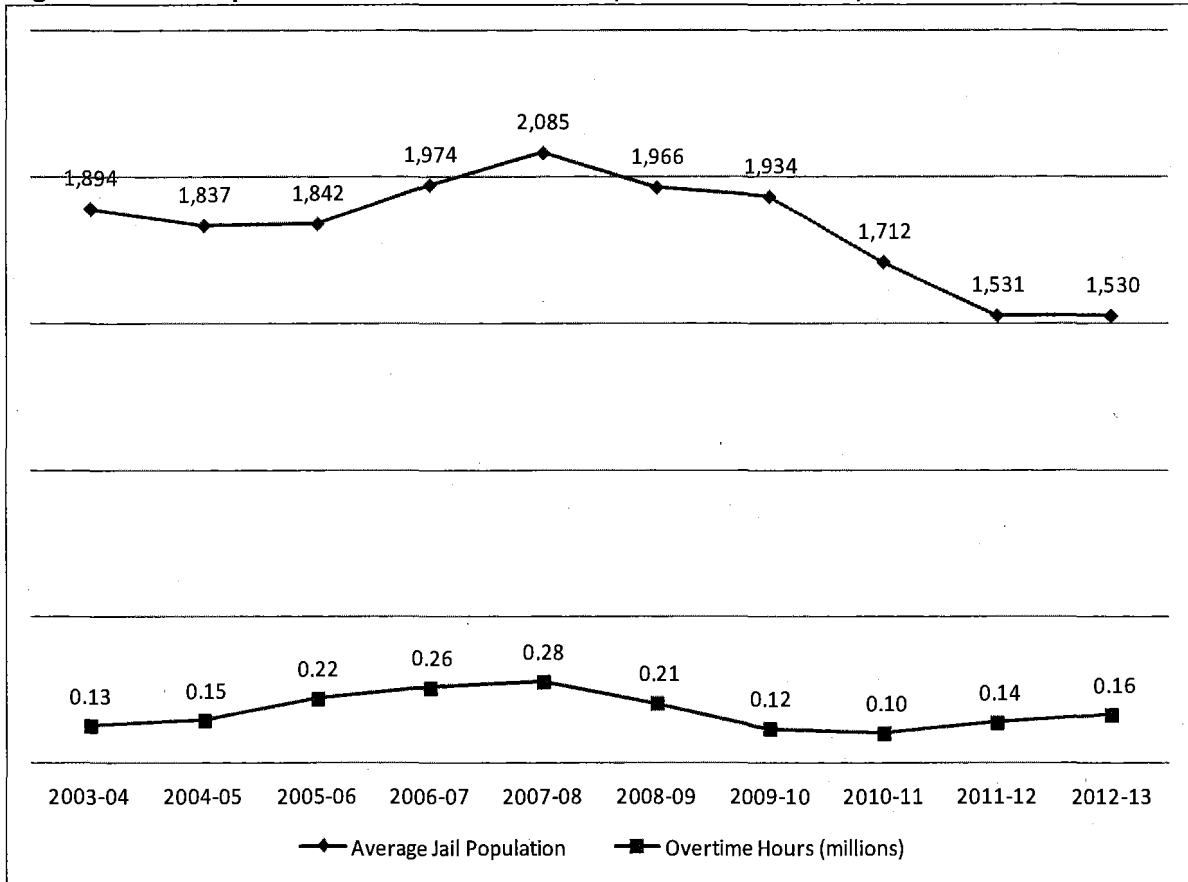
Figure 3. 10-Yr History of Sheriff's Department Overtime Dollars and Hours (\$ millions)



As shown in Figure 4, between FYs 2003-04 and 2007-08, the average annual jail population increased by 10% and overtime hours increased by 118%. Between FYs 2007-08 and 2010-11, the average annual jail population decreased by 18% and overtime hours decreased by 63%. The above trend has not continued over the past two years as the average jail population decreased by 11% between FY 2010-11 and FY 2012-13 and overtime hours increased by 61%. The Sheriff's Department identified an increased number of employees on disability leave, retirements, and not being able to hire deputies as a reason for the increase in overtime use.

Another significant driver of overtime within the Department was an increased use of vacation time. Between FYs 2011-12 and 2012-13 vacation hours increased by 17% from 120,000 hours to 140,000 hours due to an increased number of vacation slots for some deputies negotiated during the last round of collective bargaining.

Figure 4. Jail Population and Overtime Use (hours in millions)

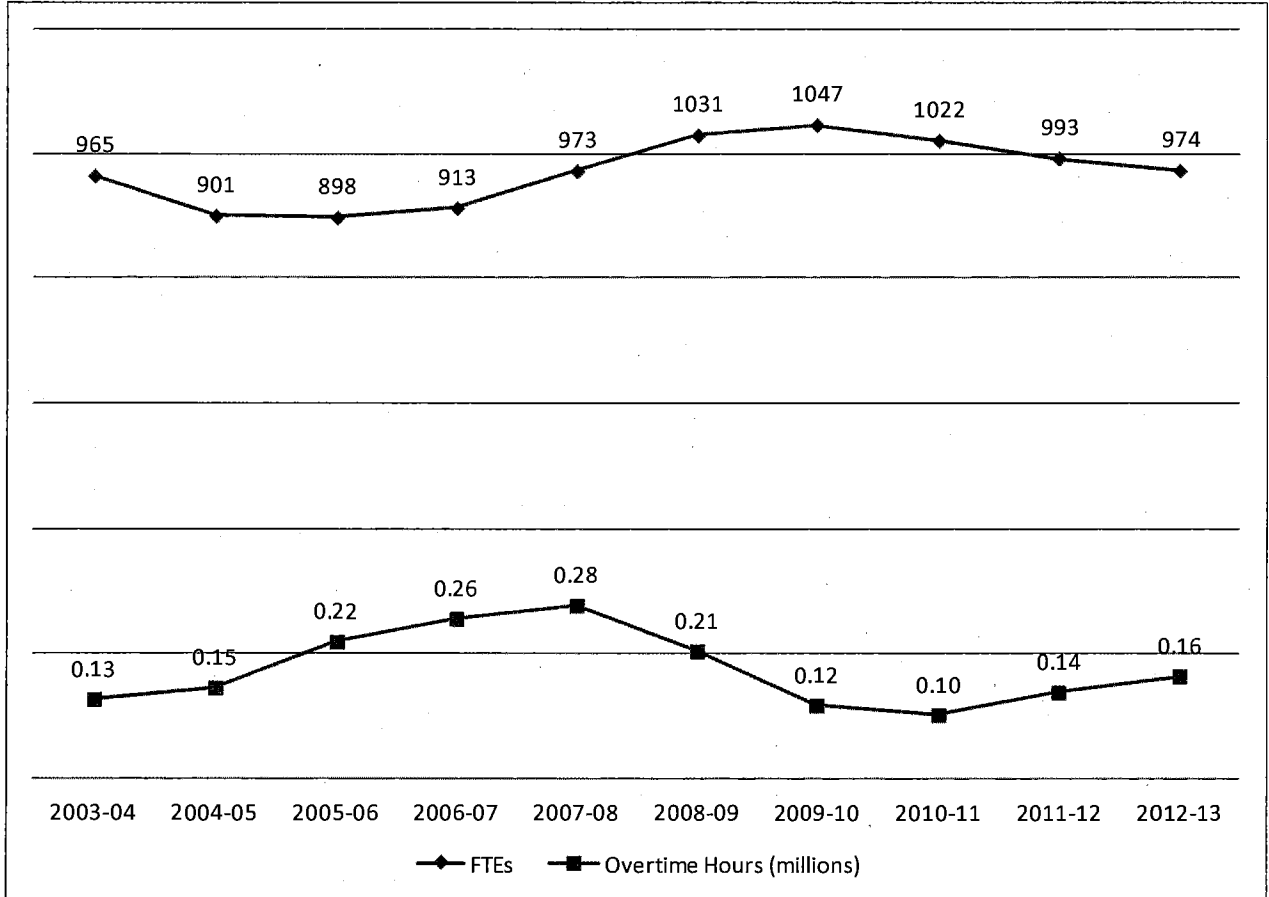


Deputy Sheriffs are responsible for the majority of overtime use within the department. The Department adheres to minimum staffing levels at all of the City's jails and when staffing falls below the minimum, overtime is used to fill shifts.

Staffing

Figure 5 shows the relationship between FTEs and overtime use. Review of the number of FTEs and overtime use in the past decade does not indicate a strong correlation between staffing levels and overtime. Over the past 10 years, FTEs have increased by 1% while overtime hours have increased by 29%. However, between FYs 2003-04 and 2007-08, the number of FTEs increased by 1% while overtime use increased by 118%. Between FYs 2007-08 and 2012-13 FTEs stayed constant while overtime use decreased by 41%. As noted above, jail population and vacation use appear to be stronger drivers of overtime use than the number of FTEs.

Figure 5. FTEs and Overtime Use (hours in millions)



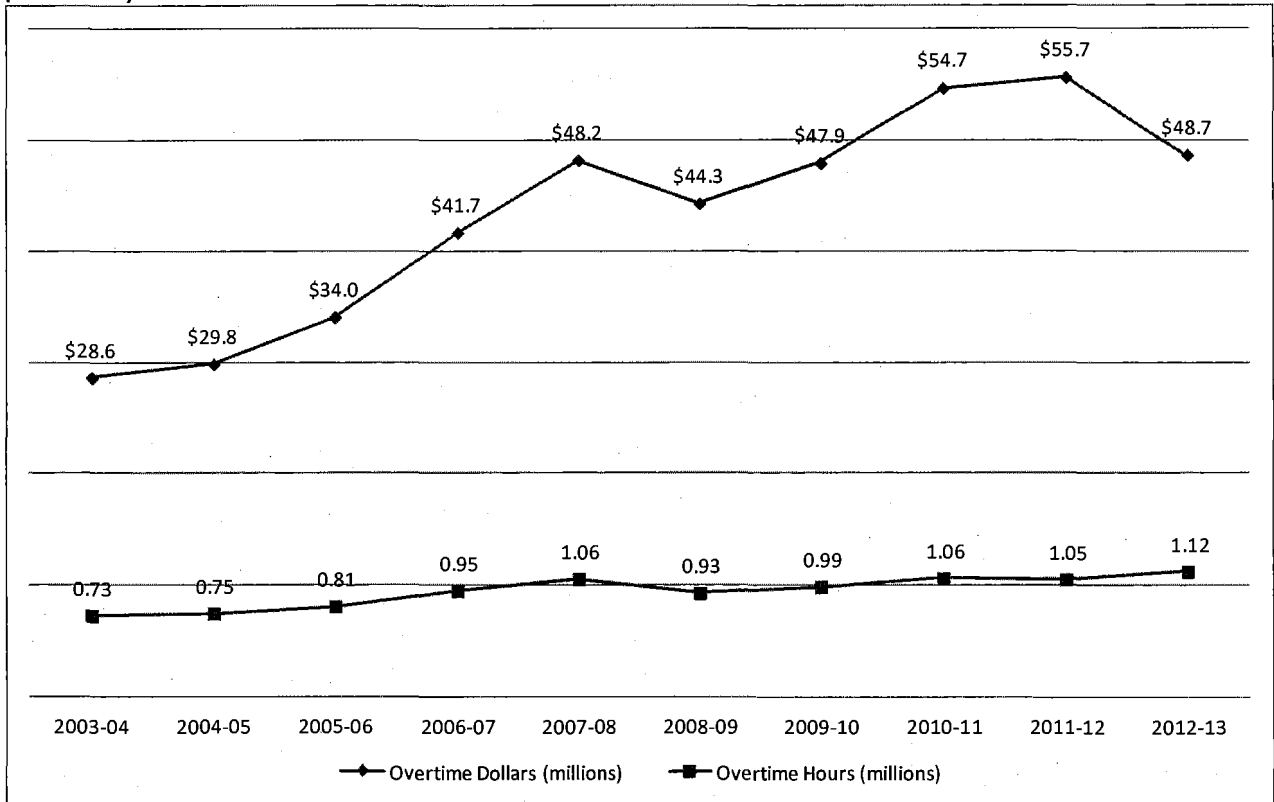
Recommendations

The Controller's Office recommends that DHR review MOU language that maintains a separate vacation bidding process for Senior Deputies, as this results in a higher number of open shifts that will then be partially covered with overtime.

B. Municipal Transportation Agency

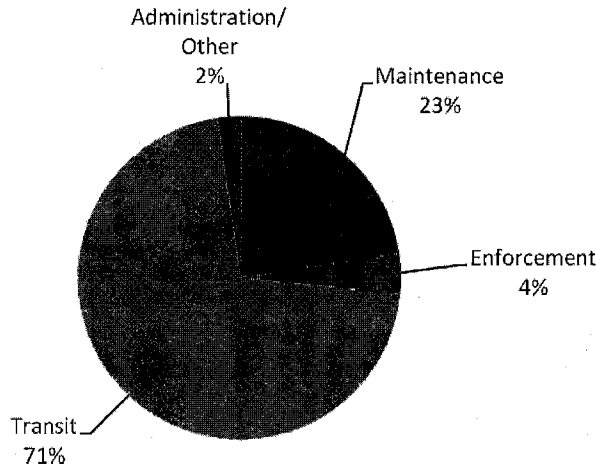
As shown in Figure 6, MTA overtime expenditures have increased 70% over the past 10 years, rising from \$28.6 million in FY 2003-04 to \$48.7 million in FY 2012-13. Overtime expenditures decreased by 13% from FY 2011-12 to FY 2012-13, due primarily to increased hiring of maintenance staff and a deliberate effort by management to reduce overtime use. Overtime hours increased by approximately 54% over the past ten years, from 0.73 million to 1.12 million hours.

Figure 6. MTA Overtime Dollars and Hours Have Increased Over the Last 10 Years
(millions)



As shown in Figure 7, during FY 2012-13, 94% of overtime within the Department occurred in the Transit and Maintenance groups. Issues specific to each group are discussed below.

Figure 7. MTA FY 2012-13 Overtime Hours by Employee Classification Groups



- **Transit:** Transit Operators, Train Controllers, Transit Supervisors, etc.
- **Maintenance:** Automotive Mechanics, Electrical Mechanics, Stationary Engineers, Construction Inspectors, etc.
- **Enforcement: Parking** Control Officers, Transit Fare Inspectors, etc.
- **Administrative Staff/Other:** Clerks, Fare Collection Receivers, Purchasers, etc.

Transit Group Overtime

63% of all overtime use within the Department occurred in the transit operator job class, with an additional 8% in supporting transit classes, including (among others) train controllers, and transit supervisors. According to the Agency, factors that affect transit operator overtime usage include the length of the operator's scheduled route, operator shortages, labor contract (MOU) provisions, gaps in coverage created by employee absences, unforeseen circumstances such as heavy traffic or accidents, and special events. MTA has begun hiring and training part-time operators which should help reduce the need for overtime.

Part-time operators have a lower number of guaranteed hours per shift (3.5) and can help meet service delivery goals without working overtime. However, part-time operators earn full time benefits so their hourly cost is actually higher than the hourly cost of a full-time operator. In terms of only full-time operators covering shifts, overtime can be more cost-effective than to bring in another full-time operator to complete a shift.

MTA reports that overtime is built into each operator's schedule in order to manage service costs effectively. Labor contract provisions guarantee full time operators eight hours of pay per shift, so requiring an operator to work overtime is frequently less expensive than bringing in an employee for a short amount of time to complete a run. Tables 2A, 2B, and 2C illustrate this point, showing three ways to staff a bus line that runs 20 hours a day.

Bus Route Staffing Options

Table 2A: MTA Staffing Option 1: Using Overtime—Full time operators

	Shift	Regular Hours	Standby Hours	Overtime Hours at 1.5x Regular Pay	Total Pay Hours
Operator 1	5 am to 3 pm	8	0	2 hours x 1.5 regular pay = 3 pay hours	11
Operator 2	3 pm to 1 am	8	0	2 hours x 1.5 regular pay = 3 pay hours	11
Total	5 am to 1 am	16 hrs	0	6 hrs	22 hrs

Table 2B: MTA Staffing Option 2: Without Overtime—Full time operators

	Shift	Regular Hours	Standby Hours	Overtime Hours at 1.5x Regular Pay	Total Pay Hours
Operator 1	5 am to noon	7	1	0	8
Operator 2	Noon to 7 PM	7	1	0	8
Operator 3	7 pm to 1 am	6	2	0	8
Total	5 am to 1 am	20 hrs	4 hrs	0 hrs	24 hrs

Table 2C: MTA Staffing Option 3: Part-Time Operators

	Shift	Regular Hours	Standby Hours	Overtime Hours at 1.5x Regular Pay	Total Pay Hours
Operator 1	5 am to 1 pm	8	0	0	8
Operator 2	1 pm to 9 pm	8	0	0	8
Operator 3	9 pm to 1 am (part time)	4	0	0	4
Total	5 am to 1 am	20 hrs	0	0 hrs	20 hrs

As indicated above, staffing option 1 uses two transit operators to complete the run with four hours of scheduled overtime and 22 total paid hours. Staffing option 2 uses three operators to complete the run with no overtime but 24 total paid hours. Staffing option 3 uses two full-time operators, one part-time operator, and no overtime. Given the labor contract requirement that operators be paid a minimum of 8 hours per shift, it can be less expensive to use overtime instead of additional staff except when part-time operators are available.

Maintenance Group Overtime

The maintenance group accounts for 23% of overtime hours within the MTA. The largest maintenance group job classes are stationary engineers, automotive mechanics, electrical mechanics, and construction inspectors. Within the maintenance area, electrical transit system mechanics and automotive mechanics are the highest overtime users. Both classifications are responsible for maintaining electrical and automotive components of MTA's revenue and non-revenue fleet of over 1,000 vehicles. MTA reports that their fleet is one of the oldest in the nation and requires high levels of maintenance.

To reduce overtime use within this service area, MTA has begun hiring more electrical and automotive mechanics. In FY 2011-12, this service area used 320,000 overtime hours while in FY 2012-13 they used 253,000 hours, or a 21% reduction.

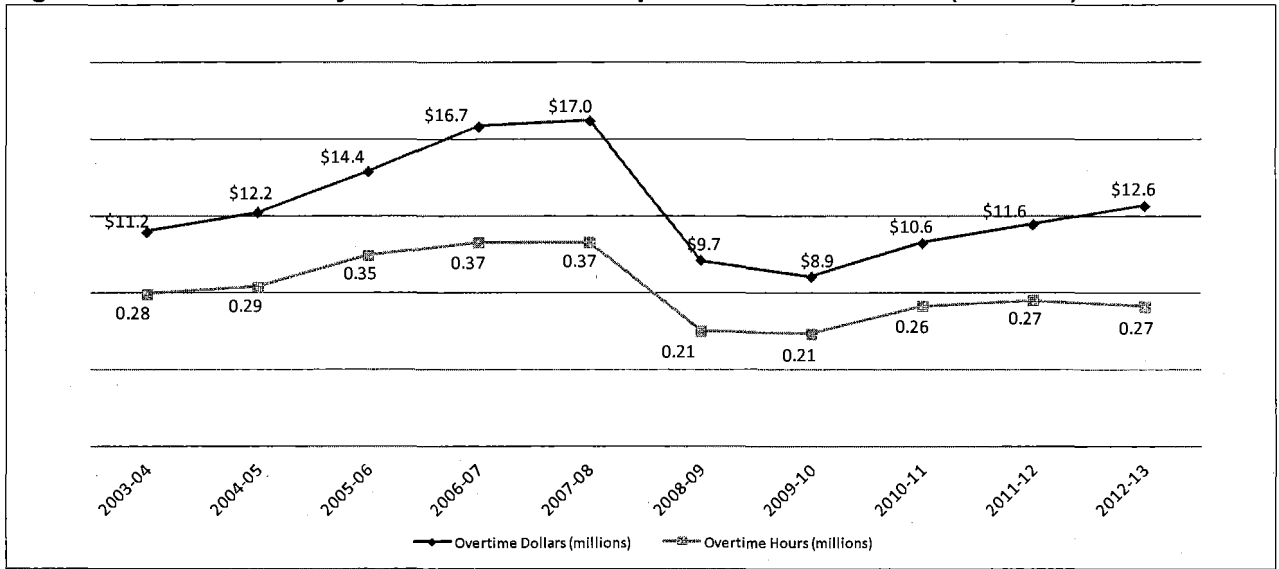
Recommendations

The MTA would benefit from a review of those MOU provisions that require scheduling overtime based on seniority. Additionally, allocating the overtime budget at the beginning of the fiscal year by functional or geographic area, and engaging staff at multiple levels regarding overtime use may reduce overtime use and lower overtime expenditures. Further, continued hiring for transit and maintenance job classes that have had the highest overtime usage would reduce overtime hours.

C. Department of Public Health

As shown in Figure 9, Department of Public Health (DPH) overtime use peaked in FY 2007-08 at \$17 million and 0.37 million hours followed by a sharp decline to \$8.9 million in FY 2009-10. Usage rose again in FY 2012-13 to \$12.6 million and 0.27 million hours, still representing roughly a 26% decline in spending and a 28% decline in hours from their peaks. Overtime hours at DPH represented 2% of regular (straight-time) hours, the lowest of the departments highlighted in this report.

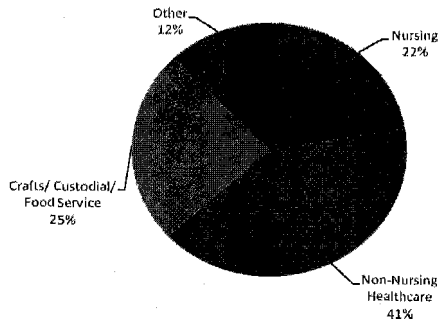
Figure 9. 10-Year History of DPH Overtime Expenditures and Hours (millions)



The Department reports that a significant factor behind the sharp decline in FY 2008-09 was due to Laguna Honda Hospital's decreased census from 1,150 beds to 780 beds in preparation for moving into a smaller new facility. This freed up employees to backfill other positions throughout the Department, reducing the need for overtime.

Figure 10 provides a view of DPH overtime by employee classification groups.

Figure 10. DPH Overtime Hours by Employee Classification



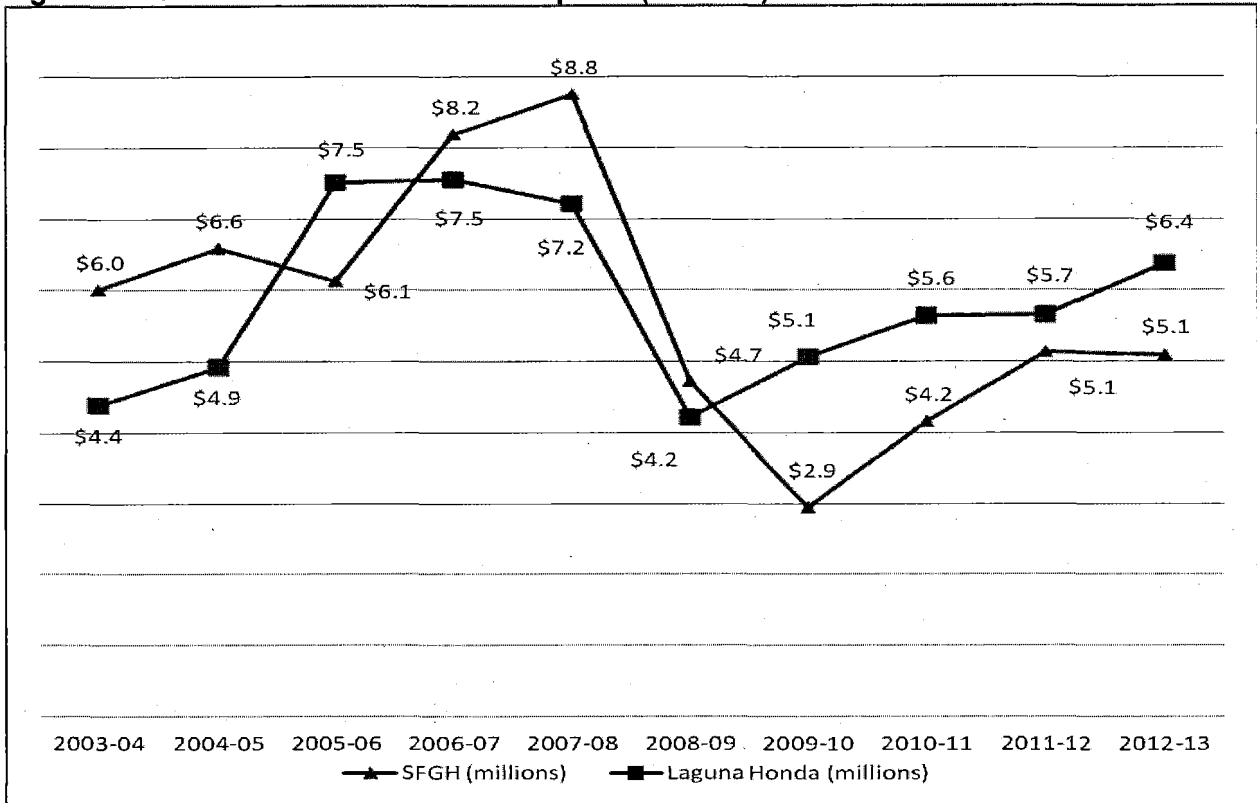
- **Nursing:** Registered Nurses, Licensed Vocational Nurses, Special Nurses, etc.
- **Non-Nursing Healthcare:** Anesthetists, Pharmacists, X-Ray Laboratory Aides, Surgical Procedures Technician, etc.
- **Crafts/Custodial/Food Service:** Storekeepers, Cooks, Porters, Carpenters, etc.
- **Other:** Eligibility Workers, Payroll Clerks, Cashiers, etc

The three highest overtime user job classes at DPH are within the nursing classification group: Nursing Assistants, Patient Care Assistants, and Licensed Vocational Nurses. These three job classes provide 24 hour a day care and have legal and/or labor agreement mandated staff to patient ratios. The Department reports that the main issues affecting overtime use within these classes are the ability to hire additional employees and increased leave attributed to those clinical, non-nurse job classes that received furlough days.

Other high user job classes include porters and food service workers. Porters perform a variety of tasks from cleaning and straightening, to delivering food and supplies. Food service workers provide patient and staff meals at the hospitals. For both classifications, overtime is affected by employee leave and the Department's ability to hire. Employee leave has increased over the past three years because of furlough days. Employees did not receive additional furlough days in FY 2012-13 but were able to take unused days earned in prior years.

Viewing overtime use by location shows that most overtime within the Department is used at San Francisco General Hospital (SFGH) and Laguna Honda Hospital. Figure 11 shows overtime dollars in each hospital over the past ten years.

Figure 11: Overtime Dollars at DPH Hospitals (millions)



Over the past four years, overtime use at Laguna Honda Hospital has been higher than at San Francisco General Hospital (SFGH) although SFGH is a larger institution. The patient census at SFGH fluctuates more than at Laguna Honda, and to compensate DPH keeps a large pool of as-needed nurses, known as Special Duty Nurses who are per diem, or P103's, that can be utilized to help control overtime use. DPH has increased the pool of as needed nurses at Laguna Honda to help reduce overtime use at that facility.

In FY 2012-13, P103 regular salaries were \$48.0 million or 8.1% of the Department's total salaries. Table 3 shows that while the total number of FTEs at Laguna Honda are 45% of the total FTEs at San Francisco General, average overtime spending per FTE is 2.8 times higher at Laguna Honda. The Department reports that this may be due to furlough days for non-nursing clinical staff and additional increases in base salaries for Laguna Honda personnel.

Table 3. Total Overtime Spending and Hours per FTE in each hospital, FY 2012-13

	TOTAL FTEs	TOTAL OVERTIME \$	Total OT Hours	Average OT \$ per FTE
San Francisco General Hospital	2,785	\$5,102,304	97,277	\$1,832
Laguna Honda Hospital	1,247	\$6,380,937	152,033	\$5,115

Additionally, structural staffing issues that impact overtime in the Laguna Honda Hospital

operating budget in FY 2012-13 have been addressed in the FY 2013-14 budget.

Recommendations

An adjustment of those MOU provisions that require seniority scheduling may lead to decreased overtime expenditures in the Department of Public Health. Additionally, increased hiring of nursing and non-nursing healthcare staff may lower overtime usage. Further, allocating overtime at the beginning of each year by functional or geographic area, and collaboration among staff from multiple levels to monitor overtime, may also may also reduce overtime usage.

D. Fire Department

As shown below in Figures 11 and 12, after three years of roughly stable overtime from FY 2003-04 to FY 2005-06, both overtime spending and hours at the Fire Department increased sharply through FY 2012-13 as there was a decline in full-time employees from 1,684 in FY 2005-06 to 1,417 in FY 2012-13.

Figure 11. 10-year History of Fire Department Overtime Dollars and Hours (millions)

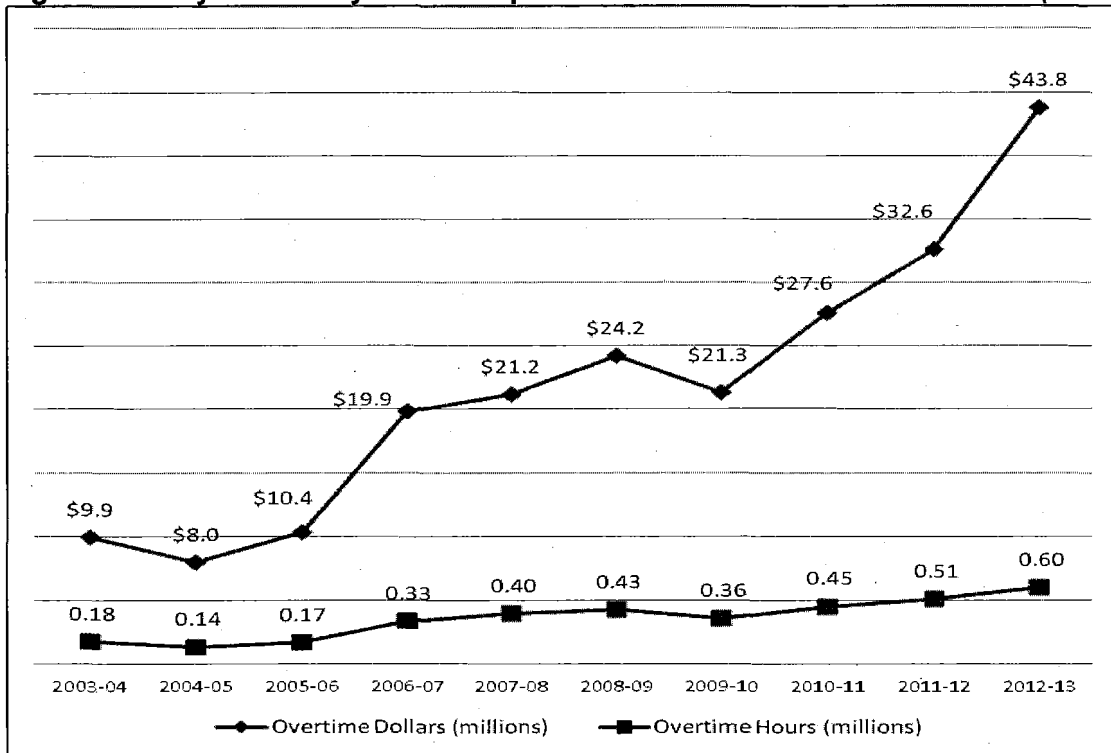
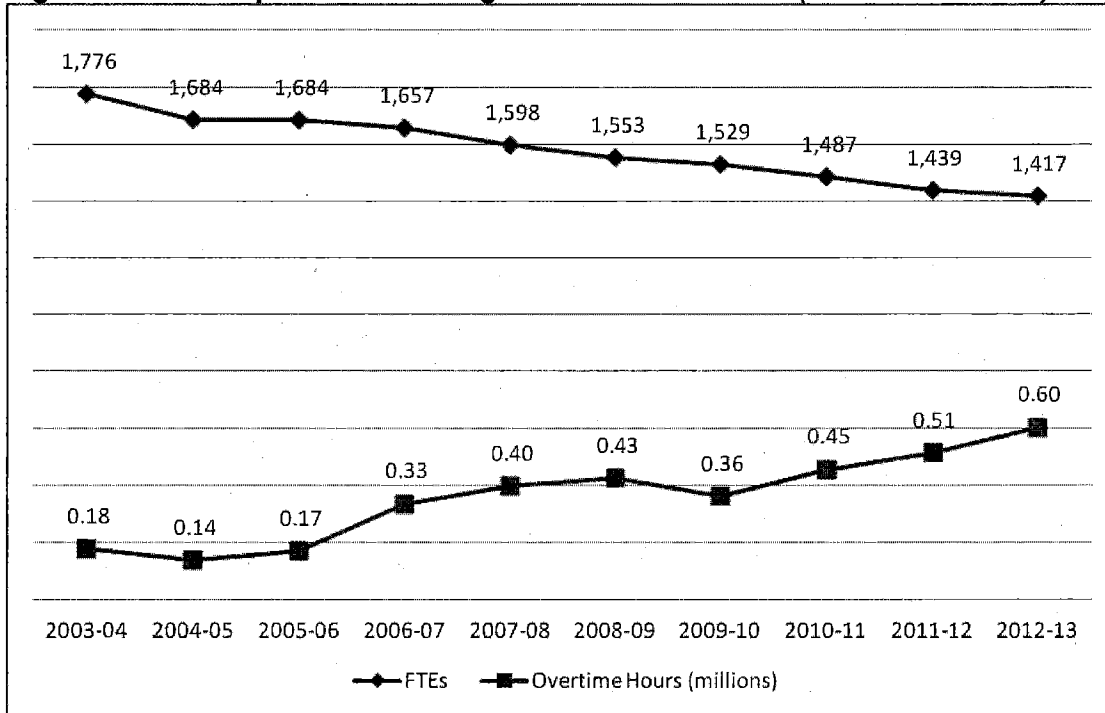


Figure 12: Fire Department Staffing Levels and Overtime (hours in millions)



The Fire Department reports that the decrease in FTEs in recent years is the deliberate result of analysis showing that reliance on overtime to meet minimum staffing requirements would be more cost effective than hiring additional employees. As new classes of fire fighters join the workforce in FY 2013-14, overtime usage is expected to decrease.

To illustrate an example of this analysis, the FY 2012-13 hourly rate of a top step H-2 firefighter, including benefits, averaged approximately \$78. The average hourly overtime rate of the same employee average is \$68, because pension and some other benefit costs do not apply to overtime. Overtime does not require benefits that are included with regular wages, which is a large part of why it is less expensive to use overtime than regular time. Additionally, based on MOU provisions, some overtime in the Fire Department is paid at the regular hourly rate instead of at one and a half times the hourly rate, which also results in the cost-effectiveness of using overtime.

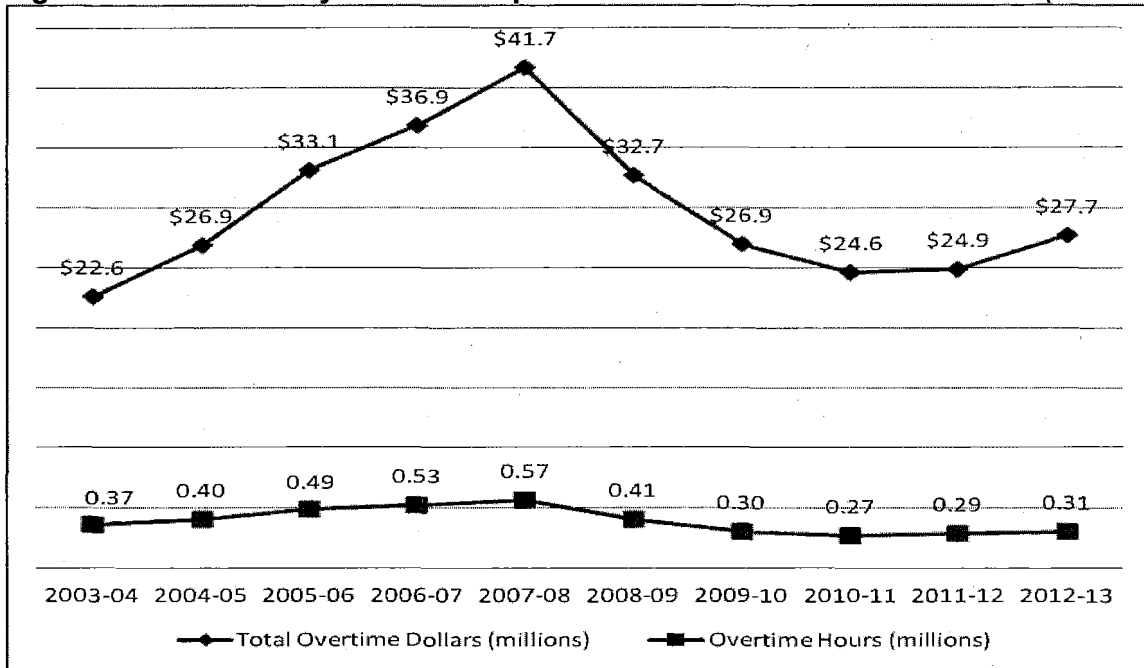
Recommendations

Increased hiring in the Fire Department, as new classes of fire fighters move into the workforce after academy training, should result in decreased overtime usage.

E. Police Department

As shown in Figure 7, unlike other major overtime-using departments, the Police Department has reduced overtime spending and hours significantly since FY 2007-08 when usage peaked at \$41.7 million and 0.57 million hours. During the period between FY 2007-08 and FY 2012-13, overtime spending and hours have decreased by 34% and 46% respectively. However, between FY 2011-12 and FY 2012-13, overtime dollars and hours increased by 11% and 6% respectively.

Figure 13. 10-Yr History of Police Department Overtime Dollars and Hours (millions)

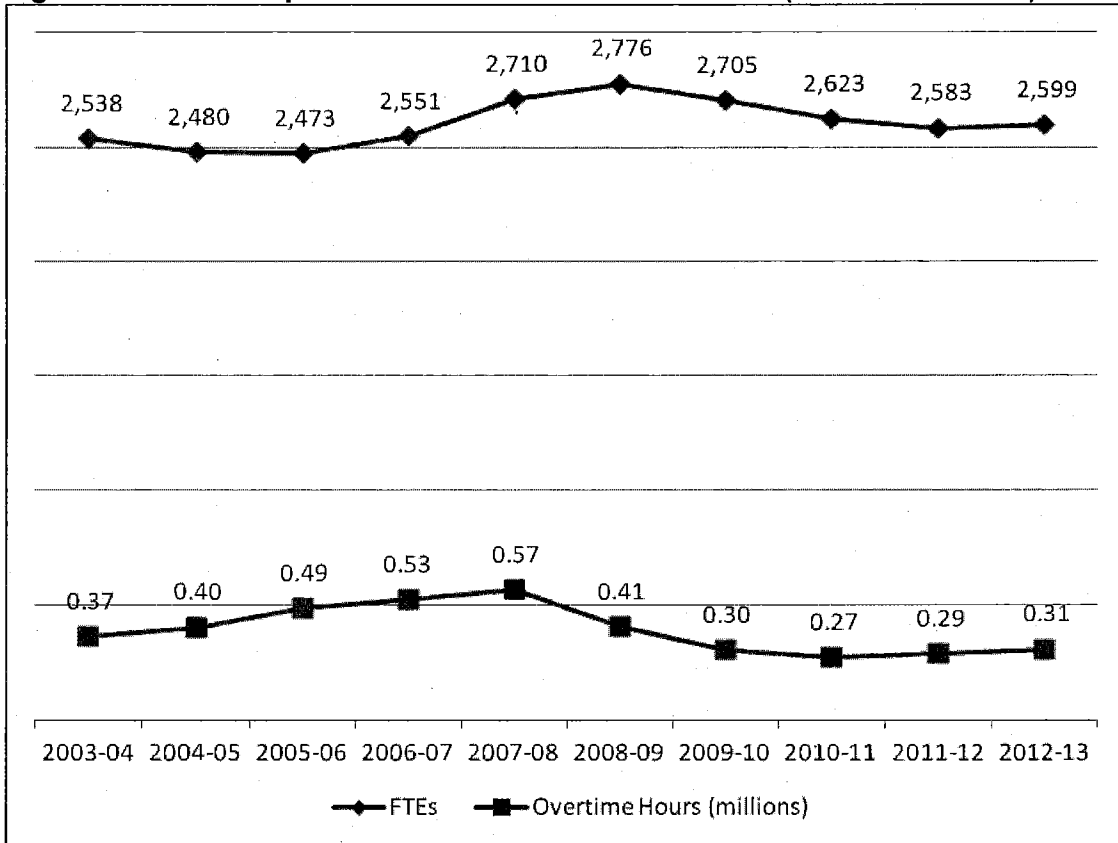


One factor that contributes to Police Department overtime use is a labor contract provision that guarantees a minimum of four hours of overtime per overtime shift. External funding from non-city entities for special events, which were 38% of total Police Department overtime expenditures in FY 2012-13, is included in the total above. Special events included but were not limited to sporting events, film and television production, and construction security.

Staffing

Review of the number of FTEs and overtime use does not indicate a strong correlation between staffing levels and overtime in the Police Department. Figure 14 shows FTEs and overtime hours over the past 10 years. As shown in Figure 14, overtime hours increased between FY 2010-11 and FY 2011-12, while FTEs decreased, but between FY 2011-12 and FY 2012-13, overtime hours increased as FTEs increased. Since the overtime peak of FY 2007-08, FTEs have decreased by 4% while overtime hours have declined by 46%.

Figure 14. Police Department FTEs and Overtime Hours (hours in millions)



Police Department Overtime Monitoring

The Police Department has reduced its overtime use in recent years through management oversight. The Police Department allocates an overtime budget to each of the four bureaus within the Department in the beginning of the year. A biweekly report is run by the finance division, which shows overtime usage by employee and is reviewed by bureau Deputy Chiefs and the Chief of Police. This method of overtime review has helped the Department reduce overtime costs and stay within budget.

Recommendations

The Police Department’s practice of allocating the overtime budget by bureau is a useful tool to allocate and assess overtime usage within the Department, and the Controller recommends the continued use of this method of managing overtime.

Section III. Appendices

Appendix 1 presents a detailed view of five years of overtime spending by Departments throughout the City. Appendix 2 provides a view of Departmental compliance with administrative code provisions regarding maximum permissible overtime per employee.

Appendix 1

5-Year History of Overtime Spending by Department (\$ Millions)

<u>Department</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2012-13</u>	<u>FY 2012-13</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Difference</u>
MTA							
Municipal Railway	\$ 42.6	\$ 45.6	\$ 52.2	\$ 53.2	\$ 42.4	\$ 46.3	(4.0)
Parking & Traffic	1.6	2.3	2.1	2.5	1.2	2.3	(1.1)
Subtotal - MTA	44.2	47.9	54.3	55.7	43.6	48.7	(5.1)
Police							
General Fund Operations	20.0	13.8	13.1	10.7	12.6	13.0	(0.4)
Special Law Enforcement Services (10B)	9.4	10.5	8.6	10.4	10.5	10.5	-
Grants & Other Non-10B Special Revenues	1.3	0.9	1.5	2.1	3.3	2.4	0.9
Airport	2.0	1.7	1.4	1.8	1.8	1.8	-
Subtotal - Police	32.7	26.9	24.6	24.9	28.2	27.7	0.5
Public Health							
SF General	4.7	2.9	4.2	5.1	5.8	5.1	0.7
Laguna Honda Hospital	4.2	5.1	5.6	5.7	5.7	6.4	(0.7)
All Other Non-Hospital Operations	0.8	0.8	0.8	0.8	1.1	1.1	-
Subtotal - Public Health	9.7	8.9	10.6	11.6	12.6	12.6	-
Fire							
General Fund Operations	24.7	21.0	27.7	32.6	40.1	40.4	(0.3)
Grants & Other Special Revenues	0.2	0.0	-	-	-	-	-
Airport	2.7	2.2	2.5	2.8	3.0	3.1	-
Port	0.2	0.2	0.3	0.2	0.4	0.3	-
Subtotal - Fire	27.9	23.5	30.5	35.6	43.5	43.8	(0.3)
Sheriff	12.1	7.1	5.8	8.4	10.5	10.7	(0.2)
Subtotal - Top 5	126.6	114.3	125.8	136.2	138.4	143.4	(5.0)
Public Utilities Commission	4.5	5.3	5.9	6.2	6.1	6.0	0.1
Recreation & Park	1.5	1.4	1.4	1.1	1.3	1.6	(0.3)
Human Services Agency	0.5	0.5	0.6	0.6	0.3	0.8	(0.5)
Fine Arts Museum	0.7	1.0	0.8	0.9	0.6	0.7	(0.1)
Public Works	1.6	1.5	1.4	1.5	2.4	2.0	0.4
Juvenile Probation	1.4	0.8	0.8	0.9	0.8	1.4	(0.6)
Airport Commission	1.5	1.7	2.2	2.2	3.0	2.5	0.5
Elections	0.7	0.4	0.4	0.4	0.4	0.3	0.1
Emergency Management	1.2	1.4	1.4	1.2	1.1	1.1	-
All Other Departments	2.0	2.0	3.2	2.9	2.4	4.0	(1.6)
Total	142.1	130.0	144.0	154.1	156.8	163.8	(7.0)
<i>Top 5 % of Total</i>	89.1%	87.9%	87.4%	88.4%	88.4%	87.6%	
Change from Prior Year Actual	\$ (25.6)	\$ (12.0)	\$ 14.0	\$ 12.0		\$ 9.7	
Total Gross Salaries (Cash Compensation)	\$ 2,621.4	\$ 2,595.8	\$ 2,529.6	\$ 2,634.5		\$ 2,802.2	
Overtime as a % of Total Gross Salaries	5.4%	5.0%	5.7%	5.8%		5.8%	

Appendix 2. Maximum Permissible Overtime Per Employee

Per Administrative Code section 18.13-1, City employees are not permitted to work more than 25% of their regularly scheduled hours as overtime. In FY 2012-13, a standard full-time employee worked 2,088 regular hours and the overtime default limit for the year was a maximum of 522 hours. Table A shows that as of June 30, 2013, 314 non-exempted employees exceeded the overtime default limit. This represents a decrease of 49.8% since FY 2011-12, when 625 non-exempted FTEs were above the default limit for FY 2011-12. The Administrative Code allows for exemptions to the default limit, which are defined below in Table A.

Table A. Employees Exceeding 25% Maximum Annual Overtime Per Employee

Department Code	Employees Above the Default Limit	Employee Exemptions	Non-Exempted Employees Above the Default Limit	Average Overtime % of Total Hours Worked
Municipal Transportation Agency	647	587	60	38%
Fire	377	285	92	37%
Public Health	68	-	68	46%
Sheriff	50	-	50	31%
Juvenile Probation	12	-	12	35%
Fine Arts Museum	7	-	7	30%
Police	6	2	4	40%
San Francisco Public Utilities Commission	6	2	4	32%
Recreation and Parks	6	-	6	37%
General Services Agency-Technology	6	-	6	30%
Public Works	3	-	3	33%
Airport	2	-	2	27%
Grand Total	1190	876	314	35%

Definition:

Employee Exemption: The administrative code allows for DHR and MTA to offer overtime default limit exemptions to departments for specific positions and/or job classes. During FY 2012-13, DHR extended the overtime default limit for non-administrative Fire employees to 1,100 overtime hours, removed the default limit for Public Utilities Commission Power Generation Series employees, and exempted select Police Department staff. MTA granted exemptions to eleven job classes, including transit operators and mechanics. Additionally, employees who worked less than 209 regular hours and who were paid by an external third party were excluded from this report.

Maximum Number of Hours Worked Per Pay Period

Administrative code section 18.3-1(a) requires that employees work no more than 72 hours per week, or 144 hours in a pay period, with the exception of some Fire Department staff. The Controller is not able to report on this compliance rate for FY 2012-13 as the data is not available. As this information becomes available the Controller will provide the information in subsequent reports.

STAFF Contacts

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Risa Sandler, Citywide Budget Manager, Risa.Sandler@sfgov.org

With special thanks to Chris Trensche

From: Toy, Debbie [debbie.toy@sfgov.org]
Sent: Wednesday, February 05, 2014 1:06 PM
To: Calvillo, Angela; BOS-Supervisors; Kawa, Steve; Campbell, Severin; Newman, Debra; Rose, Harvey; sfdocs@sfpl.info; CON-EVERYONE; Moyer, Monique; Quesada, Amy; Forbes, Elaine; Woo, John; cchaquica@kpmg.com; nrose@kpmg.com; eugene.yano@yanocpa.com; mwarner@hornblower.com
Subject: Controller's Office Report: Port Commission: Hornblower Yachts, Inc., Overpaid Rent by \$25,599 for 2009 Through 2011 and Needs to Improve Internal Controls Over the Reporting of Gross Receipts to the Port

The San Francisco Port Commission (Port) coordinates with the Office of the Controller's City Services Auditor Division (CSA) to conduct periodic concession or compliance audits of the Port's tenants. CSA engaged KPMG LLP to audit tenants at the Port of San Francisco to determine whether they comply with the reporting, payment, and selected other provisions of their agreements with the Port.

CSA presents the report of KPMG's audit of Hornblower Yachts, Inc., (Hornblower). The audit period was January 1, 2009, to December 31, 2011.

Hornblower overreported its gross revenues to the Port due to a lack of internal controls to ensure the accuracy of its gross receipts reporting, resulting in an overpayment of \$25,599 in rent. During the audit period Hornblower reported \$77,687,547 in gross revenues and paid \$5,167,027 in rent due to the Port.

To view the full report, please visit our Web site at:
<http://openbook.sfgov.org/webreports/details3.aspx?id=1662>

This is a send-only e-mail address.

For questions about the report, please contact Director of City Audits Tonia Lediju at Tonia.Lediju@sfgov.org or 415-554-5393 or the CSA Audits Unit at 415-554-7469.

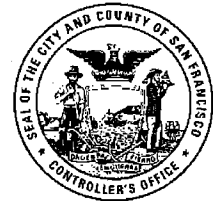
CCSF Controller's Office
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City and County of San Francisco

Office of the Controller – City Services Auditor

PORT COMMISSION:

Hornblower Yachts, Inc., Overpaid Rent by \$25,599 for 2009 Through 2011 and Needs to Improve Internal Controls Over the Reporting of Gross Receipts to the Port



February 5, 2014

**OFFICE OF THE CONTROLLER
CITY SERVICES AUDITOR**

The City Services Auditor (CSA) was created in the Office of the Controller through an amendment to the Charter of the City and County of San Francisco (City) that was approved by voters in November 2003. Charter Appendix F grants CSA broad authority to:

- Report on the level and effectiveness of San Francisco's public services and benchmark the City to other public agencies and jurisdictions.
- Conduct financial and performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of processes and services.
- Operate a whistleblower hotline and website and investigate reports of waste, fraud, and abuse of city resources.
- Ensure the financial integrity and improve the overall performance and efficiency of city government.

CSA may conduct financial audits, attestation engagements, and performance audits. Financial audits address the financial integrity of both city departments and contractors and provide reasonable assurance about whether financial statements are presented fairly in all material aspects in conformity with generally accepted accounting principles. Attestation engagements examine, review, or perform procedures on a broad range of subjects such as internal controls; compliance with requirements of specified laws, regulations, rules, contracts, or grants; and the reliability of performance measures. Performance audits focus primarily on assessment of city services and processes, providing recommendations to improve department operations.

CSA conducts its audits in accordance with the Government Auditing Standards published by the U.S. Government Accountability Office (GAO). These standards require:

- Independence of audit staff and the audit organization.
- Objectivity of the auditors performing the work.
- Competent staff, including continuing professional education.
- Quality control procedures to provide reasonable assurance of compliance with the auditing standards.

For questions about the report, please contact Director of City Audits Tonia Lediju at Tonia.Lediju@sfgov.org or 415-554-5393 or CSA at 415-554-7469.

CSA Audit Team: Winnie Woo, Associate Auditor

Audit Consultants: KPMG LLP



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

February 5, 2014

San Francisco Port Commission
Pier 1, The Embarcadero
San Francisco, CA 94111

Ms. Monique Moyer
Executive Director
Port of San Francisco
Pier 1, The Embarcadero
San Francisco, CA 94111

Dear Commission President, Commissioners, and Ms. Moyer:

The City and County of San Francisco's Port Commission (Port) coordinates with the Office of the Controller's City Services Auditor Division (CSA) to conduct periodic concession and compliance audits of the Port's tenants. CSA engaged KPMG LLP (KPMG) to audit the Port's tenants to determine whether they comply with the reporting, payment, and other selected provisions of their leases.

CSA presents the attached reports for the audit of Hornblower Yachts, Inc., (Hornblower) prepared by KPMG. Hornblower operates tour and dining boats and parking facilities under two leases with the Port at the Pier 31½ and Pier 3 areas along the Embarcadero.

Reporting Period: January 1, 2009, through December 31, 2011

Rent Paid: \$5,167,027

Results:

Hornblower overreported its gross revenues to the Port under both leases due to a lack of internal controls to ensure the accuracy of its gross receipts reporting, resulting in an overpayment of \$25,599 in rent. During the audit period Hornblower reported \$77,687,547 in gross revenues and paid \$5,167,027 in rent due to the Port.

The responses of the Port and Hornblower are attached to this report.

CSA appreciates the assistance and cooperation of Port and tenant staff during the audit. For questions about the report, please contact me at Tonia.Lediju@sfgov.org or 415-554-5393 or CSA at 415-554-7469.

Respectfully,


Tonia Lediju
Director of City Audits

Attachment

cc: Mayor
Board of Supervisors
Budget Analyst
Citizens Audit Review Board
City Attorney
Civil Grand Jury
Public Library



KPMG LLP
Suite 1400
55 Second Street
San Francisco, CA 94105

Performance Audit Report

San Francisco Port Commission
Port of San Francisco
Pier 1, The Embarcadero
San Francisco, California 94111

President and Members:

We have completed a performance audit of the gross receipts and related percentage rent reported and paid or payable by Hornblower Yachts, Inc. (Tenant), to the Port of San Francisco (Port) for the period from January 1, 2009 to December 31, 2011. We also evaluated the Tenant's internal controls over the completeness, accuracy, and timeliness of reporting gross receipts and percentage rent to the Port.

Objective and Scope

The objective of this performance audit was to determine whether the Tenant was in substantial compliance with the reporting, payment, and other rent-related provisions of its lease #L-12175 with the City and County of San Francisco (City), operating through the San Francisco Port Commission (Port Commission). To meet the objective of our performance audit, we verified that gross receipts for the audit period were reported to the Port in accordance with the lease provisions, and that such amounts agreed with the Tenant's underlying accounting records; identified and reported the amount and cause of any significant error(s) (over or under) in reporting, together with the impact on rent paid or payable to the Port; and identified and reported any recommendations to improve record keeping and reporting processes of the Tenant relative to its ability to comply with lease provisions.

The scope of our audit included the gross receipts and rents reported and paid or payable by the Tenant to the Port for the period from January 1, 2009 to December 31, 2011.

This audit and the resulting report relates only to the gross receipts and rents reported by the Tenant, and does not extend to any other performance or financial audits of either the Port Commission or the Tenant taken as a whole.

Methodology

To meet the objective of our performance audit, we performed the following procedures: reviewed the applicable terms of the lease and the adequacy of the Tenant's procedures for collecting, recording, summarizing, and reporting its gross receipts and calculating its payments to the Port; judgmentally selected and tested samples of daily and monthly revenues; recalculated monthly rent due; and verified the accuracy and timeliness of reporting gross receipts and rent and submitting rent payments to the Port.



We conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and recommendations based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and recommendations based on our audit objective.

Tenant Background

The Tenant entered into lease #L-12175 (Lease Agreement) effective January 1, 2001 for a 30-year term with the City, operating through the Port Commission, for the Pier 3 area along the Embarcadero. The Tenant operates tour and dining boats, and parking facilities.

Rent consists of the following per the Lease Agreement:

1. Monthly minimum rent of \$16,816 in 2009, and \$17,255 in 2010 and 2011; and
2. Percentage rents, which consist of the following components:
 - a. Six percent (6%) of gross receipts from tour and dinner sailings, and special event parking; and
 - b. Sixty-six percent (66%) of other parking revenues.

Pursuant to the Lease Agreement, the Tenant is entitled to exclude certain amounts from gross receipts, and to deduct minimum annual rent from percentage rent payable. The Lease Agreement also allows the Tenant to take credits of up to 70% of percentage rent for expenditures of certain improvements incurred under lease #L-12501 (a lease for other properties between the Port and Tenant).

The Tenant is required to submit monthly reports of gross receipts, percentage rent and monthly minimum rent, and allowable rent credits.

Audit Results

The following summarizes total rent due, and paid or payable, to the Port, and any underpayment and related late charges based on procedures performed and pursuant to the Lease Agreement as summarized above:

	Year ended December 31			Total
	2009	2010	2011	
Rent due to the Port:				
Minimum rent	\$ 201,782	\$ 203,986	\$ 207,060	\$ 612,828
Percentage rent	437,705	444,674	635,019	1,517,398
Total rent due to the Port	639,487	648,660	842,079	2,130,226
Less total rent paid or payable to the Port	645,282	660,624	845,558	2,151,464
Overpayment of rent	\$ 5,795	\$ 11,964	\$ 3,479	\$ 21,238

Gross receipts and related percentage rent calculations are summarized in Appendix A.



Finding 1 – Tenant Correctly Reported Tour and Dinner Sailings Gross Receipts, But Did Not Report All Parking Revenues

Criteria	<p>Section 5.3(b) of the Lease Agreement specifies that the “...Tenant shall pay to Port on a monthly basis during the Term, the percentages of gross receipts set forth below in this subsection 5.3(b) received for the applicable month, less the Base Rent due for such month, payable in accordance with this Section 5.3 (the “Percentage Rent”)...”</p> <p>Section 5.3(b)(i) of the Lease Agreement establishes percentage rent for parking as “...sixty-six percent (66%) of all gross receipts received for vehicular parking on the Premises, less City parking taxes due and payable for such parking Gross Receipts...”</p> <p>Further, sections 2.39 and 5.4 of the Lease Agreement specify the rate and duration for which late charges are due, respectively. Section 2.39 of the lease defines a late charge as “...a fee equivalent to one and one-half percent (1½%) of all Rent, or any portion thereof, which is due and unpaid for more than fifteen (15) days.” Section 5.4 of the Lease Agreement states in part that “...a Late Charge will be paid by Tenant for each month that such Rent, or any portion thereof...”</p>
Condition	<p>The Tenant did not include all vehicular parking receipts in gross receipts in February 2009, totaling \$14,353.</p>
Cause	<p>The cause for the underreporting of gross receipts and related percentage rents from the Tenant to the Port was inadequate internal controls over the prevention, detection, and correction of clerical errors in the preparation of monthly gross receipts for the Port.</p>
Effect	<p>The Tenant did not comply with the lease provision to report all gross receipts received for vehicular parking on the Premises. The Tenant underreported \$14,353 of total vehicular parking gross receipts, which included \$2,871 in City parking taxes and \$11,482 in vehicular parking gross receipts net of parking taxes during the three-year period ended December 31, 2011. The Tenant underpaid percentage rent by \$7,578.</p> <p>We also calculated total late fees through January 2012 of \$1,069, and late fees of \$31 per month until all past due amounts are collected.</p>
Recommendation #1	<p>We recommend that the Port require that the Tenant comply with the lease provision to report all gross receipts received for vehicular parking on the Premises and implement procedures to ensure that it properly reports gross receipts received for vehicular parking.</p>
Recommendation #2	<p>We recommend that the Port collect \$7,578 in percentage rent for the underreporting of gross receipts in the amount of \$11,482 from February 2009.</p>



Recommendation #3 We recommend that the Port collect \$1,069 in late fees for the period from February 2009 through January 2012 resulting from underreporting of gross receipts and \$31 per month until all past due amounts are collected.

Finding 2 – Tenant Was Unable to Provide Requested Cash Reconciliations

Criteria Section 5.3(c) of the Lease Agreement contains audit provisions that enable the Port to evaluate the completeness of reported gross receipts and related Percentage Rent and states in part: “Tenant agrees to make its books and records available to Port, or to any City auditor, or to any auditor or representative designated by Port (hereinafter collectively referred to as “Port Representative”), for the purpose of examining said books and records to determine the accuracy of Tenant’s earnings from Tenant’s business. Said books and records shall be kept for four (4) years and shall be maintained and/or made available in San Francisco to Port’s representative for the purpose of auditing or re-auditing these accounts. ...”

Condition The Tenant was able to provide only one of the six requested reconciliations of daily cash receipts to reported monthly gross receipts requested in August 2012. The Tenant was unable to make available the other reconciliations by the end of audit fieldwork in January 2013. The reconciliations are source documents used to support the monthly reports.

Cause The cause was inadequate records management policies and procedures that do not allow the Tenant to retrieve requested records within a reasonable time frame of one month.

Effect The Tenant did not comply with the lease provision to maintain and make available documents related to the Tenant’s earnings to the auditors. In addition, the Tenant is unable to demonstrate a reconciliation of cash receipts to reported gross receipts, and therefore could have undetected misstatements of gross receipts and related percentage rent.

Recommendation #4 We recommend that the Port require the Tenant to implement records management practices to comply with the lease provision to maintain its books and records to determine the accuracy of the Tenant’s earnings from its business and to make the documents available to the Port’s representative.



Finding 3 – Tenant Did Not Exclude All Tips and Gratuities

Criteria	Section 5.3(a)(iii) of the Lease Agreement states in part: "...The following items shall be excluded from Gross Receipts for the purposes of calculating the Percentage Rent: (i) returns and refunds; (ii) the amount of any sales tax, or similar tax or imposition, imposed on all sales or charges where such sales tax, similar tax or imposition is billed to the purchaser as a special item; (iii) meals and beverages served to employees of Tenant during the course of employment whether such meals or beverages are served with or without charge, or whether such meals and beverages are treated as meals and beverages sold for any other purpose; (iv) amounts paid by customers of Tenant which are passed through to providers of buses or entertainment; (v) gratuities or service charges received by Tenant from customers as a special item and paid to employees of Tenant..."
Condition	<p>The Tenant did not exclude all gratuities or service charges received by Tenant from customers as a special item and paid to employees of Tenant in the amount of \$480,272 when reporting gross receipts to the Port during the three-year period ended December 31, 2011.</p> <p>The overstatement of gross receipts also affected the allowable monthly credit of up to 70% for certain tenant expenditures. The total allowable credits during the years ended December 31, 2009 and 2010 did not change. However, the monthly credits were understated by a total of \$2,412 from April through June 2010, and overstated by \$2,412 for the month of July 2010. This \$2,412 overstated credit, together with the overpaid percentage rent of \$1,586 for July 2010, resulted in a net understatement of rent due to the Port of \$826 for the month ended July 31, 2010. Accordingly, late fees of \$12 per month were incurred.</p>
Cause	The cause for the overreporting of gross receipts and related percentage rents from the Tenant to the Port was inadequate internal controls over the calculations of allowable exclusions from gross receipts.
Effect	<p>The Tenant overreported \$480,272 in gross receipts during the three-year period ended December 31, 2011, and accordingly overpaid percentage rent by \$28,816.</p> <p>In addition, late fees of \$211 were calculated through December 31, 2011 for the month of July 2010, the one month in which net rent (after credits) was underreported by \$826.</p>
Recommendation #5	We recommend that the Port clarify with the Tenant the gratuities of service charge exclusions in calculating and reporting gross receipts to the Port. The Port should also issue a credit to the Tenant in the amount of the overpayment of \$28,816 for the inclusion of gratuities or service charges of \$480,272 in gross receipts.
Recommendation #6	We recommend that the Port collect the \$211 in late fees through December 31, 2011 for July 2010's understatement of rent by \$826, and \$12 per month thereafter until paid.
Recommendation #7	We recommend that the Port require that the Tenant implement procedures to ensure that the Tenant accurately calculates reportable gross receipts and related percentage rent as required by the lease provision.



Conclusion

Based upon the performance audit procedures performed and the results obtained, we have met our audit objective. We conclude that, except as indicated above, the Tenant was in substantial compliance with the reporting, payment, and other rent-related provisions of its Lease Agreement with the Port. We did not identify any additional recommendations or findings to improve record keeping and reporting processes of the Tenant relative to its ability to comply with lease provisions other than the recommendations provided in the findings above.

This performance audit did not constitute an audit of financial statements in accordance with *Government Auditing Standards* or U.S. generally accepted auditing standards. KPMG was not engaged to, and did not, render an opinion on the Tenant's internal controls over financial reporting or over the Tenant's financial management systems.

This report is intended solely for management and members of the San Francisco Port Commission, the Board of Supervisors and management of the City and County of San Francisco, and management of Hornblower Yachts, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

HORNBLOWER YACHTS, INC.
LEASE #L-12175
 Calculation of Percentage Rent
 For the years ended December 31, 2009–2011

	Year Ended December 31			Total
	2009	2010	2011	
Gross receipts subject to 6% percentage rent:				
Reported gross receipts, net of exclusions:				
Charter revenues	\$ 6,312,531	\$ 6,503,119	\$ 7,917,242	\$ 20,732,892
Parking—special events	79,092	70,520	54,360	203,972
Gross receipts subject to 6% percentage rent before audit adjustments	6,391,623	6,573,639	7,971,602	20,936,864
Audit adjustments, additional exclusions for gratuity	(222,882)	(199,398)	(57,992)	(480,272)
Gross receipts subject to 6% percentage rent after audit adjustments	6,168,741	6,374,241	7,913,610	20,456,592
Gross receipts subject to 66% percentage rent: after exclusions:				
Vehicular parking	518,035	591,255	556,458	1,665,748
Audit adjustments, underreported parking receipts	11,482	—	—	11,482
Gross receipts subject to 66% percentage rent after audit adjustments	529,517	591,255	556,458	1,677,230
Total gross receipts after audit adjustments	<u>\$ 6,698,258</u>	<u>\$ 6,965,496</u>	<u>\$ 8,470,068</u>	<u>\$ 22,133,822</u>
Percentage rent:				
Gross receipts subject to 6% percentage rent:	\$ 6,168,741	\$ 6,374,241	\$ 7,913,610	<u>\$ 20,456,592</u>
Times rent percentage	6.00%	6.00%	6.00%	
Percentage rent on gross receipts subject to 6% percentage rent	370,124	382,454	474,817	<u>\$ 1,227,395</u>
Gross receipts subject to 66% percentage rent	529,517	591,255	556,458	<u>1,677,230</u>
Times rent percentage	66.00%	66.00%	66.00%	
Percentage rent on gross receipts subject to 66% percentage rent	349,481	390,228	367,262	<u>1,106,971</u>
Total percentage rent before adjustments	719,605	772,682	842,079	2,334,366
Allowable adjustments:				
Minimum rent	(201,782)	(203,986)	(207,060)	(612,828)
Rent credits of up to 70% in specific months	(80,118)	(124,022)	—	(204,140)
Percentage rent due to the Port of San Francisco	<u>\$ 437,705</u>	<u>\$ 444,674</u>	<u>\$ 635,019</u>	<u>\$ 1,517,398</u>



HORNBLOWER™
CRUISES & EVENTS

Hornblower Yachts Lease #L-12175, Pier 3

1/7/2014

Response to Finding 1 – Tenant Did Not Report All Parking Revenue

Disputed Interpretation

- Hornblower has paid the percentage of gross receipts received for vehicular parking at Pier 3 under protest, because it disagrees with the Port's interpretation of Section 5.3(b)(i) of its lease with the Port. In responding to this audit, Hornblower continues to disagree with that interpretation, and reserves all rights to challenge the Port's interpretation, improper collection of funds under that interpretation, and to seek a refund of all amounts paid in excess of the correct amount.
- Of the alleged \$14,353 under reported parking gross receipts, \$2,871 was in fact paid to the City of San Francisco on 04/26/2009, see attached "A"¹. While parking was understated on the San Francisco Port Report (\$39,753), it was not on the Pier 3 parking tax calculation (\$54,106.00) and the payment was made in full.
- The remaining \$11,482 can be attributed to a calculation error that was not caught during review by our previous Controller.
- To our knowledge this is the first instance of a calculation error made on this line item and we have adopted the procedure of having one individual perform the calculations and another to review it prior to submission. We also added YTD figures to act as a double check in case one month is off.

Response to Finding 2 – Tenant was Unable to Provide Requested Cash Reconciliation

- During the audit period, the corporate offices had an initiative to move archived records out of the main office and into a secondary storage unit in order to accommodate office space needs for the business. This store unit was moved to accommodate some Pier 3 construction and during this process some of the AR files were misplaced. Because this was a one-time event, there is no concern at this time of a repeat of this problem. We also have a legacy system as a backup on an as needed basis.

Matt Warner
Controller

1. Attachment "A" referred to above is on file with KPMG and is not attached to this report.



January 27, 2014

Tonia Lediju, Director of City Audits
Office of the Controller
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 477
San Francisco, CA 94102

Re: Tenant Performance Audit – L-12175 with Hornblower Yachts

Dear Ms. Lediju:

Thank you for the opportunity to review the draft performance audit report prepared by KPMG LLP covering Port lease no. L-12175 with Hornblower Yachts, Inc. Based on the report details provided by KPMG, Port management accepted the report.

Enclosed is the City's standard Recommendations and Responses form. The Port has taken into consideration tenant responses, which include a commitment to implement corrective actions. The Port will follow up, as necessary, to ensure that the performance audit findings and associated recommendations are adequately addressed.

Sincerely,

Susan Reynolds
Director of Real Estate

John J. Woo
Fiscal Officer

Enclosure

Cc: Nancy Rose, KPMG LLP
Elaine Forbes, Director of Finance and Administration

PORT COMMISSION: PERFORMANCE AUDIT OF HORNBLLOWER YACHTS, INC. (L-12175)

For each recommendation, indicate whether the department concurs, does not concur, or partially concurs. If the department concurs with the recommendation, please indicate the expected implementation date and implementation plan. If the department does not concur or partially concurs, please provide an explanation and an alternate plan of action to address the identified issue.

RECOMMENDATIONS AND RESPONSES

Recommendation	Responsible Agency	Response
1. We recommend that the Port require that the Tenant comply with the lease provision to report all Gross Receipts received for vehicular parking on the Premises and implement procedures to ensure that it properly reports gross receipts received for vehicular parking.	Port	Concur. Tenant response indicates that it has already implemented procedures to ensure more complete and accurate reporting of these gross receipts. No additional follow-up action is deemed necessary at this time. Improvement and compliance will be verified by a subsequent lease performance audit.
2. We recommend that the Port collect \$7,578 in percentage rent for the under reporting of Gross Receipts in the amount of \$11,482 from February of 2009.	Port	Concur. Based on the details provided in Finding 1, the Port will invoice Tenant for the under-payment of rent within 30 days from issuance of the final report.
3. We recommend that the Port collect \$1,069 in late fees for the period from February 2009 through January 2012 resulting from under reporting of Gross Receipts and \$31 per month until all past due amounts are collected.	Port	Concur. The Port will invoice Tenant for the indicated late fees within 30 days from issuance of the final report.

PORT COMMISSION: PERFORMANCE AUDIT OF HORNBLOWER YACHTS, INC. (L-12175)

Recommendation	Responsible Agency	Response
<p>4. We recommend that the Port require the Tenant to implement records management practices to comply with the lease provision to maintain its books and records to determine the accuracy of Tenant's earnings from its business and to make the documents available to the Port's representative.</p>	<p>Port</p>	<p>Concur. The Port will remind the Tenant in writing of its records management obligation under the lease, to maintain records and to make such records available for audit.</p> <p>Tenant response indicates that certain records, in storage, were misplaced in the course of relocating archived files to accommodate construction activities. Tenant expects to be able to retrieve records for future audits.</p>
<p>5. We recommend that the Port clarify with the Tenant the gratuities of service charge exclusions in calculating and reporting Gross Receipts to the Port. The Port should also issue a credit to the Tenant in the amount of the overpayment of \$28,816 for the inclusion of gratuities or service charges of \$480,272 in Gross Receipts.</p>	<p>Port</p>	<p>Concur. Based on the details provided in Finding 3, the Port will issue a \$28,816 credit to the Tenant within 30 days from issuance of the final report.</p>
<p>6. We recommend that the Port collect the \$211 in late fees through December 31, 2011 for July 2010's understatement of rent by \$826, and \$12 per month thereafter until paid.</p>	<p>Port</p>	<p>Concur. The Port will invoice Tenant for the indicated late fees within 30 days from issuance of the final report.</p>
<p>7. We recommend that the Port require that the Tenant implement procedures ensure that the Tenant accurately calculates reportable gross receipts and related percentage rent as required by the lease provision.</p>	<p>Port</p>	<p>Concur. Tenant did not dispute Finding 3 concerning gratuities or service charges received and paid to employees. The Port will request written confirmation from the Tenant that it has implemented procedures to accurately calculate reportable gross receipts and associated percentage rents, including its specific understanding of the allowable exclusion from Gross Receipts for gratuities or service charges received from customers as a special item and paid to employees of the Tenant.</p>



KPMG LLP
Suite 1400
55 Second Street
San Francisco, CA 94105

Performance Audit Report

San Francisco Port Commission
Port of San Francisco
Pier 1, The Embarcadero
San Francisco, CA 94111

President and Members:

We have completed a performance audit of the gross receipts and related percentage rent reported and paid or payable by Hornblower Yachts, Inc. (Tenant), to the Port of San Francisco (Port) for the period from January 1, 2009 to December 31, 2011. We also evaluated the Tenant's internal controls over the completeness, accuracy, and timeliness of reporting gross receipts and percentage rent to the Port.

Objective and Scope

The objective of this performance audit was to determine whether the Tenant was in substantial compliance with the reporting, payment, and other rent-related provisions of its lease #L-12501 with the City and County of San Francisco (City), operating through the San Francisco Port Commission (Port Commission). To meet the objective of our performance audit, we verified that gross receipts for the audit period were reported to the Port in accordance with the lease provisions, and that such amounts agreed with the Tenant's underlying accounting records; identified and reported the amount and cause of any significant error(s) (over or under) in reporting, together with the impact on rent paid or payable to the Port; and identified and reported any recommendations to improve record keeping and reporting processes of the Tenant relative to its ability to comply with lease provisions.

The scope of our audit included the gross receipts and rents reported and paid or payable by the Tenant to the Port for the period from January 1, 2009 to December 31, 2011.

This audit and the resulting report relates only to the gross receipts and rents reported by the Tenant, and does not extend to any other performance or financial audits of either the Port Commission or the Tenant taken as a whole.

Methodology

To meet the objective of our performance audit, we performed the following procedures: reviewed the applicable terms of the lease and the adequacy of the Tenant's procedures for collecting, recording, summarizing, and reporting its gross receipts and calculating its payments to the Port; judgmentally selected and tested samples of daily and monthly revenues; recalculated monthly rent due; and verified the accuracy and timeliness of reporting gross receipts and rent and submitting rent payments to the Port.



We conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and recommendations based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and recommendations based on our audit objective.

Tenant Background

The Tenant entered into lease #L-12501 (Lease Agreement) effective November 1, 1997 for a 17-year term with the City, operating through the Port Commission, for the Pier 31½ area along the Embarcadero. The Tenant operates tour and dining boats, and parking facilities under the Lease Agreement.

Rent consists of the following per the Lease Agreement:

1. Monthly minimum rent of \$2,904 from January 2009 to October 2009, \$2,907 from November 2009 to October 2010, and \$2,934 from November 2010 to December 2011; and
2. Percentage rents, which consist of the following components:
 - a. Sixty-six percent (66%) of Gross Receipts received for vehicular parking on the Premises;
 - b. Ten percent (10%) of Gross Receipts for fees, mark-ups, or commissions on ticket sales made on the Premises for vehicular or vessel excursions not operated by Tenant and not originating from the Premises; and
 - c. Six percent (6%) of other Gross Receipts generated on the Premises.

The Tenant is entitled to exclude certain amounts from gross receipts, and to deduct minimum annual rent from percentage rent payable. The Tenant also has lease #L-12175 with the Port for other Port properties. Lease #L-12175 allows the Tenant to take credits of up to 70% of percentage rent for expenditures of certain improvements incurred under lease #L-12175, plus expenditures for certain improvements incurred under the Lease Agreement. Unused credits can be carried forward and used in subsequent months.

The Tenant is required to submit monthly reports to the Port of gross receipts, percentage rent and monthly minimum rent, and allowable rent credits.



Audit Results

The following summarizes total rent due, and paid or payable, to the Port, and any underpayment and related late charges based on procedures performed and pursuant to the Lease Agreement as summarized above:

	Year ended December 31			Total
	2009	2010	2011	
Rent due to the Port:				
Minimum rent	\$ 34,860	\$ 34,889	\$ 35,047	\$ 104,796
Percentage rent	893,696	884,771	1,125,084	2,903,551
Total rent due to the Port	928,556	919,660	1,160,131	3,008,347
Total rent paid or payable to the Port	925,556	929,876	1,160,131	3,015,563
Overpayment (underpayment) of rent	\$ (3,000)	\$ 10,216	\$ —	\$ 7,216

Gross receipts and related percentage rent calculations are summarized in Appendix A.

Finding 1 – Tenant Did Not Report Gross Receipts Accurately

Criteria

Section 5.3(b) of the lease specifies that the “...Tenant shall pay to Port on a monthly basis during the Term, the percentages of Gross Receipts set forth below in this subsection 5.3(b) received for the applicable month, less the Base Rent due for such month, payable in accordance with this Section 5.3 (the “Percentage Rent”)...”

Section 5.3(b)(iv) establishes percentage rent for other gross receipts as “...six percent (6%) of all other Gross Receipts generated on the Premises (and the Pier 3 Office Space, if applicable), on-board Tenant’s vessels berthed at the Premises (whether occurring while at berth or during an excursion originating or landing at the Premises), or generated from Casual Landings, including, without limitation, Gross Receipts generated from boat rentals, ticket sales for Tenant’s excursions and events originating or ending at the Port of San Francisco (and expressly excluding ticket sales for excursions not originating or ending at the Port of San Francisco), retail sales on the Premises (and the Pier 3 Office Space, if applicable), sales for food, beverages, photo services and on-board retail merchandise.”

Sections 2.20 and 5.4 of the lease specify the rate and duration for which late charges are due, respectively. Section 2.20 of the lease defines a late charge as “...a fee equivalent to one and one-half percent (1½%) of all Rent, or any portion thereof, which is due and unpaid for more than fifteen (15) days.” Section 5.4 of the lease states in part that “...a Late Charge will be paid by Tenant for each month that such Rent, or any portion thereof...”



Condition	The Tenant under reported gross receipts in January 2009 by \$50,000, which resulted in underpayment of rent of \$3,000. The Tenant over reported gross receipts in August 2010, September 2010, and October 2010 totaling \$166,924, which resulted in the gross over payment of rent by \$10,216.
Cause	The cause for the incorrect reporting of gross receipts and incorrect calculation of percentage rent due to the Port was inadequate Tenant internal controls over the prevention, detection, and correction of clerical errors in the preparation of monthly gross receipts reports for the Port.
Effect	<p>The Tenant underreported gross receipts by \$50,000 and overreported gross receipts by \$166,924, which resulted in the net overreporting of percentage rent of \$7,216 for the three-year period ending December 31, 2011; \$7,014 resulting from inaccurate reporting of gross receipts and \$202 due to miscalculation of percentage rent, which will be discussed in Finding #2.</p> <p>In addition, we calculated late charges at 1.50% per month for the January 2009 underpayment of rent. The calculated late charges amounted to \$1,575 for underpayment of rent for January 2009.</p> <p>Appendix B summarizes the misstatements of gross receipts and related percentage rent.</p>
Recommendation #1	We recommend the Port require that the Tenant implement procedures to ensure that it properly reports gross receipts as required by the lease provisions.
Recommendation #2	We recommend that the Port collect \$1,575 in late charges due from the Tenant for January 2009.
Recommendation #3	We recommend that the Port issue a credit to the Tenant in the amount of \$7,216 for the net overreporting of percentage rent from January 1, 2009 to December 31, 2011.

Finding 2 – Tenant Did Not Calculate Percentage Rent Accurately

Criteria	Section 5.3 of the lease specifies that the Tenant shall pay percentage rent of 6% percent of other gross receipts (net of allowable exclusions and credits).
Condition	The Tenant incorrectly calculated percentage rent on its reported gross receipts in 10 of the 12 months in 2009 and in 2 of the 12 months in 2010. The Tenant adjusted its rent paid by deducting from rent due or making additional rent payments, respectively, to the Port in August 2009 and November 2010, to correct the over and underreporting of gross receipts, respectively.
Cause	The cause for the incorrect calculation of percentage rent due to the Port was inadequate Tenant internal controls over the prevention, detection, and correction of clerical errors in the presentation of monthly gross receipts reports for the Port.



Effect The Tenant, after adjusting its rent paid to the Port, through additional payments, overpaid the Port by \$202 during the three-year period ended December 31, 2011.

As the Tenant did not review the gross receipts calculations, the Port has little assurance that the Tenant accurately reported gross revenues and paid correct percentage rent as required by the lease provision.

This \$202 overpayment is included in the \$7,216 credit adjustment noted in Recommendation #3.

Recommendation #4 We recommend that the Port require that the Tenant implement procedures to ensure that the Tenant accurately calculates the percentage rent paid to the Port.

Finding 3 – Tenant Was Unable to Provide Requested Cash Reconciliations

Criteria Section 5.3(c) of the lease contains audit provisions that enable the Port to evaluate the completeness of reported Gross Receipts and related Percentage Rent and states in part: “Tenant agrees to make its books and records available to Port, or to any City auditor, or to any auditor or representative designated by Port (hereinafter collectively referred to as “Port Representative”), for the purpose of examining said books and records to determine the accuracy of Tenant’s earnings from Tenant’s business. Said books and records shall be kept for four (4) years and shall be maintained and/or made available in San Francisco to Port’s representative for the purpose of auditing or re-auditing these accounts. ...”

Condition The Tenant was able to provide only one of the six requested reconciliations of daily cash receipts to reported monthly gross receipts requested in August 2012. The Tenant was unable to make available other reconciliations by the end of audit fieldwork in January 2013. The reconciliations are source documents used to support the monthly reports.

Cause The cause was inadequate records management policies and procedures that do not allow the Tenant to retrieve requested records within a reasonable time frame of one month.

Effect The Tenant did not comply with the lease provision to maintain and make available documents related to the Tenant’s earnings to the auditors. In addition, the Tenant is unable to demonstrate a reconciliation of cash receipts to reported gross receipts, and therefore could have undetected misstatements of gross receipts and related percentage rent.

Recommendation #5 We recommend that the Port require the Tenant to implement records management practices to comply with the lease provision to maintain its books and records to determine the accuracy of the Tenant’s earnings from its business and to make the documents available to the Port’s representative.



Conclusion

Based upon the performance audit procedures performed and the results obtained, we have met our audit objective. We conclude that, except as indicated above, the Tenant was in substantial compliance with the reporting, payment, and other rent-related provisions of its Lease Agreement with the Port. We did not identify any additional recommendations or findings to improve record keeping and reporting processes of the Tenant relative to its ability to comply with lease provisions other than the recommendation provided in the three findings reported above.

This performance audit did not constitute an audit of financial statements in accordance with *Government Auditing Standards* or U.S. generally accepted auditing standards. KPMG was not engaged to, and did not, render an opinion on the Tenant's internal controls over financial reporting or over the Tenant's financial management systems.

This report is intended solely for management and members of the San Francisco Port Commission, the Board of Supervisors and management of the City and County of San Francisco, and management of Hornblower Yachts, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

KPMG LLP

January 7, 2014

HORNBLOWER YACHTS, INC.
LEASE #L-12501

Calculation of Percentage Rent

For the years ended December 31, 2009–2011

	<u>Year ended December 31</u>			<u>Total</u>
	<u>2009</u>	<u>2010</u>	<u>2011</u>	
Percentage rent due to the Port:				
Gross receipts subject to 6% percentage rent:				
As reported	\$ 17,892,217	\$ 19,639,879	\$ 19,335,511	\$ 56,867,607
Audit adjustments ¹	50,000	(166,924)	—	(116,924)
Gross receipts subject to 6% percentage rent,	<u>17,942,217</u>	<u>19,472,955</u>	<u>19,335,511</u>	<u>56,750,683</u>
Time rent percentage	<u>6.00%</u>	<u>6.00%</u>	<u>6.00%</u>	
Percentage rent before adjustments	<u>1,076,533</u>	<u>1,168,377</u>	<u>1,160,131</u>	<u>3,405,041</u>
Adjustments to percentage rent:				
Minimum rent	(34,860)	(34,889)	(35,047)	(104,796)
Rent credits of up to 70% per month	<u>(147,978)</u>	<u>(248,716)</u>	<u>—</u>	<u>(396,694)</u>
Total adjustments from percentage rent	<u>(182,838)</u>	<u>(283,605)</u>	<u>(35,047)</u>	<u>(501,490)</u>
Percentage rent due to the Port	<u>\$ 893,695</u>	<u>\$ 884,772</u>	<u>\$ 1,125,084</u>	<u>\$ 2,903,551</u>

¹ See Appendix B for a summary of audit adjustments.

HORNBLOWER YACHTS, INC.
 Calculation of Audit Adjustments
 For the years ended December 31, 2009–2011

<u>Month</u>	<u>Gross Receipts</u>		<u>Related Percentage Rent</u>		<u>Overreported (Underreported)</u>		<u>Late Charges</u>
	<u>As Reported</u>	<u>As Audited</u>	<u>As Reported</u>	<u>As Audited</u>	<u>Gross Receipts</u>	<u>Rent</u>	
Incorrect reporting of gross receipts:							
January 2009	\$ 899,181	\$ 949,181	\$ 53,951	\$ 56,951	\$ (50,000)	\$ (3,000)	\$ (1,575)
August 2010	2,293,904	2,291,078	137,634	137,465	2,826	169	—
September 2010	2,116,888	2,072,402	127,013	124,344	44,486	2,669	
October 2010	1,907,708	1,788,096	114,462	107,286	119,612	7,176	—
Total incorrect reporting of gross receipts	<u>\$ 7,217,681</u>	<u>\$ 7,100,757</u>	<u>\$ 433,060</u>	<u>\$ 426,046</u>	<u>\$ 116,924</u>	<u>\$ 7,014</u>	<u>\$ (1,575)</u>



HORNBLOWER™

CRUISES & EVENTS

Hornblower Yachts Lease #L-12501, Pier 31 ½

1/7/2014

Response to Finding 1 – Tenant Did Not Report Gross Receipts Accurately

- Of the 3 months mentioned-
 - January 2009 - \$50,000 underreported. The Company has adopted the procedure of having one individual perform the calculation, using historic payment information as reference, and having a secondary individual review it for accuracy. We have also added a YTD check in case one month becomes off.

Response to Finding 2 –

- We believe the finding is immaterial

Response to Finding 3 – Tenant Was Unable to Provide Requested Cash Reconciliation

- During the audit period, the corporate offices had an initiative to move archived records out of the main office and into a secondary storage unit in order to accommodate office space needs for the business. This store unit was moved to accommodate some Pier 3 construction and during this process some of the AR files were misplaced. Because this was a one-time event there is no concern at this time of a repeat of this problem. We also have a legacy system as a backup on an as needed basis.

Matt Warner
Controller



January 27, 2014

Tonia Lediju, Director of City Audits
Office of the Controller
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 477
San Francisco, CA 94102

Re: Tenant Performance Audit – L-12501 with Hornblower Yachts

Dear Ms. Lediju:

Thank you for the opportunity to review the draft performance audit report prepared by KPMG LLP covering Port lease no. L-12501 with Hornblower Yachts, Inc. Based on the report details provided by KPMG, Port management accepted the report.

Enclosed is the City's standard Recommendations and Responses form. The Port has taken into consideration tenant responses, which include a commitment to implement corrective actions. The Port will follow up, as necessary, to ensure that the performance audit findings and associated recommendations are adequately addressed.

Sincerely,

Susan Reynolds
Director of Real Estate

John J. Woo
Fiscal Officer

Enclosure

Cc: Nancy Rose, KPMG LLP
Elaine Forbes, Director of Finance and Administration

PORT COMMISSION: PERFORMANCE AUDIT OF HORNBLOWER YACHTS, INC. (L-12501)

For each recommendation, indicate whether the department concurs, does not concur, or partially concurs. If the department concurs with the recommendation, please indicate the expected implementation date and implementation plan. If the department does not concur or partially concurs, please provide an explanation and an alternate plan of action to address the identified issue.

RECOMMENDATIONS AND RESPONSES

Recommendation	Responsible Agency	Response
1. We recommend the Port require that the Tenant implement procedures to ensure that it properly reports gross receipts as required by the lease provisions.	Port	Concur. Tenant response indicates that it has already implemented procedural changes to ensure more complete and accurate reporting of gross receipts and calculation of percentage rents due to the Port. No additional follow-up action is deemed necessary at this time. Improvement and compliance will be verified by a subsequent lease performance audit.
2. We recommend that the Port collect \$1,575 in late charges due from the Tenant for January 2009.	Port	Concur. The Port will invoice Tenant within 30 days from issuance of the final report the late charges due (for the underpayment of January 2009 rent).
3. We recommend that the Port issue a credit to the Tenant in the amount of \$7,216 for the net over reporting of percentage rent from January 1, 2009 to December 31, 2011.	Port	Concur. Based on the details provided in Finding 1, the Port will issue a net credit of \$7,216 to the Tenant within 30 days from issuance of the final report.

PORT COMMISSION: PERFORMANCE AUDIT OF HORNBLOWER YACHTS, INC. (L-12501)

Recommendation	Responsible Agency	Response
4. We recommend that the Port require that the Tenant implement procedures to ensure that the Tenant accurately calculates the percentage rent paid to the Port.	Port	Concur. The review procedure that the Tenant indicated in its response to Finding 1 should suffice for addressing the calculation errors noted in Finding. No additional follow-up action is deemed necessary at this time. Improvement and compliance will be verified by a subsequent lease performance audit.
5. We recommend that the Port require the Tenant to implement records management practices to comply with the lease provision to maintain its books and records to determine the accuracy of the Tenant's earnings from its business and to make the documents available to the Port's representative.	Port	Concur. The Port will remind the Tenant in writing of its records management obligation under the lease, to maintain records and to make such records available for audit. Tenant response indicates that certain records, in storage, were misplaced in the course of relocating archived files to accommodate construction activities. Tenant expects to be able to retrieve records for future audits.

From: Board of Supervisors
To: BOS-Supervisors
Subject: FW: The underpass of Geary, at Fillmore... actually connects the areas of Fillmore, on...

-----Original Message-----

From: john barry [<mailto:jackbarry99@gmail.com>]
Sent: Monday, February 10, 2014 9:27 PM
To: jwildermuth@sfchronicle.com
Cc: Paul Kozak; Board of Supervisors
Subject: The underpass of Geary, at Fillmore... actually connects the areas of Fillmore, on...

both sides fo Geary.

Picture having to walk across all the traffic of Geary, if it was all moing on the same level as was Fillmore Street.

The "split grade level of Geary, as it drops under Masonic... is not considered a bad deal by those who want to cross over Geary, on Masonic...

The Traffic engineers of DPW, back when they lowered Geary at Fillmore and at Masonic, did it so that Geary would not separate the two halves of Masonic and Geary...

..the way 19th Ave is like a High Speed Railroad cutting the Sunset into an Inner and a Central sector.

Filling in the two Geary Underpasses is nuts.... and a cockeyed scheme to choke car traffic to death. An absolute conspiracy of the "Anti-Car Crows".

john barry in the Sunset



305-11, c page

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2014 FEB -5 PM 4:17

10

PUBLIC NOTICE

January 24, 2014

TO WHOM IT MAY CONCERN:

NOTICE IS HEREBY GIVEN that the California Department of Fish and Wildlife has initiated a status review of the Townsend's big-eared bat (*Corynorhinus townsendii*) pursuant to Fish and Game Code section 2074.6, and is providing this notice pursuant to Fish and Game Code section 2074.4 to solicit data and comments on the petitioned action from interested and affected parties.

The Department has initiated status review following related action by the Fish and Game Commission. Having provided notice, the Townsend's big-eared bat is now a candidate species under the California Endangered Species Act (Cal. Reg. Notice Reg. 2013, No. 52-Z, page 2092; see also Fish & G. Code, §§ 2074.2, 2085).

The Department has 12 months to review the petition, evaluate the available information, and report back to the Commission whether or not the petitioned action is warranted (Fish & G. Code, § 2074.6). The Department's recommendation must be based on the best scientific information available to the Department.

Therefore, **NOTICE IS FURTHER GIVEN** that anyone with data or comments on the taxonomic status, ecology, biology, life history, management recommendations, distribution, abundance, threats, habitat that may be essential for the species, or other factors related to the status of the above species, is hereby requested to provide such data or comments to:

California Department of Fish and Wildlife
Nongame Wildlife Program
Attn: Scott Osborn
1812 9th Street
Sacramento, California 95811

Please submit two hard copies and a digital/electronic copy if submitting by surface mail. Comments may also be sent via email to: wildlifemgt@wildlife.ca.gov. If submitting by email, please include "Townsend's big-eared bat" in the subject heading.

Responses and information received by **May 1, 2014** will be evaluated for possible incorporation in the Department's final report to the Fish and Game Commission. The Department's written report will indicate, based on the best scientific information available, whether the Department concludes that the petitioned action is warranted or not warranted. Receipt of the report will be placed on the agenda for the next available meeting of the Commission after delivery. The report will be made available to the public at that time. Following receipt of the Department's report, the Commission will allow a 30-day public comment period prior to taking any action on the Department's recommendation.

If you have any questions, please contact Scott Osborn at (916) 324-3564 or the Department via email at wildlifemgt@wildlife.ca.gov or at the address above.

As a candidate species, the Townsend's big-eared bat receives the same legal protection afforded to an endangered or threatened species (Fish & G. Code, § 2085). Research on Townsend's big-eared bat requires appropriate permits issued pursuant to Fish and Game Code Section 2081(a). Interested researchers should contact Esther Burkett at Esther.Burkett@wildlife.ca.gov for more information. Detection data on Townsend's big-eared bat should be sent to the California Natural Diversity Database. Information on submitting such data may be found at: <http://www.dfg.ca.gov/biogeodata/cnddb/>.

President, Board of Supervisors
District 3
第三區
市參事會主席



Orig: Rules Clerk
COB BOS-11, cpage

City and County of San Francisco
三藩市市及縣政府

DAVID CHIU
邱信福

February 7, 2014

Angela Calvillo, Clerk
Board of Supervisors
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Dear Madam Clerk,

Pursuant to Charter Section 4.121, I hereby appoint the following individuals to serve on the Building Inspection Commission for terms ending on December 19, 2015:

- Debra Walker, a residential tenant;
- Warren Mar, a residential landlord; and
- Myrna Melgar, a member of the general public.

Their applications have been provided separately to your office.

Sincerely,

A handwritten signature in black ink that reads "David Chiu".

David Chiu

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2014 FEB -7 AM 9:52

From: Board of Supervisors
To: BOS-Supervisors
Subject: FW: Intolerance is alive and well in SF

-----Original Message-----

From: Sandra Mangold [mailto:mangold1947@icloud.com]
Sent: Saturday, February 08, 2014 12:34 PM
To: Board of Supervisors
Subject: Intolerance is alive and well in SF

The supervisors are guilty of the worst sort of intolerance. They use their government might to condemn and take steps to stifle any viewpoint that does not fit their liberal philosophy. Christian don't hate persons who choose abortion or homosexuality. But the sadly misguided supervisors telegraph their hatred and intolerance in the resolutions aimed at pro life groups and others. A reading of the hedonistic days of early San Francisco reminds that not much has changed.

A native San Franciscan

From: Board of Supervisors
To: BOS-Supervisors
Subject: FW: Crack Pipes

From: James Robinson [<mailto:robbiej169@yahoo.com>]
Sent: Friday, February 07, 2014 2:09 PM
To: Board of Supervisors
Subject: Crack Pipes

I need someone to explain to me what a crack pipe has to do with the transmission of HIV. If crack smokers are more likely to engage in unprotected sex, why give them a pipe? I cannot see any health benefits. Thank you Robbie

From: Board of Supervisors
To: BOS-Supervisors
Subject: FW: WHY WERE RECORDS OF MY FORMAL COMPLAINTS DELETED?

From: entreprenessa@gmail.com [<mailto:entreprenessa@gmail.com>] **On Behalf Of** v.m.hales
Sent: Sunday, February 09, 2014 5:48 PM
To: Board of Supervisors
Subject: WHY WERE RECORDS OF MY FORMAL COMPLAINTS DELETED?

February 9th 2014

To whom it may concern,

I was a resident of San Francisco from 2006 through 2011 and had dual residency in St. Helena, CA.

Why did the City of San Francisco delete and remove any records of my requests and complaints?

Why was I refused emergency medical treatment?

Why did St. Helena, CA also delete my complaints as a citizen?

Why is the bay area this corrupt?

What is going on?

vanessa monique hales

vmhales@gmail.com

From: Board of Supervisors
To: BOS-Supervisors
Subject: FW: Steate of Georgia Vs Uber
Attachments: 138749.pdf; ATT00001.txt

-----Original Message-----

From: David K [mailto:david_khan415@yahoo.com]
Sent: Friday, February 07, 2014 11:28 AM
To: Robert Mason; Boomer, Roberta; Lee, Mayor; Board of Supervisors; Hayashi, Christiane; Cityattorney
Cc: Trevor Johnson; Christopher Fulkerson; Douglas O'connor; John Han; Ed Healy; Mark Gruberg; AvalosStaff
Subject: Steate of Georgia Vs Uber

It is a great news that Georgia has the people really care about public safety and protecting the constitutional rights compare to California that corruption, negligence and anti public safety officials running the decision making bodies.

It is the right way to have the law to preserve the Rule of Law and Georgia is a great example to look up.

San Francisco and California is the role model to the world that corruption is "here". We all need to wake up and do the right things.

<http://www.legis.ga.gov/Legislation/20132014/138749.pdf>

From: Board of Supervisors
To: BOS-Supervisors
Subject: FW: How other see us
Attachments: photo.JPG; ATT00001.txt

-----Original Message-----

From: David K [<mailto:david.khan415@yahoo.com>]
Sent: Saturday, February 08, 2014 3:18 PM
To: Hayashi, Christiane; Ed Healy; Trevor Johnson; Mark Gruberg; John Han; Board of Supervisors; Boomer, Roberta; Carl Macmundo
Cc: Tariq Mahmood; Barry Korengold; Peter Kirby; Peter Witt; Myo Khine; Aye Myint; Sai 668
Subject: How other see us

I was at the scene of the accident on Hyde and N Point on Feb 6th. The cab was hit by a buzzed driver and injuries involved. The passenger had some cut wound on her leg and there were 4 paramedics attending her while the driver was sitting near the stairwell disoriented. While I was asking the driver a few things he might remember, the driver complaint about pain on the left side of his head and started to shivers and needed to set him down.

I asked the paramedics to help, the person said "He is acting. I spoke to him earlier and he was ok." It was adrenaline that he seems fine and after he calmed down it happens. But as for a taxi driver, its "He is acting" and if someone else, what will they say? This is not the first time i have notice that stereotyping and discriminatory towards the cab drivers.

This is a serious issue we need to get into consideration.

A Burmese cab driver had accident with a red light running bicyclist and the ruling came out as the cab driver's fault even with the video evidence. Seems like the law in US applies depend on who and what the person's backgrounds is.

I would urge the City and the SFMTA to have a body or a commission to represent the taxi driver's right and promote the equality as everyone. Their voices had never been heard and needed to be seen and heard.

From: Board of Supervisors
To: BOS-Supervisors
Subject: FW: cmac906@yahoo.com has shared something with you

-----Original Message-----

From: Carl Macmurdo [mailto:cmac906@yahoo.com]
Sent: Friday, February 07, 2014 11:39 AM
To: Board of Supervisors; MTABoard@SFMTA.com
Subject: Fw: cmac906@yahoo.com has shared something with you

Dear regulators:

Chicago taxi interests have now sued the city itself for allowing rogue transporters (known as Transportation Network Companies here in California) to operate in a manner which allegedly unlawfully discriminates against certain groups, including the disabled community and also relatively economically disenfranchised citizens. To be certain, here in San Francisco the taxi economy is under great duress. The proliferation of TNC's also directly threatens the viability of the Medallion Sales Program, under which sfmta otherwise anticipates nearly \$300 million in revenue during the next decade.

Linked below is a current Chicago news clip including a brief newspaper article and a three-minute video, which concludes with the news anchor's mention that taxi medallions in Chicago currently sell for \$380,000.

I am aware that Supervisor Mar is scheduling a hearing soon regarding TNC operation in San Francisco. I suggest it is in your best interest to strongly support the legitimate taxi industry going forward. Thanks for your consideration.

Carl Macmurdo
SF taxi Medallion Holders Association

<http://chicago.cbslocal.com/2014/02/06/cabbies-sue-city-over-lack-of-regulation-for-ride-sharing-services/#.UvRIe7sqKfo.email>



CERTIFIED MAIL: 7001 1940 0001 0678 3603

February 6, 2014

Kevin Yee
77 Van Ness Ave.
San Francisco, CA 94102

Re: CERTIFICATION FOR THE "Voter Approval for Waterfront Development Height Increases" *INITIATIVE PETITION*

Dear Mr. Kevin Yee,

As provided in *California Elections Code, Chapter 2, Article 1, Section 9115 (a)*, a random sample of 631 signatures (of the total 21,045 submitted) for the *Voter Approval for Waterfront Development Height Increases* established that the number of valid signatures of registered San Francisco voters was sufficient for the initiative to qualify for the next regularly scheduled election.

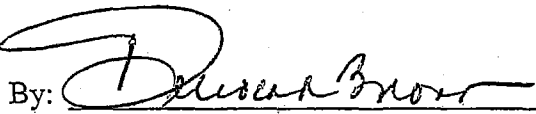
Based on this statistical sampling, the total number of valid signatures submitted on this petition was determined to be greater than the 9,702 signatures required for qualification.

I hereby certify that the *Voter Approval for Waterfront Development Height Increases* qualifies for the next general, municipal, or statewide election in the City and County of San Francisco occurring at any time after 90 days from the date of this certification of sufficiency.

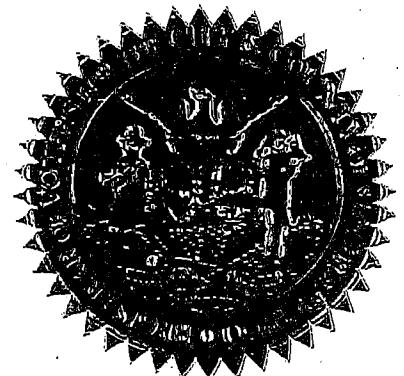
If you should have any questions, please contact me at (415) 554-5665.

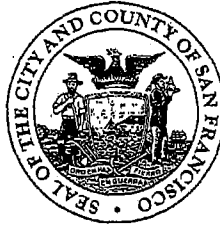
Sincerely,

John Arntz
Director of Elections

By: 
Deborah Brown
Voter Services Manager

cc: Honorable Edwin Lee; Mayor
John Arntz, Director of Elections
Angela Calvillo, Clerk of the Board
Dennis Herrera, City Attorney





JOHN ARNTZ
Director

orig: Leg Dep
c: BOS-11 CAB
cpage!

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2014 FEB -6 PM 4:46
AK

HAND DELIVERED

February 6, 2014

ANGELA CALVILLO, CLERK OF THE BOARD
Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

Re: CERTIFICATION OF THE "**VOTER APPROVAL FOR WATERFRONT
DEVELOPMENT HEIGHT INCREASES**" INITIATIVE PETITION

Enclosed is a copy of the letter sent to the proponent of the above named petition, certifying that the petition did contain sufficient valid signatures to qualify for the next general, municipal, or statewide election occurring in the City and County of San Francisco at any time after 90 days from the date of this certificate of sufficiency.

If you should have any questions or need additional information, please contact Deborah Brown, Manager, Voter Services Division, at (415) 554-5665.

Sincerely,

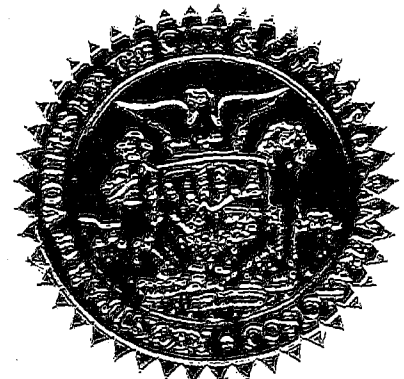
John Arntz
Director of Elections

By: 

Deborah Brown
Voter Services Manager

Encl.: Copy of Certified letter to Proponent

Cc: Honorable Edwin Lee; Mayor
John Arntz, Director of Elections
Dennis Herrera, City Attorney



February 4, 2014

San Francisco Mayor Ed Lee
San Francisco Supervisor

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2014 FEB -4 PM 2:26

SAB

BOS-11
RECEIVED
MAYOR'S OFFICE

14 FEB -4 PM 2:22

Ladies and gentlemen,

Good afternoon. As you know my name is Abdalla Megahed and I am very proud to be an American Egyptian Native.

I spent 30 years of my life here in this room as a homeless advocate who fights for poor people who can't fight for themselves. And also I am a community activist who support any successful person such as Supervisor or Mayor who did nice projects for our city.

In this moment, I am now trying to make two new projects to close my politician life this year and retire.

- 1) I try to use every one of our Supervisors including the Mayor of the city to be on T-shirts according to my unique designs which I will copywrite for protection. And this will allow the visitors of our city to take it with them to their friends in their own states. I am going to use funny cartoon designs for each one of these, all different from each other. These will be nice and funny gifts to their own friends back home.
- 2) I would like to end the traumatic homeless history and to stop the shelter workers from stealing the donated food and gifts that were for the homeless. The list is full which happened at Mission Rock Shelter when the manager destroyed the beds, and cut the material, to recycle the aluminum and sell it for himself, which he received federal prison time for his criminal action. And the Assistant Manager at MC South Shelter had stole half of the turkey for her family—this was the turkey which I received from the police chief and fire chief, and which I donated to the shelter for the homeless for Thanksgiving—she also lost her job for her wrong actions. It is time to end the corruption.

I believe that many of our Supervisors, Mayors, including the California Governor Jerry Brown agree with me and they will support what I plan. I believe so.

- 3) I never forgot any support I received from the police chief, fire chief, and the sheriff of the city for backing me up and donating what I requested from them. God bless them. I am going to continue to give you more details about my new plan in the future.

Sincerely,

Abdalla Megahed

Abdalla Megahed

The oldest homeless advocate and community activist

From: Sophie Jasson-Holt [smjholt@gmail.com]
Sent: Friday, February 07, 2014 10:39 PM
To: Board of Supervisors
Subject: Please support clean power SF

Dear Supervisors,

I am outraged that Mayor Lee has used his political influence on the SFPUC to delay the launch of CleanPowerSF. It is crucial to worldwide efforts to reverse the climate crisis that San Francisco take a strong lead in local clean energy installation and green jobs as quickly as possible.

Please use your authority over CleanPowerSF, as granted to county boards and city councils by the State legislature, to begin the program immediately.

Also, please make sure that CleanPowerSF will run San Francisco on 50% locally generated clean electricity within the next decade, so that the program will deliver legitimate climate benefits and thousands of local jobs.

Thank You,

Sophie Jasson-Holt
76 Saturn #A
SF, CA 94114

OFFICE OF THE MAYOR
SAN FRANCISCO



BOS-11, Aides. COB, Leg Dep
Ops Dep, Dep City Atty J-Elliott
EDWIN M. LEE
MAYOR
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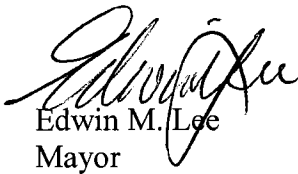
February 14, 2014

Ms. Angela Calvillo
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

Dear Ms. Calvillo,

Pursuant to Charter Section 3.100, I hereby designate Supervisor Malia Cohen as Acting-Mayor from the time I leave the State of California on Sunday, February 16, 2014 at 9:30 p.m., until Wednesday, February 19 at 11:59 p.m.

Sincerely,


Edwin M. Lee
Mayor

cc: Mr. Dennis Herrera, City Attorney
All Members, Board of Supervisors

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2014 FEB 14 AM 11:40
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OFFICE OF THE MAYOR
SAN FRANCISCO



Bos-11, Aides, COB, Leg Dep, Ops Dep
Dep City Atty J. Elliott, page
EDWIN M. LEE
Electronically MAYOR
Acfile

February 14, 2014

Ms. Angela Calvillo
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

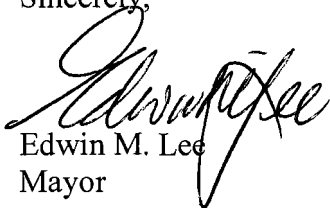
RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2014 FEB 14 AM 11:40
AK

Dear Ms. Calvillo,

Pursuant to Charter Section 3.100, I hereby designate Supervisor Jane Kim as Acting-Mayor from Thursday, February 20, 2014 at 12:00 a.m., until I return on Saturday, February 22, 2014 at 6:30 p.m.

In the event I am delayed, I designate Supervisor Kim to continue to be the Acting-Mayor until my return to California.

Sincerely,


Edwin M. Lee
Mayor

cc: Mr. Dennis Herrera, City Attorney
All Members, Board of Supervisors

(24)

From: Board of Supervisors
To: BOS-Supervisors; Wong, Linda (BOS)
Subject: File 131190; Feb. 11 Agenda Item 6 Feb 4 Agenda Item 15 ESER Bond for June 2014
Attachments: ESER bond II.doc

From: Kit Kubitz [<mailto:mesondk@yahoo.com>]
Sent: Tuesday, February 11, 2014 2:47 PM
To: Board of Supervisors
Subject: Feb. 11 Agenda Item 6 Feb 4 Agenda Item 15 ESER Bond for June 2014

To the Clerk of the San Francisco Board of Supervisors

As an individual resident of San Francisco, I request that the attached letter be included in the record in connection with Item 6 from the Feb.11 Agenda, being further considered as part of Agenda Item 15
Feb. 4

15.
140083
(Pursuant to the actions taken on File Nos. 131189, 131190, 140059, and 140060 at the January 28, 2014, Board of Supervisors meeting, the Board approved a motion to sit as a Committee of the Whole.)
[Hearing - General Obligation Bond - Earthquake Safety, Emergency Response, and Possibly Streetlights] Hearing of persons interested in or objecting to the Ordinance (File No. 131190) and Resolution (File No. 131189) relating to the General Obligation Bond to finance the construction, acquisition, improvement, and seismic retrofitting for earthquake safety of emergency response facilities; and the Ordinance (File No. 140059) and Resolution (File No. 140060) relating to the General Obligation Bond to finance the construction, acquisition, improvement, and seismic retrofitting for earthquake safety of emergency response facilities, and the construction, acquisition, and improvement of streetlights on public rights-of-way.

Kermit R. Kubitz
415-412-4393
mesondk@yahoo.com
703 Market St. Suite 1201
San Francisco, CA 94103

703 Market St. Suite 1201
San Francisco, CA 94103
Feb 4, 2014

To: San Francisco Board of Supervisors
c/o Clerk of BOS

Re: ESER Bond Funding I and proposed ESER Bond II for June 2014

Dear Sir or Madam:

I wish to provide comments on the current funding for emergency service structures provided for in the existing ESER Bond of about \$400 million and a proposed additional bond for June 2014. I am concerned that significant amounts of money are being spent for non-critical facilities, while significant unmet structural needs to prepare facilities to operate and protect and restore public safety and welfare in the event of an earthquake are not being met.

Upon review of the various reports made to the Citizens General Obligation Bond Oversight Committee (CGOBOC), including the ESER report of Dec. 31, 2013, made to the Jan 23, 2014 meeting, it appears that only 2 stations are receiving major seismic upgrades, stations 16 and 5, while the Fireboat Station 35 is being held as a project pending Warriors arena redevelopment plans being finalized. Overall, according to reports made Oct. 25, 2012, April 26, 2012 to the SF Fire Commission, and Sep 23 to the CGOBOC, it is asserted that \$350 million is required for all fire station renovations necessary for adequate operability in the event of a major earthquake. Meanwhile, these reports indicate that an amount of \$65 million, with a supplement of \$8 million from previous funding, or total \$73 million, is being allocated to SF Fire stations for 3 levels of projects, Seismic Projects (16, 5, Fireboat 35), Comprehensive (36,44) and Focused Scope Projects (6,38, 41, 42, 28, 18, 40, 31, 15, 17, 26 32, 10, 13, 9, 4, 11, 21), some of which involve showers, roofs, exterior painting and other not necessarily critical work. While emergency generators at stations 6,15, 17 and 21 may contribute to emergency response, some other expenditures may not.

I believe that current, and future, ESER funding should be focused on critical structural needs to insure operability in a major earthquake. For that reason, I recommend that language be included in any future bond issue as follows:

"San Francisco departments utilizing funding under this bond issue shall give the highest priority to those facilities and expenditures necessary to protect, maintain, or restore public safety in an emergency and only after such essential public safety facilities or expenditures have been funded

shall funds be used for any other purpose of improving efficiency or operation of the department."

While I understand the desire to fund other facilities improvements, the fact that the ESER reports refer repeatedly to \$350 million of necessary fire station work, while only \$73 million had been devoted to neighborhood fire houses so far, and some of this for non-critical work, leads me to suggest that current, and future funding, must be tied to critical facilities renovations rather than merely broad improvement of public buildings under the guise of emergency response renovation.

Thank you for considering these comments, which I ask to be included in the record of the Board of Supervisors in connection with considering ESER Bonds on Feb. 4.

Respectfully,

Kermit R. Kubitz

References:

1. Earthquake Safety and Emergency Response (ESER 2010)
Bond Program
Citizens General Obligation Bond Oversight Committee Dec. 31, 2013
Station 35 held for Warriors plans, p. 1; \$350 need Status report p. 1
2. Earthquake Safety and Emergency Response Bond Program #1
Accountability Report March 15, 2013
NFS amount \$72,272,000 p. 1 \$350 million need, p. 7

From: Board of Supervisors
To: BOS-Supervisors
Subject: File # 120987 - Against the Marina Degaussing Station Restaurant Proposal

From: Marisa di Palazzo [mailto:catsinacradle@hotmail.com]
Sent: Tuesday, February 11, 2014 11:38 AM
To: Farrell, Mark
Cc: Board of Supervisors
Subject: File # 120987 - Against the Marina Degaussing Station Restaurant Proposal

File # 120987 - Against the Marina Degaussing Station Restaurant Proposal

I am writing in **OPPOSITION** to the proposal for a fish restaurant - or for any restaurant - to be at the current site of the degaussing station, on Marina Green.

Aside from my objection to a change in use for the immediate site, the **SIZE** of the operation proposed and, IMO, the **sweetheart deals behind this plan**, I am also offended by the charges leveled at those of us in opposition, **charges coming from what I assume to be agents of the restaurant company and operatives serving those in CITY HALL**. Charges that wealthy property owners are engaging in NIMBY, etc..

Many of us in opposition to the proposed change in use are in fact **NATIVE** born San Franciscans, as am I.

I would support carrying out the plan as it was understood at the end of the war, to tear down the degaussing station and return the site to open space.

The city is **CHOKING** on itself, we see it in so many ways every day. The clogged and chaotic traffic (surely you have noticed the rising fatalities in all manner of vehicular accidents), the enormous multi ton trucks that are allowed use of streets formerly banned to them, the loss of open space everywhere in the city, and so on.

We need open space.

Thank you.

Marisa Calver Johnson

2401 Fillmore Street, San Francisco, 94115-1814

From: Board of Supervisors
To: BOS-Supervisors
Subject: FW: Marina Restaurant Proposal (File #120987; Bad idea)

From: Barbara Taylor [<mailto:barbtay1@bellsouth.net>]
Sent: Monday, February 10, 2014 6:23 PM
To: Farrell, Mark
Cc: Board of Supervisors
Subject: Marina Restaurant Proposal File #120987; Bad idea

Subject: Marina Restaurant Proposal File # 120987; Bad idea

Dear Supervisor Farrell,

Last year I moved to San Francisco from Ft. Lauderdale to be closer to my daughter and her family. I wanted to contact you to ask you to stop your support for the proposed restaurant on the Marina Green. Having spent many years in Ft. Lauderdale and Miami, I know what it is like to ruin a waterfront. San Francisco has great charm, and I am not sure why anyone would want to ruin an area like the Marina Green with a commercial establishment. I now live on Sutter & Fillmore and my daughter lives in the Marina. She is very opposed to the project, as are her friends.

What is the current status of this project? I am planning to discuss this with my condo board and the other groups I have joined since moving to the city, and would like to be as informed as possible.

Thank you for your time.

Respectfully,
Barbara Taylor

From: Board of Supervisors
To: BOS-Supervisors
Subject: Against Marina Restaurant Proposal; File # 120987

From: Pete Dinh [<mailto:petedinh@yahoo.com>]
Sent: Monday, February 10, 2014 2:22 PM
To: Farrell, Mark
Cc: Board of Supervisors
Subject: Against Marina Restaurant Proposal; File # 120987

Dear Supervisor Farrell,

I live on Fillmore and work in the Presidio. As I have learned more about the proposed restaurant on Marina Green, the more I am against the project. We just don't need it. Why would Rec & Park want to commercialize such a unique park? I like to go out to restaurants and bars on Chestnut, Union and Fillmore, but there is no reason to put a restaurant on the water. Also, I hear they are going to sell Woodhouse T-shirts, postcards, etc...do we really need to have that in the middle of a park?

Is this project still moving forward? I really hope it isn't.

Regards,
Pete Dinh

From: Board of Supervisors
To: BOS-Supervisors
Subject: Marina Restaurant Proposal File # 120987; Stop the project

From: Jono Tunney [<mailto:jono@atlasca.com>]
Sent: Monday, February 10, 2014 2:31 PM
To: Farrell, Mark
Cc: Board of Supervisors
Subject: Marina Restaurant Proposal File # 120987; Stop the project

Supervisor Farrell,

I run a wealth management firm in the Presidio. I also live in the Presidio with my family, but also own some rental units in the Marina. I have a single family home on north point that I intend to remodel and move back into 2015. I have been hearing more and more about the proposed restaurant on the Marina Green. I think this is a very bad idea. A lot of us live in the area because we enjoy the open space. We really don't need to have a restaurant in that location. The building should be torn down.

I would appreciate it if you could give me a status update on the project – do you think it will move forward or not?

Thanks,

Jono Tunney

Atlas Capital Advisors LLC
38 Keyes Ave Suite 200
SF CA 94129
415 571 2772 voice | 214 716 1077 fax
jono@atlasca.com | www.atlasca.com



Opinions and statements of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. We believe the information provided here is reliable but should not be assumed to be accurate or complete. The views and strategies described may not be suitable for all investors. If you are not the intended recipient of this electronic message, please do not disseminate, copy or take any action in reliance on it. Unless specifically indicated, this e-mail is not an offer to buy or sell or a solicitation to buy or sell any securities, investment products or other financial product or service. All e-mail sent to or from the Atlas Capital Advisors LLC e-mail system is subject to archiving, monitoring and review by regulators or Atlas personnel.

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

Date: February 10, 2014
To: Honorable Members, Board of Supervisors
From: *AC* Angela Calvillo, Clerk of the Board
Subject: APPOINTMENT BY THE MAYOR

The Mayor has submitted the following appointment:

- Richard S.J. Hung, Residential Rent Stabilization & Arbitration Board (Rent Board), term ending October 1, 2015

Under the Board's Rules of Order, Section 2.18.3, a Supervisor may request a hearing on an appointment by notifying the Clerk in writing.

Upon receipt of such notice, the Clerk shall refer the appointment to the Rules Committee so that the Board may consider the appointment and act within 30 days of the appointment as provided in Charter, Section 3.100(18).

Please notify me in writing by **12:00 p.m., Thursday, February 13, 2014**, if you would like to request a hearing the above referenced appointment.

Attachments

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE
MAYOR

February 6, 2014

Angela Calvillo
Clerk of the Board, Board of Supervisors
San Francisco City Hall
1 Carlton B. Goodlett Place
San Francisco, CA 94102

Dear Ms. Calvillo,

Pursuant to Section 3.100(18) of the Charter of the City and County of San Francisco, I hereby make the following appointment:

Richard S.J. Hung to the Residential Rent Stabilization & Arbitration Board, assuming the seat formerly held by Brooks Beard, for a term ending October 1, 2015.

I am confident that Mr. Hung, an elector of the City and County, will serve our community well. Attached herein for your reference are his qualifications to serve.

Should you have any questions related to this appointment, please contact my Director of Appointments, Nicole Wheaton, at (415) 554-7940.

Sincerely,

A handwritten signature in black ink, appearing to read "Edwin M. Lee".

Edwin M. Lee
Mayor

OFFICE OF THE MAYOR
SAN FRANCISCO



*Orig: Rules Clerk
COB, Leg Dep, AC file*
EDWIN M. LEE
MAYOR

Notice of Appointment

February 6, 2014

San Francisco Board of Supervisors
City Hall, Room 244
1 Carlton B. Goodlett Place
San Francisco, California 94102

Honorable Board of Supervisors:

Pursuant to Section 3.100(18) of the Charter of the City and County of San Francisco, I hereby make the following appointment:

Richard S.J. Hung to the Residential Rent Stabilization & Arbitration Board, assuming the seat formerly held by Brooks Beard, for a term ending October 1, 2015.

I am confident that Mr. Hung, an elector of the City and County, will serve our community well. Attached herein for your reference are his qualifications to serve.

Should you have any questions related to this appointment, please contact my Director of Appointments, Nicole Wheaton, at (415) 554-7940.

Sincerely,

A handwritten signature in black ink, appearing to read "Edwin M. Lee".

Edwin M. Lee
Mayor

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2014 FEB - 7 PM 4:00
AK

RICHARD S. J. HUNG

1681 - 16th Avenue, San Francisco, California 94122
(415) 681-9804 home • (415) 412-1865 cell • rshung@yahoo.com
Cal. Bar No. 197,425 • Patent & Trademark Office Reg. No. 43,684

Experience

MORRISON & FOERSTER LLP

Deputy Chair, IP Litigation Group

Litigation Partner

Litigation Associate

San Francisco, CA

September 2012 – present

January 2007 – present

September 2000 – December 2006

Currently serving as the Deputy Chair of the firm's 200+ attorney IP Litigation group, as a litigation hiring partner, and an associate evaluation committee member. Advise partners regarding marketing, client development, conflict, and performance issues. Litigated 35+ patent infringement disputes on behalf of clients such as Apple, Yahoo!, VMware, and Fujitsu. Served as day-to-day partner in charge of overseeing dozens of lawsuits, including highly-publicized smartphone litigation. First-chaired *Markman* and summary judgment hearings and second-chaired arbitration. Taken or defended 50+ depositions, including those of experts, attorneys, and engineers. Assisted clients in adversarial patent licensing negotiations.

SAN FRANCISCO DISTRICT ATTORNEY'S OFFICE

Assistant District Attorney (on loan)

San Francisco, CA

March 2013-July 2013

Represented State of California in four driving-under-the-influence cases and one civil conservatorship case, obtaining People's verdicts in all five trials.

HONORABLE PAUL R. MICHEL

United States Court of Appeals for the Federal Circuit - Law Clerk

Washington, DC

August 1999 - August 2000

Drafted bench memoranda and opinions in patent, government contract, and government personnel disputes.

MCCUTCHEM DOYLE BROWN & ENERSEN LLP (now Bingham McCutchen)

Litigation & Patent Associate

San Francisco, CA

September 1998 - August 1999

Served as litigation associate in competitor-on-competitor patent litigation matter. Drafted motions and expert reports, prepared fact and expert witnesses for depositions, developed invalidity and non-infringement arguments, and analyzed patents. Also served as patent prosecution associate, preparing amendments and responses to Office Actions.

Education

COLUMBIA UNIVERSITY SCHOOL OF LAW

Juris Doctor

New York, NY

May 1998

1997 Kent Scholar (top ~3% of class)
1996 & 1998 Stone Scholar (top ~1/3 of class)
Carroll G. Harper Prize (Excellence in Intellectual Property)
Judge & Editor, First-Year Moot Court Program
Managing Editor, *Columbia Business Law Review*
Extern, Honorable Sonia Sotomayor, S.D.N.Y. (now S. Ct.)

STANFORD UNIVERSITY

Bachelor of Science in Electrical Engineering

Bachelor of Arts in Economics

Stanford, CA

June 1995

Chevron Corporate Scholarship
Charter Class, Lambda Phi Epsilon
Haas Center for Community Service Writing Award
Writing Tutor, Center for Teaching and Learning

Personal/Other

San Francisco native • Napa Valley Cabernet • youth fencing • running (~25 miles/week) • 1996 NYC Marathon
• *shodan*, JKA Shotokan Karate • Editorial Board, *Law360* • 2010-2012 Fed. Cir. Bar Ass'n Pro Bono Award

CONFIDENTIAL

To: BOS-Supervisors
Subject: One Time Event & Extended Hours Premises permit reports
Attachments: EHP report Jan. 2014.pdf; One Time Event Q4 2013.pdf

Supervisors:

Please see the attached two quarterly reports submitted by Cammy Blackstone of the Entertainment Commission.

Peggy Nevin
Executive Assistant
Board of Supervisors
415-554-7703

Please complete a Board of Supervisors Customer Service Satisfaction form by clicking [here](#).

The [Legislative Research Center](#) provides 24-hour access to Board of Supervisors legislation, and archived matters since August 1998.



Entertainment Commission



Clerk of the Board
San Francisco Board of Supervisors

January 31, 2014

As mandated in section 1070.35 of the Police Code, please find the One Time Event Permits quarterly report from October 1, 2013 through January 31, 2014.

**One Time Event Permits Quarterly Report
2013 (Q4)**

During the last quarter of 2013, the Entertainment Commission received 37 applications for One Time Event permits. Of those applications, 35 permits were granted. No permits were denied, but two were canceled by the applicant.

2013 One Time Event permit applicants

Applicant	Event Address	Date
Raymond McCoy	531 Castro Street	10/12/2013
Donald Harvill	333 14th Street	10/19/2013
Darryl Crawford	88th 5th Street	10/26/2013
Pete Glikshtern	Pier 70 Building 12	10/26/2013
Rebecca Burns	1800 Oakdale	11/2/2013
Marina Barskaya	152 Geary Street	11/8/2013
Jenna Cook	Willie Mays Plaza	11/9/2013
Magda Bach	3255 Balboa Street	11/24/2013
Carolyn Diamond	Powell & Market (Cable turnaround)	11/26/2013
Deborah Jackman	444 Jessie Street	11/28/2013
Mack Chew	Terry Francois Blvd.	11/28/2013
Melody Daniels	1800 Oakdale	11/29/2013
Megan Young	1255 Battery Street	12/3/2013
Vardges Kazaryan	5323 Geary	12/6/2013-12/7/2013
Jasmine Ferguson	Pier 48	12/7/2013
Bridgette Savoy	1800 Oakdale	12/8/2013.
Alan Sartirana	1630 Haight	12/13/2013 (canceled)

Reina Alavarado-Cortez	Southeast Center 1800 Oakdale	12/14/2013
Jean-Luc Kayigire	800 Larkin Street	12/14/2013
Robin Easterbrook	Voe Street between Beaver & Market Street	12/15/2013
Antonio Accardo	731 Irving	12/16/2013
Alan Sartirana	1630 Haight Street	12/18/2013
Gabriele Ferraoni	1901 Union Street	12/31/2013
Donald Harvill	333 14th Street	12/31/2013
Sommer Peterson	3176 17th Street	12/31/2013
Lalita Souksamlane	4 Embarcadero	12/31/2013
Vardges Kazaryan	5323 Geary	12/31/2013
Matilde Muela	4282 11th Street	12/31/2013 (canceled)
Rae Einerson	Bill Graham Civic Center	12/31/2013
Gus Bean	3160 Mission Street	12/31/2013
Jean Kayigire	370 Grove Street	12/31/2013
Kingston Wu	508 4th Street	12/31/2013
Kenneth Chow	527 Bryant Street	12/31/2013
Jonathan Ojinaga	299 9th Street	12/31/2013
Blanca Guerro	1800 Oakdale	1/19/2014
Rev. William McCain	415 Edna Street	1/25/2014
Vardges Kazaryan	5323 Geary	1/24/2014

Totals:

Applicants: 37

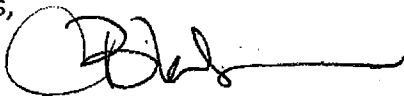
Permits issued: 35

Permits denied: 0

Cancelled: 2

I hope this information is helpful. Please contact me should you have any questions.

Regards,



Cammy Blackstone

Deputy Director, San Francisco Entertainment Commission



Entertainment Commission



Clerk of the Board
San Francisco Board of Supervisors

January 31, 2014

As mandated in section 1070.35 of the Police Code, please find the Extended Hours Premises quarterly report from October 1, 2013 through January 31, 2014.

BACKGROUND

Extended Hours Premises Quarterly Report

Ordinance #238-09 passed in November 2009. The Extended Hours Premises permits from the date of passage and prior total 76:

- 33 food establishments
- 26 nightclubs
- 2 adult entertainment
- 5 event spaces
- 3 music halls
- 1 billiard parlor
- 6 hotels

Since 2009, there have been 34 EHP permits issued. Below is a break out on permits by type and the annual increase in EHP permits by percentage.

<u>Year</u>	<u>number</u>	<u>venue type</u>		<u>increase</u>
2010	3 permits issued	2 clubs	1 event space	4% increase
2011	5 permits issued	4 clubs	1 event space	6% increase
2012	16 permits issued	3 clubs	13 food	16% increase
2013	11 permits issued	1 club	9 food 1 event space	9% increase

CURRENT BREAK OUT OF EHP PERMITS

Since the last report, dated 10/01/2013, we have had no applications for Extended Hours Premises permits. Out of the two pending applications detailed in the last report, one was withdrawn and one was approved. 18 venues have canceled their Extended Hours Permits either because they have closed or chose not to operate after 2:00am. This brings the new total of EHP permits to 92. The table below shows the current EHP permits broken down by type:

Food establishments	43
Nightclubs	30
Adult entertainment	2
Event spaces	7
Music halls	4
Billiard parlor	1
Hotels	5

I hope this information is helpful. Please let me know should you like any additional information.

Regards,



Cammy Blackstone, Deputy Director
San Francisco Entertainment Commission

From: Board of Supervisors
To: BOS-Supervisors
Subject: FW: No on Soda Tax

From: Terry C [mailto:focusgrow@gmail.com]
Sent: Tuesday, February 04, 2014 8:23 AM
To: Administrator, City; Board of Supervisors; Cityattorney
Subject: Fwd: No on Soda Tax

Dear Clerk of the Board, City Attorney, and City Administrator:

Say NO on Soda Tax.

Below is my script which I have no time to come present personally on 2/4/14 public hearing.

Terry Chong

----- Forwarded message -----

From: Terry C <focusgrow@gmail.com>

Date: Tue, Feb 4, 2014 at 1:15 AM

Subject: No on Soda Tax

To: Mayor Edwin Lee <mayoredwinlee@sfgov.org>, Supervisor David Chiu <David.Chiu@sfgov.org>, Supervisor Eric Mar <Eric.L.Mar@sfgov.org>, Supervisor David Campos <David.Campos@sfgov.org>, Supervisor Katy Tang <Katy.Tang@sfgov.org>, Supervisor Norman Yee <norman.yee@sfgov.org>, Supervisor London Breed <London.Breed@sfgov.org>, Supervisor Mark Farrell <Mark.Farrell@sfgov.org>, Supervisor Jane Kim <Jane.Kim@sfgov.org>, Supervisor Scott Wiener <Scott.Wiener@sfgov.org>, Supervisor Malia Cohen <Malia.Cohen@sfgov.org>, Supervisor John Avalos <John.Avalos@sfgov.org>

Dear SF Mayor & Board of Supervisors,

I meant to come to speak at public hearing on 2/4/14. But common folks like me have a 9 to 5 job – actually I might work till 8 or 9pm until the project is done. Unlike folks who have non-profits jobs where lobbying are part of their jobs, common folks, which is majority of us simply do not have the luxury to be there to speak. And many of us were not even bold enough to do so; we were not groom by the non-profits. We are not used or even aware of these public hearings.

Here is my script anyhow, in 3 minutes time:

Dear Supervisors; I have written to you many, many times in the past few months against plastic bag ban and fees. I wrote about all the detrimental effects and unintended consequences that you have not thought of. I have circulated the mails all over California, and to many other states calling out this eco-fads. I am still going.

Back to this Soda tax issue;

You folks age range from 20s, 30s, 40s, 50s, to 60s. You do NOT need a nanny.

We, the 800,000+ residents who live in S.F. do NOT need 11 nannies, either.

So, please STOP all these nanny's laws. We DO NOT appreciate them, not a bit.

According to Wikipedia on SF demographic:

"The age distribution of the city was as follows: 107,524 people (13.4%) under the age of 18, 77,664 people (9.6%) aged 18 to 24, 301,802 people (37.5%) aged 25 to 44, 208,403 people (25.9%) aged 45 to 64, and 109,842 people (13.6%) who were 65 years of age or older."

Only 13.4% are below 18. I think only children under age 10 need to be supervised, and most of them have parents who are doing that. It is the parents' jobs to supervise their kids. It is the parents who provide the money for the purchase.

Adults like me and my husband do not need your supervision. We do not drink soda on regular basis. But we do like to do road trip on weekend. And we like to pick up a bottle of coke before we hit the road. It makes the driving more pleasant. We care for our health. We are not overweight. As such, I am not sure why we should pay this extra 2c per oz tax? Do we drive to the next city, stop our car to pick up a bottle before we continue our journey just to send a message that we are against this one more silly law of San Francisco? And I read that this soda tax applied not only to soda, but to all kind of juices. Again, I don't drink all these sugar / flavored drinks. But, it sure will piss many drinkers off. Many of them will just boycott the drinks, or buy it outside of S.F. How do you think that will affect merchants in S.F? Is it your plan to do a statewide ban next? Bottled drink is a big business.

If your goal is to hurt S.F. businesses left and right, your success is guaranteed.

If such, the most direct method is just to order them shut, or pack their stuff and move out. Then all of us can go home. No more manufacturing, no more transportation of products, no more consumption, and no more waste at the end.

Do you plan to leave a legacy of super-imposing Nanny Laws on some 800,000 residents? Is that your legacy? I hope not.

If you believe in leadership, since many of you are in 30s, 40s, a fairly young age, may I say? I suggest that you seek out mentors, such as Mayor Willie Brown. I heard him spoke in Commonwealth Club in Oct13. I was so inspired. He said "I want to get on high speed rail and get down in L.A in hours, without having to go through airport security." He said "I love rail. Do you know that Geary Boulevard is totally track ready? And in the older time, the cable cars went all the way down Ocean Beach?" Now, that is vision! That is leadership! That is what San Francisco need! We want leaders with vision. Leaders who think big and act bold. Leaders who understand our commoners' lives and seek to make them better. We do not need an ordinary man who succumb to the vocal-minority who keep coming to talk his ears off. Those people have all the time in the world, they are relentless until they get what they want.

Former Supervisor Fiona Ma commented that the current Board is so boring. You agreed on everything. You do not dissent. I do not know if you all got the same source of information that you do not seek out counter-points.

Lastly, just want to say this: we cannot send a supervisor to CA Assembly if he want to ban plastic bag statewide, or he wants to ban our bottled water. There are reasons why bottled water is so popular; it does not has the sugar and calories. It hydrate us which is essential. It is light and convenient to carry along. It is for one-time use; no more washing, no worry of algae or bacteria. And the bottle is recyclable. Recycling is a big business which provide jobs.

If you absolutely have nothing to do, please make your job part-time. Our businesses and residents do not deserved more grief from all these nanny's laws.

Thank you,

Terry Chong

repealbagfee.blogspot.com, SF, CA

To: BOS-Supervisors
Cc: Truong, Phimy; Carroll, John
Attachments: YC Comments File No 140070.pdf

Supervisors:

Please see attached comments from the Youth Commission in regards to File 140070, a resolution supporting transgender and gender non-conforming youth and restorative justice, item #24 on today's Board meeting agenda.

Peggy Nevin
Executive Assistant
Board of Supervisors
415-554-7703

Please complete a Board of Supervisors Customer Service Satisfaction form by clicking [here](#).

The [Legislative Research Center](#) provides 24-hour access to Board of Supervisors legislation, and archived matters since August 1998.

From: Truong, Phimy
Sent: Tuesday, February 04, 2014 11:23 AM
To: Carroll, John
Cc: BOS Legislation; Miller, Alisa; Lamug, Joy
Subject: RE: Question about leg referred on items referred w/o committee reference - File 140070
Attachments: YC Referral Response to 140070 (2-3-14).pdf; 140070 Cover Sheet Youth Commission-signed.pdf

Hello John and Alisa,

Thanks again for forwarding this over. The Youth Commission met last night and provided some comments to this resolution. I sent out the referral response this morning with John CCed, but wanted to make sure to send the attachment out to you all, to make sure communication is clear.

Please let me know if you have any questions or concerns.

Thanks very much for your constant assistance and help. It is always greatly appreciated!

Best,

Phimy Truong

Director

San Francisco Youth Commission

City Hall, Room 345 San Francisco, CA 94102

Office: [\(415\) 554-7112](tel:4155547112) | Fax: [\(415\) 554-6140](tel:4155546140)

<http://www.sfbos.org/index.aspx?page=5585>

[Sign up for our newsletter](#)

[Tell us what you think are important issues affecting youth in SF!](#)

Complete a Board of Supervisors Customer Satisfaction form by clicking the link below:

<http://www.sfbos.org/index.aspx?page=104>

Youth Commission
City Hall ~ Room 345
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4532



(415) 554-6446
(415) 554-6140 FAX
www.sfgov.org/youth_commission

YOUTH COMMISSION MEMORANDUM

TO: Honorable Mayor Edwin M. Lee
Honorable Members, Board of Supervisors

CC: Angela Calvillo, Clerk of the Board
Jason Elliott, Director of Legislative & Government Affairs, Mayor's Office
Hydra Mendoza, Mayor's Families & Children's Advisor
John Carroll, Legislative Clerk, Board of Supervisors

FROM: Youth Commission

DATE: February 3, 2014

RE: Youth Commission's support and statement on Board of Supervisors' file no. 140070 Resolution Supporting Transgender and Gender Non-Conforming Youth and Restorative Justice

At our regular meeting of February 3, 2014, the Youth Commission voted unanimously to support the following motion:

To support file no. 140070, a resolution calling on the Contra Costa County District Attorney's Office to dismiss the charges filed against Jewlyes Klazson-Gutierrez.

During discussion on this item, the Youth Commission proposed and approved the following comment and recommendations regarding this hearing:

- *We support the resolution to call on Contra Costa County District Attorney's office to dismiss the charges filed against Jewlyes Klazson-Gutierrez.*
- *We urge the Board of Supervisors to urge an investigation of the Contra Costa District Attorney's decision to bring charges against Jewlyes Klazson-Gutierrez and investigation for violation of any anti-discrimination laws.*
- *We urge the Board of Supervisors to bring attention to the actions and inactions of the West Contra Costa County School district, so they may be evaluated to ensure that all students who are victims of future bullying and have voiced their concerns to the administration be followed up with, so that the school district is*

accountable to young people who have been victimized under their jurisdiction.

- *We believe in the commitment to uphold safety for all youth involved, responding holistically when safety has been compromised. We would like to emphasize the importance of offering community-based alternatives and processes that will ensure accountability, and facilitate and support healing, and restoration for the youth involved.*

If you have any questions about these recommendations or anything related to the Youth Commission, please do not hesitate to contact our office at (415) 554-6446 or your Youth Commissioner.



Chair, Nicholas Persky
2013-2014 San Francisco Youth Commission

File 131192

To: Ausberry, Andrea
Subject: Small Business Commission Action Re: File No. 131192 [Police, Administrative Codes - Considering Criminal History in Employment and Housing Decisions]

From: Murdock, Christian [mailto:christian.murdock@sfgov.org]
Sent: Tuesday, February 04, 2014 12:37 PM
To: BOS-Supervisors ✓
Cc: BOS-Legislative Aides; Dick-Endrizzi, Regina
Subject: Small Business Commission Action Re: File No. 131192 [Police, Administrative Codes - Considering Criminal History in Employment and Housing Decisions]

Dear Supervisors:

I'm writing to briefly summarize the recent action of the Small Business Commission relative to BOS File No. 131192 [Police, Administrative Codes - Considering Criminal History in Employment and Housing Decisions], an item that you will consider at this afternoon's Board meeting.

Small Business Commission Recommendation: **Approve as Amended by Land Use & Economic Development Committee**

The Small Business Commission heard this item at its meeting on Monday, January 27 and unanimously recommended approval of the legislation as it would be later amended by the Land Use & Economic Development Committee on the same day. Both meetings ran concurrently, with the Commission taking action before the item was formally amended in committee. Sup. Cohen's legislative aide Andrea Bruss summarized the expected changes, with the aforementioned unanimous vote of support by the Commission.

In particular, the Small Business Commission appreciated the removal of a private right of action contained in an earlier version of the legislation, an element that would have made business compliance difficult and costly. Furthermore, the Commission also felt the employer reporting burden was appropriately balanced with an applicant's "right to know" in the latest amendment by foregoing a lengthy questionnaire response to each denied applicant in favor of a more manageable summary report indicating which convictions or arrests were viewed adversely. The end result of these changes was a legislative proposal that is workable from a small business standpoint, aligning closely with policies and procedures related to conviction history information that most small businesses already follow.

Please forward to me any questions or comments on the Small Business Commission's action. Thank you for considering the Commission's review as you hear this item later today.

Best Regards,

Christian

Christian Murdock | Acting Commission Secretary and Policy Analyst
San Francisco Small Business Commission and
Office of Small Business
City Hall, Room 110
1 Dr. Carlton B. Goodlett Place | San Francisco, CA 94102
main:415-554-6134 | direct: 415-554-6407 | fax: 415-558-7844

christian.murdock@sfgov.org | www.sfgov.org/osb

From: Espinosa, Lolita [lolita.espinosa@sfgov.org]
Sent: Tuesday, February 04, 2014 3:52 PM
To: BOS-Operations
Subject: RE: BOARD OF SUPERVISORS INQUIRY

CTA Reference No. 20140128-001 closed.

Thanks!

L. Espinosa
Board of Supervisors, Clerk's Office
1 Dr. Carlton B. Goodlett Place, City Hall, Room 244
San Francisco, CA 94102-4689
(415) 554-7708

Complete a Board of Supervisors Customer Service Satisfaction form by clicking the link below.
<http://www.sfbos.org/index.aspx?page=104>

From: Board of Supervisors [mailto:board.of.supervisors@sfgov.org]
Sent: Tuesday, February 04, 2014 3:11 PM
To: BOS-Operations
Subject: FW: BOARD OF SUPERVISORS INQUIRY

From: Jon.Givner@sfgov.org [mailto:Jon.Givner@sfgov.org]
Sent: Tuesday, February 04, 2014 9:12 AM
To: Board of Supervisors
Subject: Re: BOARD OF SUPERVISORS INQUIRY

We are working with the Supervisor on this request.

On Feb 4, 2014, at 9:07 AM, "Board of Supervisors" <Board.of.Supervisors@sfgov.org> wrote:

BOARD OF SUPERVISORS INQUIRY

For any questions, call the sponsoring supervisor

TO: Jon Givner
City Attorney's Office

FROM: Clerk of the Board
DATE: 2/4/2014
REFERENCE: 20140128-001
FILE NO.

Due Date: 3/6/2014

This is an inquiry from a member of the Board of Supervisors made at the Board meeting on 1/28/2014.

Supervisor Avalos requests the following information:

Requesting the City Attorney draft legislation amending the Charter to re-authorize the Children's Fund and Baseline, including: inclusion of equity as a core value and goal; creation of the Children's Commission for the Department of Children, Youth, and Their Families; and a Mayor-coordinated annual Children's Services Plan and stronger evaluations system.

Please indicate the reference number shown above in your response, direct the original draft to the requesting Supervisor(s) and notify the Clerk of the Board that the legislation has been prepared and delivered to the Supervisor(s).

Your response to this inquiry is requested by 3/6/2014

From: Board of Supervisors
To: BOS-Supervisors
Subject: File: 131062 SBC response.
Attachments: 131062_SBC_legislative response - Reporting Information About Employees of Private Parking Garages and Parking Lots.docx

From: Evans, Derek
Sent: Friday, February 07, 2014 10:35 AM
To: Board of Supervisors
Subject: FW: 131062 SBC response.

FYI

From: Dick-Endrizzi, Regina
Sent: Friday, February 07, 2014 9:36 AM
To: Evans, Derek
Cc: Elliott, Jason; Power, Andres; Bruss, Andrea; Burrows, Reese
Subject: 131062 SBC response.

Please find the Small Business Commission's response to file no. 131062 - **Reporting Information About Employees of Private Parking Garages and Parking Lots**

Kindly,

Regina Dick-Endrizzi | Executive Director | Office of Small Business
regina.dick-endrizzi@sfgov.org | D: 415.554.6481 | O: 415.554.6134 | c: 415.902-4573
City Hall, Suite 110 | San Francisco, CA 94102

www.sfgov.org/osb | www.facebook.com/SFOSB | www.twitter.com/sfosb



SMALL BUSINESS COMMISSION
OFFICE OF SMALL BUSINESS



CITY AND COUNTY OF SAN FRANCISCO
EDWIN M. LEE, MAYOR

February 5, 2014

Ms. Angela Calvillo, Clerk of the Board
Board of Supervisors
City Hall Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File No. 130998 [Police Code - Reporting Information About Employees of Private Parking Garages and Parking Lots]

Small Business Commission Recommendation: **Approval**

Dear Ms. Calvillo:

On January 27, 2014, the Small Business Commission heard the subject legislation and received a presentation from one of its legislative sponsors, Supervisor Scott Wiener. The Commission voted 5-0 to recommend approval to the Board of Supervisors of the legislation as drafted. Commission comments on the item focused on minimizing the burden of compliance for parking operators; clarifying the purpose and approved uses of the data collected; and, ensuring applicability of the new requirements to all parking facilities, including those publicly-owned facilities where the Municipal Transportation Agency (SFMTA) contracts with private entities for operation and management.

Although the Commission expressed its support for the goals stated by Sup. Wiener to gather this information in an effort to better understand the parking industry and to help with identification of unscrupulous or scofflaw operators, it communicated that more should be done to ensure the data collected are used to affirmatively advance the stated goals. Uniform applicability is essential in order to establish a baseline dataset for publicly- and privately-owned parking facilities that will aid in the identification of any operator discrepancies within and between each category. And a public plan for analyzing the data and translating it into investigative and/or enforcement activity would help operators and the public better understand the importance of the new reporting requirements.

Thank you for considering the Small Business Commission's comments on this legislation. Please feel free to contact me should you care to discuss this matter further.

Sincerely,

A handwritten signature in cursive script, appearing to read "Regina Dick-Endrizzi".

Regina Dick-Endrizzi
Director, Office of Small Business

cc: Jason Elliot, Mayor's Office

SUBJ: FILE NO. 130998 [PLANNING CODE - COTTAGE FOOD OPERATION CONTROLS]
(12/11/2013)

Andres Power, Office of Supervisor Scott Wiener
Andrea Bruss, Office of Supervisor Malia Cohen
Derek Evans, Office of the Clerk of the Board
Sergeant Reese Burrows, San Francisco Police Department

From: Board of Supervisors
To: BOS-Supervisors
Subject: FW: 25 more people signed: Don Parsons, Kim Pingatore...

From: Kim Pingatore [mailto:mail@changemail.org]
Sent: Thursday, February 06, 2014 9:02 PM
To: Board of Supervisors
Subject: 25 more people signed: Don Parsons, Kim Pingatore...

25 people recently add their names to Wild Equity Institute's petition "Restore Sharp Park". That means more than 500 people have signed on.

There are now 976 signatures on this petition. Read reasons why people are signing, and respond to Wild Equity Institute by clicking here:

<http://www.change.org/petitions/restore-sharp-park/responses/new?response=9272c59f571d>

Dear San Francisco Board of Supervisors,

Sharp Park Golf Course is owned by San Francisco but located in Pacifica, California. With a glut of golf courses around the Bay Area, I would like to see you work to transform Sharp Park from a money-losing, endangered species-killing golf course into a new National Park that provides recreational amenities everyone can enjoy. By partnering with the National Park Service, San Francisco can redirect the money it saves back to neighborhood parks and community centers, and we all get a new National Park! Please support the restoration of Sharp Park so valuable wildlife can thrive and all people can enjoy the beautiful gifts nature has to offer.

Sincerely,

976. Don Parsons Las Vegas, New Mexico
975. Kim Pingatore Keswick, Virginia
974. Oihane Azkona , Spain
973. Ryan Keane Marlborough, Massachusetts
972. Nanda Kattavarjula Costa Mesa, California
971. Daniel Shea San Mateo, California
970. Victoria Carpenter Oakland, California
969. Anya Kelsick Coeur d'Alene, Idaho
968. Jayne McPherson San Anselmo, California
967. Caroline Ko Livermore, California
966. Kristina Koswenda South Haven, Michigan
965. Eric Pierce Carlsbad, New Mexico
964. Brian Hibbs South Bend, Indiana
963. Stephanie Willett-Shaw Longmont, Colorado
962. James F Robertson San Jose, California
961. Angela Terrell Denver, Colorado
960. dw griffin Ashburn, Georgia
959. Lori Ittner Culver City, California
958. Christie Khalil Aliso viejo, California

- 956. jannatin nisha Alhambra, California
- 955. Elizabeth Leaf San Francisco, California
- 953. Cedric Duhalde Pacifica, California
- 952. Jennifer O'Dwyer Mesa, Arizona
- 951. alper Kozan Istanbul, Albania
- 949. Carolina Liistro Peschiera Borromeo, Italy

File 130650

Bos-11 directly

From: Nevin, Peggy
Sent: Thursday, February 06, 2014 9:54 AM
To: Evans, Derek
Subject: File 130650: Letter RE: proposed ordinance expanding eligibility for electronic monitoring
Attachments: Letter from DA Gascón RE Sheriff's Electronic Monitoring Legislation.pdf

NSS Clerk, cpage

From: Max.Szabo@sfgov.org [mailto:Max.Szabo@sfgov.org]
Sent: Wednesday, February 05, 2014 6:23 PM
To: Elliott, Jason; Pointer BOS-Legislative Aides; Scaife, Jennifer
Subject: Letter RE: proposed ordinance expanding eligibility for electronic monitoring

Colleagues,

Please see the attached letter from District Attorney Gascón regarding a proposed ordinance to offer electronic monitoring to pretrial detainees being held in lieu of bail. I will be by to circulate hard copies tomorrow morning.

Maxwell Szabo
Legislative Affairs & Policy Manager
Office of District Attorney George Gascón
850 Bryant Street, Third Floor
San Francisco, CA 94103
415-553-9089 phone
@SFDAOoffice
Facebook.com/SFDistrictAttorney



George Gascón
District Attorney

February 5, 2014

Honorable Ed Lee
Mayor, City and County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 200
San Francisco, Ca 94102

Dear Mayor Lee:

Electronic monitoring and other alternatives to incarceration are essential to San Francisco's ongoing effort to meet and exceed the goals of realignment. When implemented properly such programs can reduce our jail population and provide significant cost savings for taxpayers. It is crucial, however, that such programs consider critical information such as an offender's risk factors in order for in-home detention to be implemented safely.

The Courts and District Attorney are currently entrusted with the decision to release pretrial detainees because we have the most information about the defendant, the victim, and the concerns of the community. We know an offender's full criminal history and we are in contact with their victims. We address the safety concerns of victims and witnesses, and provide relocation when necessary.

This information and level of insight is absolutely critical to determining who should remain in custody and who can be entrusted to be released into the community. In fact, my office is working to develop a scientifically based risk assessment tool for this very purpose. We want to find safe ways to reduce the pre-trial population. However, in light of the fact that 80% of our pretrial population is being held on felony charges, it is important that we do this with extraordinary care and diligence.

Granting the authority to release large swaths of this population without critical information pertaining to an offender's risk factors puts the public, victims and witnesses at risk. As the custodial agent the Sheriff does not have the information necessary to make these important determinations. They are not present in court during bail review and do not have access to the important arguments in support or opposition to pretrial release that are made at these hearings. As a result, they do not

have the necessary information and are not the proper agency to make determinations about pretrial release.

The Sheriff does have a role in post-conviction release. However, this proposal would grant broad release authority without requiring that information held within other criminal justice agencies be considered. The Adult Probation Department and District Attorney's Office have essential information that must be considered in making these very important determinations, but the Sheriff does not. This raises serious concerns that determinations of risk for sentenced offenders will be uninformed and made in a vacuum.

Of additional concern is the concept of placing individuals on electronic monitoring on an involuntary basis. As written, the legislation enables sentenced offenders who have indicated no intention of honoring the terms of their release to be eligible for the program. Electronic monitoring should be reserved for those who agree to the terms of their release. San Francisco would be creating a threat to public safety by releasing anyone who has not indicated their intention to comply with those terms.

I am a strong proponent of alternatives to incarceration - but not at the expense of public safety. Accurate and informed risk assessment is the hallmark of a successful electronic monitoring program, and I'm very concerned that this legislation would erode San Francisco's ability to adequately determine who is and who is not a good candidate for in-home custody programs.

Sincerely,



George Gascón
District Attorney
City and County of San Francisco

CC: Honorable David Chiu
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, Ca 94102

Honorable David Campos
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, Ca 94102

Honorable Eric Mar
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, Ca 94102

Honorable Norman Yee
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, Ca 94102

Honorable Mark Farrell
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, Ca 94102

Honorable Jane Kim
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, Ca 94102

Honorable Malia Cohen
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, Ca 94102

Honorable London Breed
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, Ca 94102

Honorable Katy Tang
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, Ca 94102

Honorable Scott Wiener
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, Ca 94102

Honorable John Avalos
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, Ca 94102

From: Board of Supervisors
To: BOS-Supervisors
Subject: FW: 100 new signers: margaret mather, Maureen McGinley...

From: John McAndrew [mailto:mail@changemail.org]
Sent: Wednesday, February 05, 2014 4:40 PM
To: Board of Supervisors
Subject: 100 new signers: margaret mather, Maureen McGinley...

Another 100 people added their names to Dana S's petition "Make fiber broadband a priority for San Francisco" -- momentum is growing.

There are now 1300 signatures on this petition. Read reasons why people are signing, and respond to Dana S by clicking here:

<http://www.change.org/petitions/make-fiber-broadband-a-priority-for-san-francisco/responses/new?response=9272c59f571d>

Dear San Francisco Board of Supervisors,

As other cities embrace high-speed fiber broadband, San Francisco is getting left behind. Our city has underutilized public fiber and several local Internet Service Providers eager to deploy gigabit speed broadband to businesses and households, yet this is stymied by rules and regulations that have not kept pace with technology. Deployment of fiber and ultra-high speed broadband provides a unique opportunity to create innovation and new jobs, extend public access and develop valuable infrastructure that would serve our city for decades to come. I encourage you to develop policy to encourage fiber deployment and make ultra fast broadband a priority for San Francisco.

Sincerely,

1299. margaret mather san francisco, California
1298. Maureen McGinley San Francisco, California
1297. Gabe Miller San francisco, California
1295. Peter Mandell San Francisco, California
1294. David Betancourt Port Reading, New Jersey
1293. Philip King San Francisco, California
1291. Chris Wikler Lafayette, California
1290. Jonathan Mayer San Francisco, California
1289. Bobby Williams San Francisco, California
1288. Michael Abracham San Francisco, California
1287. Oscar Martinsson San Francisco, California
1286. Bobak Esfandiari Walnut Creek, California
1285. Bailey Smith San Francisco, California
1284. Paul Laxton San francisco, California
1283. Brian Heung San Francisco, California
1282. Barry Galvin San Francisco, California
1281. Carl Carbonell San Francisco, California
1280. McKenzie Bryan-Kjaer , United States

1279. Alanna Greenham San Francisco, California
1278. Jacob Barss-Bailey San Francisco, California
1277. Thomas Devol San Francisco, California
1275. Michael Arick Oakland, California
1274. Simon James San Francisco, California
1273. Kyle Sund San Francisco, California
1272. Alberto Abello San Francisco, California
1271. Reginald Forrest San Francisco, California
1270. Richard Hashimoto Vallejo, California
1269. Andrew McCluskey San Francisco, California
1268. michael sicard san francisco, California
1267. Edmund Ng San Francisco, California
1266. Donald Murphy elizabeth, New Jersey
1265. Aaron Morton San Francisco, California
1263. Tyler Brown San Francisco, California
1261. Brian Kuester San Francisco, California
1260. Cory Reese San Francisco, California
1259. Bill Kuang San Francisco, California
1257. Janelle Kung San Francisco, California
1256. Peter Dalton San Francisco, California
1255. john seronello san francisco, California
1254. Christopher Friday San Francisco, California
1252. Andrew Burgos San Francisco, California
1251. Alex Kochman redwood city, California
1250. christa bates san francisco, California
1249. Amy Maloon San Francisco, California
1248. Jason Cross San Francisco, California
1245. Vivian Lee San Francisco, California
1241. C Chavez San Francisco, California
1240. Gary Weiss San Francisco, California
1239. James Bao San Francisco, California
1238. John Cervantes San Francisco, California
1237. Gary Brooks San Francisco, California
1235. Gregory Blum San Francisco, California
1234. Michael Madigan San Francisco, California
1233. Brett Brockschmidt San Francisco, California
1231. Alex Litvak San Francisco, California
1228. Diedra D Booker SF, California
1227. stefano hillman SAN FRANCISCO, California
1226. Gloria Nomura San Francisco, California
1225. DAVID BOONE SAN FRANCISCO, California
1224. Chad Williams San Francisco, California
1223. Douglas Curran San Francisco, California
1221. Concerned Citizen New City, New York
1221. Wanda Crane San Francisco, California
1220. Joshua Callender San Francisco, California
1219. U Kenny San Francisco, California
1218. Jeffrey Wear San Francisco, California
1217. john amaro san francisco, California
1216. Rayming L San Francisco, California
1215. Eric Nicholas San Francisco, California

1214. Mark Palomar San Francisco, California
1213. Daniel Wagner San Francisco, California
1212. david taylor san francisco, California
1211. scott burke san francisco, California
1210. Charles Clanton San Francisco, California
1209. Brad Green San Francisco, California
1208. John Hicks San Francisco, California
1207. Thaddeus Ballantine San Francisco, California
1206. asta venclovaite San Francisco, California
1204. Mitchell Ferguson San Francisco, California
1203. Maude Kirk San Francisco, California
1201. Tom Packo San Francisco, California
1200. Mark Mosheim San Francisco, California
1199. Joshua Aldon San Francisco, California
1198. zhi ning San Francisco, California
1197. Caroline Nakajima San Francisco, California
1195. john seronello san francisco, California
1194. Susan Leas Latham San Francisco, California
1193. evi altschuler san francisco, California
1192. Grace McGovern San Francisco, California
1189. Robert Markison San Francisco, California
1188. Shaily Gupta San Francisco, California
1187. Rebecca Rosen Lum San Francisco, California
1185. Pavlos Politopoulos San Francisco, California
1184. Julie Patrick ceres, California
1183. Jeffrey Taylor San Francisco, California
1181. Cynthia Williams San Francisco, California
1180. Tommy Deschaine San Francisco, California
1179. Sebra Leaves San Franicsco, California
1178. Heilee Edwards San Francisco, California
1177. Adore Rodriguez San Francisco, California

From: Howard Chabner [hlchabner@jps.net]
Sent: Tuesday, February 11, 2014 1:16 PM
To: Farrell, Mark; Breed, London; Mar, Eric (BOS); Board of Supervisors; Avalos, John; Cohen, Malia; Chiu, David; Tang, Katy; Kim, Jane; Yee, Norman (BOS); Campos, David; scott.weiner@sfgov.org
Cc: Johnston, Conor; Lee, Mayor
Subject: MTA's End Run Around the Board of Supervisors Regarding Accessible Parking Policy

Dear President Chiu and Supervisors:

San Francisco MTA is promoting changes to California law that would allow municipalities to impose payment requirements and time limits (in both cases, at regular metered spaces and at blue zones) on people with disabilities who have disabled parking placards. Such changes would be very harmful to Californians and visitors with disabilities.

Below is an email I sent to the California Commission on Disability Access about this issue. Public comment at the CCDA meeting was overwhelmingly opposed to these changes.

It's significant that SFMTA, purportedly on behalf of San Francisco, is trying to change an important state law in a major way without any action by the Board of Supervisors or, indeed, without even bringing the matter to the Board of Supervisors as an informational item. In early November 2013 I met with Ed Reiskin and Carla Johnson about the SFMTA proposals; they told me they intended to seek approval from the MTA Board, and, if the proposals were approved by the MTA Board, to bring them to the Board of Supervisors (the land use committee in late November and the full board in December). I do not believe that Mr. Reiskin and Ms. Johnson misled me; people change their minds. It would be interesting to know why they changed their minds. Anyway, a San Francisco agency should not try to change state law without approval of San Francisco's elected legislative body, the Board of Supervisors.

A point of clarification – recommendation #5 would direct parking meter revenue from **blue zones** to accessibility improvements, not from placard holders who park at regular metered spaces. As mentioned in the email to the CCDA, I oppose that recommendation on philosophical and practical grounds. In any event, if these proposals were adopted and San Francisco were to impose payment on placard holders at regular metered spaces, San Francisco MTA would gain over \$12 million annually (at 2013 meter rates, which can be expected to increase over time); I believe this is MTA's primary motivation for promoting these proposals.

Please do not support MTA's proposals to change California law regarding accessible parking. Thank you for considering this email.

Sincerely

Howard Chabner

From: Howard Chabner [mailto:hlchabner@jps.net]
Sent: Sunday, January 05, 2014 1:10 PM
To: 'steven.funderburk@dgs.ca.gov'; 'stephancastellanos@mac.com'; 'CCDA@DGS.CA.GOV'
Subject: California Commission on Disability Access - January 8, 2014 Meeting - Agenda Item #6 - San Francisco Accessible Parking Recommendations

Dear Chair Leemhuis and Members:

These comments are submitted about the San Francisco Accessible Parking Policy Advisory Committee (the "Parking Committee") recommendations. I've lived in San Francisco since 1982 and have used an electric wheelchair since 1990. My wife and I own a wheelchair accessible lowered floor minivan. I no longer drive, but did for around 25 years.

Introduction and Background.

Before commenting on the Parking Committee's recommendations, I will discuss the larger context. The recommendations should not be considered in a vacuum; the following factors must be considered:

1. People with major mobility disabilities have fewer transportation choices available than able-bodied people, and rely heavily on automobiles. (Separately I will distribute an email I've written about this.)
2. Most of the time, people with mobility disabilities park in regular (non-blue zone) metered and unmetered spaces, not blue zones. Almost all on-street parking spaces except perpendicular and angled spaces, those on the driver's side of a one-way street, and those on a steep hill are, in effect, accessible spaces even though not labeled as such.
3. SFMTA ("MTA") is engaged in a relentless campaign against cars that includes reducing the number of on-street parking spaces, adding meters to previously unmetered spaces (including in residential neighborhoods), and increasing the cost and required payment hours at metered spaces. MTA has not shared with the public any overall plan with respect to parking meters, instead opting for a piecemeal, divide-and-conquer, stealth strategy.

Here are some specifics about MTA's campaign against cars and how it is negatively impacting people with mobility disabilities. Because its charge and scope of inquiry from MTA are narrow, the Parking Committee did not consider these essential facts.

- MTA is reducing the number of on-street parking spaces throughout the city by, among other things, eliminating parking spaces and replacing them with bike lanes. The bike lane project on Fell and Oak Streets is but one example. Others include Masonic Avenue, 2nd Street and the plan to eliminate parking along a large commercial/residential area on Polk Street.
- Eliminating parking spaces and replacing them with bike lanes eliminates more parking spaces than acknowledged by MTA, because residents can no longer park in the curb lane across their driveways as they have done for decades.
- Parking spaces that are, in effect, disabled accessible although not designated as such are being removed. For example, all of the parking spaces on Oak Street that were eliminated as part of the bike lane project are on the South side of Oak and, before implementation of the project, were effectively accessible; those that remain are on the North side and are not accessible to wheelchair users because a side ramp or lift would have to be redeployed into travel lanes. The JFK Drive cycle track is another example - by moving the parking lane away from the curb, the number of effectively accessible spaces was drastically reduced, even though a handful of blue zones were added.
- Changing parallel parking to angled or perpendicular also eliminates spaces that previously were effectively accessible for wheelchair users and other people with mobility limitations. For example, as part of the Fell and Oak Street bike lane project, MTA converted parking on several side streets from parallel to perpendicular or angled, which exacerbated, not mitigated, the parking loss hardship for people with mobility disabilities.

- MTA is installing parking meters in spaces that previously were unrestricted or in some cases were in neighborhood permit zones. This is going on not only in commercial neighborhoods, but residential. See Meter Madness <http://metermadness.wordpress.com/> for details. For example, on February 21, 2013, I attended a meeting at USF about MTA's plan to install meters in the neighborhood around USF and along the perimeter of the John Adams CCSF campus, near where I live. A roomful of irate, distrustful neighbors were nearly unanimous in their outrage at the plan and their disdain for MTA. As another example, MTA has been trying to install meters in residential/small business/artist areas in the Northeast Mission. Although MTA has in some areas backed off in the face of a neighborhood outcry, this is merely a tactical retreat, not an acknowledgment that its plans are wrong and create hardships for residents, merchants, employees, artists, etc.
- Parking spaces are being removed in order to install Muni rail and bus bulbouts that, in some cases, are unnecessary. For example, around four spaces on Carl were eliminated near the Northeast corner of Cole/Carl to create a larger boarding area for the outbound N Judah, even though few passengers board the outbound train at that stop. (Many passengers exit at that stop; they walk away and don't wait there.)
- Bike parking racks on the sidewalk block access to parking spaces for wheelchair users and others with mobility limitations, thereby reducing the number of effectively accessible spaces.
- Since the beginning of 2013, parkers have been required to pay at metered spaces on Sundays.
- In some areas, parking meters now operate at night.
- The cost of parking at metered spaces is quite expensive in some areas, and it keeps going up.
- The high-tech parking meters make it technically easy for MTA and its contractor, Serco, to continue raising prices and increasing payment hours, and to do so insidiously and without fair notice.
- Serco, the for-profit contractor that operates the parking meters and to which MTA has delegated substantial power over parking policy, has financial and other interests that are different from those of San Francisco residents, businesses, employees and visitors.
- The fines for parking tickets in San Francisco are high and continue to increase. They are among the highest in the nation, if not the highest.
- The cost of being towed is unconscionably high – now around \$500 for towing plus a ticket of nearly \$100.

Comments on the Parking Committee's Recommendations.

#1 – Increase Blue Zones

San Francisco has fewer blue zones than legally required. This has been pointed out many times over the years. I agree with the general recommendation to increase the number of blue zones in areas where there are metered parking spaces.

San Francisco also has too few blue zones in residential areas and other areas where there are unmetered parking spaces. (MTA argues that there is no legal requirement for blue zones in areas where there are unmetered parking spaces; this is wrong.) San Francisco also should install more blue zones in these areas. Therefore, I support the recommendation to consider changing San Francisco's blue zone placement guidelines, if that is what is required to enable blue zones in more places.

Although the Parking Committee report emphasizes that all of the recommendations function as a package, increasing the number of blue zones should be done ASAP and regardless of whether, or when, the other recommendations are adopted and implemented. Installing more blue zones does not require any change to state law.

The report states that increasing the number of blue zones to 4% of metered spaces would mean an increase of approximately 470 blue zones. To put that number in context, it's important to recognize that during the past few years San Francisco has lost at least that number of de facto accessible unmetered and metered street parking spaces, through outright elimination and changes in configuration (e.g. converting parallel spaces to perpendicular or angled, and moving the parking lane away from the curb).

#2 – Improve Enforcement of Placard Misuse

I agree with these proposals. There should be a photo on the placard itself and on the receipt. Local enforcement should be improved. These recommendations should be done ASAP and regardless of whether, or when, the other recommendations are adopted and implemented.

Moreover, and although not among the Parking Committee's recommendations, San Francisco should consider increasing the penalty for placard misuse. (Although a penalty of \$825 and immediate confiscation of the placard seems high, the penalty amount is less than twice that of the towing fee plus parking ticket for someone who, even if mistakenly, in good faith, and for only a short amount of time, parks in a tow-away zone.)

A caveat, however. Placard abuse harms everyone. It must be punished and reduced. But just what constitutes placard abuse isn't as simple as it may appear. Sometimes a disabled person is accompanied by an able-bodied person in one direction but not both. For example, a disabled person and her able-bodied spouse or friend may park at night in a blue zone or metered space near her home. In the morning the able-bodied person may return to the car alone while the disabled person remains at home, takes a stroll in the neighborhood, or takes public transportation somewhere else. If a parking control officer sees the able-bodied one returning to a car parked in blue zone or metered space with a placard, the officer may wrongfully assume placard abuse. The reverse situation also happens. An able-bodied friend or family member of a disabled person may drive somewhere alone, park at a blue zone or meter, and display the disabled person's placard. The able-bodied person may exit her car alone, meet the disabled person and the two of them leave together, sometimes much later. This, too, is a legitimate use of disabled parking placard even though it may not appear to be. There are other permutations of these situations.

#3 - Increase Oversight of Placard Approvals

The huge increase in placards issued during the past 10 years - an increase far greater than the increase in overall population and seniors - is strong evidence that placards are being issued too easily. It is shocking, and grossly negligent, that DMV does not have the technical capacity to maintain information about medical providers who certify placards in a searchable database. This deficiency makes it difficult or impossible to determine whether any particular healthcare providers are certifying a suspiciously large number of placards, thereby making it extremely difficult to prevent fraud in the certification of eligibility for placards. I support the Parking Committee's three recommendations. These recommendations should be implemented ASAP and regardless of whether, or when, the other recommendations are adopted and implemented.

Placard renewals are sent out automatically. I've had one since I moved to San Francisco in 1982, and after I submitted a doctor's note to get my first placard, the renewals have come in the mail automatically every two years. I could have moved away or died (or my medical condition could have been cured!) many years ago and the renewal placards would probably still keep coming. Recently I was speaking with a friend whose mother died seven or eight years ago, and the placards keep coming to her old house automatically. (He cuts them up, he doesn't fraudulently use them.) Apparently DMV doesn't cross check the list of placard holders against death data, another example of gross negligence by DMV.

In addition to the Parking Committee's recommendations, the following should be adopted:

- Require a new certification every two or three years, even for placard holders with permanent disabilities.
- Have a photo ID on the disabled parking placard and placard ID card, as has been done on drivers licenses for decades.
- Require DMV to cross check the database of placard holders with databases of deaths, to make sure the survivors of decedents turn in the placards after death.
- Consider reducing the types of medical providers eligible to certify people for placards. Not everyone has access to a medical doctor, but the current list of providers seems too broad. For example, chiropractors should probably not be eligible, and perhaps not optometrists and nurse midwives.
- Conduct an outreach campaign to medical professionals emphasizing the harm done by falsely, or even in good faith but too leniently, certifying patients for placards.

#4 - Remove the Meter Payment Exemption Requirement

I strongly oppose this recommendation. Many people own cars but don't have garages, so they rely on street parking. If local jurisdictions were allowed to require placard holders to pay at meters (including blue zones in metered areas), San Francisco would certainly change its current policy and require payment. If it did this, and if MTA continued to reduce the overall number of street parking spaces, change the configuration of parking spaces to reduce the number of de facto accessible spaces, install meters in residential areas (and, if MTA has its way, do so with minimal notice to the people who would be impacted), increase the price and hours of meters, and increase the penalties for parking violations, some people with mobility disabilities - especially working-class and middle-class people - would end up leaving San Francisco. Others who live elsewhere but work in San Francisco would not be able to continue working here. Moreover, many of those with mobility disabilities who would be negatively impacted are seniors.

These would be terrible demographic consequences and would conflict with the principle often stated by elected officials, civic leaders and San Franciscans of all stripes, of encouraging and supporting a population that is diverse in, among other characteristics, age, disability status, family status, income and occupation.

When the free parking policy was implemented decades ago, among the reasons for not requiring payment were the physical inaccessibility of meters and the physical difficulty for disabled people in returning to meters frequently in order to pay before the time expired. Meter payment technology has changed dramatically since then, and the recommendation would allow jurisdictions to require payment only if their meters have accessible payment options. But in considering whether or not free parking should be continued, it's essential to consider the overall parking situation today. The parking situation in San Francisco today is much more difficult, complex and expensive than when the free parking policy was initially adopted. The transportation choices of people with mobility disabilities continue to be quite limited compared to those available to able-bodied people, and, as referred to at the beginning of this email, many of us with mobility disabilities rely heavily on automobiles. Among other things, major access limitations and problems still exist in public transportation and are likely to persist for the foreseeable future.

The justification for continuing free parking is similar to that for reduced fares on public transportation for disabled people (and for seniors and children), and in other contexts. Although the poorest segment of the population, whether disabled or able-bodied, cannot afford automobiles, many working-class and middle-class disabled people do own and rely on cars. Many people with mobility disabilities, including those who are

relatively affluent, have high medical expenses year after year that are not covered by insurance - caregivers who assist with activities of daily living, home access modifications (including installation and ongoing maintenance), long-term care, accessible vehicles, medical transportation, medical equipment (for example, insurance typically does not cover the entire cost of purchasing and maintaining complex wheelchairs, nor does it cover essential items such as lifts), medical supplies and drugs. Continuing to provide free on-street parking would be a fair acknowledgment of those extra burdens.

The parking situation in San Francisco is uncertain and constantly changing. For those who rely on an automobile and don't have a garage, street parking is essential. But MTA is installing parking meters in residential areas. If this continues, some people with mobility disabilities who rely on automobiles would have to move. It would be a huge mistake to eliminate free parking in such an uncertain, changing environment.

MTA has estimated that, at an average rate of \$1.50 per hour, it had a revenue loss of \$12.3 million in 2013 due to metered hours occupied by cars with disabled placards that park for free, plus \$2.5 million in lost revenue because of free parking at blue zones. (Source: July 31, 2013, MTA draft revenue estimate from accessible parking proposal; provided to me per a Sunshine Ordinance request.) (This estimate also includes, as a cost of implementing the recommendations, one full-time equivalent MTA employee salary for one year, at \$200,000. If \$200,000 is the typical annual cost for a full-time equivalent employee, no wonder MTA is so hungry for money!) It's also important that the revenue impact analysis was prepared **after** the Parking Committee had completed its meetings. It does not seem that information about revenue lost due to free parking and revenue that would be gained by requiring payment was presented to the committee; if this information was presented at all, it wasn't emphasized. The total of nearly \$15 million annually is based on an average rate of \$1.50 per hour; since MTA can be expected to raise hourly rates and install more meters in the future, the revenue gain would be even greater. Also, the \$15 million does not include parking ticket citation revenue that would be generated from placard holders for parking violations at metered spaces. Although there are one-time costs of installing meters at blue zones, installing more blue zones, and implementing accessible payment options, the revenue gained by eliminating free parking would continue year after year.

I believe that capturing this large amount of lost revenue is MTA's main motivation for promoting this proposal. If MTA were truly interested in increasing overall parking access for disabled people, it would not be doing the things mentioned elsewhere in this email. It's also interesting that this revenue estimate was made months after the Parking Committee completed its meetings and formulated its recommendations. Importantly, MTA Director Ed Reiskin is Co-chair of the Parking Committee, Nelson Nygaard consultants acted as facilitators, and parking contractor Serco was heavily involved in the process. These players have a powerful economic incentive to increase MTA revenue.

Requiring placard holders to pay at the meter is part of MTA's overall "demand management" strategy for parking. Like most goods, increasing the price of parking can be expected to reduce demand, but that shouldn't be the ultimate goal. If MTA charged \$20 per hour to park at meters, it would undoubtedly open up spaces, but at what cost? Should San Francisco be a city where only the affluent can afford cars?

It's true that free parking for placard holders invites fraud and abuse. So does any benefit - Medicare, Medi-Cal, Social Security, workers' compensation, unemployment insurance, disability insurance. But society should target fraud and abuse, not eliminate a benefit that is justified. According to the evidence in the Parking Committee report, the DMV has not really seriously tried to tackle fraud and abuse, and San Francisco's attempts have been limited. The Parking Committee's justification for eliminating free parking is that evidence from other jurisdictions indicates that targeting fraud and abuse alone is not sufficient. But why not try it first, instead of throwing out the baby with the bathwater?

The practices of other jurisdictions are of limited relevance. Other jurisdictions are not undergoing a campaign against cars as intense and relentless as MTA's campaign in San Francisco, and mobility disabled people there are not facing the same looming threats to their ability to use and own cars.

Many San Francisco and California officials and employees pride themselves on going beyond legal requirements in access and implementing progressive practices even if not legally required. Certainly San Francisco and California can learn from other places, but they shouldn't emulate places that don't have forward-thinking disability access policies. Moreover, as the Parking Committee notes, 15 states do require cities to exempt placard holders from paying at the meter.

There are other problems with the recommendation:

- Allowing each jurisdiction to formulate its own policy invites confusion and inconsistency. If someone parks near a boundary between municipalities with different policies, how would they know what to do? Signs and meters would have to be perfectly explicit, which is unlikely considering that currently they are often unclear about rules that are simpler than accessible parking payment rules undoubtedly would be.
- A jurisdiction could only require payment if it provided an accessible payment option. How would this be defined? Would each jurisdiction have its own definition? And even if there were a standard, agreed-upon definition, there would inevitably be disputes about whether a particular municipality met the requirement. Municipalities would have a strong economic incentive to plow ahead and charge disabled people for parking even though payment access was incomplete or flawed. Lawsuits would be likely.
- MTA often wrongly issues parking tickets. For example, it issues many tickets for parking in a temporary construction zone to cars that parked there when there was no signage indicating that parking is prohibited. It is difficult and burdensome for the general public to fight wrongly issued parking tickets. For a mobility disabled person who loses his or her initial appeal by correspondence, it is even more burdensome to go in person to fight the ticket than it is for the general public.

Although the Parking Committee's recommendations did not include a discount on parking meter fees for people with low incomes, the final MTA Board resolution of November 19, 2013 directs MTA staff to develop a discount program for low income drivers with a disabled placard. This is certainly a step in the right direction, because disabled placard holders with low incomes would be the most impacted by eliminating free parking. However, such a discount would not be required by the state law changes the Parking Committee and MTA are promoting – whether or not to provide a discount would be up to each individual jurisdiction; therefore, low income drivers would not be protected. Also, there is no definition or threshold of low income, nor any specifics about the amount of discount; this is quite a fudge factor, and quite possibly added by the MTA Board primarily for the sake of optics in its campaign for state law changes. Finally, for the reasons described above, requiring payment would be a hardship for disabled placard holders with middle and upper-middle incomes, although not as great a hardship as for those with low incomes.

#5 – Direct Revenue to Accessibility Improvements

If payment is required for blue zones - which I oppose - the money should go into the same MTA fund as general parking meter revenues, not be specifically earmarked for accessibility improvements. With limited exceptions, money received from taxes and fees should go into a general pot in the relevant jurisdiction (federal, state, or local), and society should decide how to allocate all of that money. Earmarking blue zone meter revenue for access improvements would violate that principle. Parking meter revenue should not be considered

a user fee (unlike, for example, admission fees to state and national parks), nor should it be considered like proceeds from a bond issued for a specific purpose.

Access is legally required. It should be part of every project and be funded in the same way as the rest of the project - from San Francisco's general fund, general capital sources, bond proceeds (for example, proceeds from a parks improvement bond should be used to provide access as part of the parks projects funded by the bond), general operating revenues, etc. San Francisco's ADA Transition Plan should be fully funded. Providing complete access should not depend on the existence of "special" sources such as blue zone meter revenues.

Moreover, would there be any mechanism in place under the Parking Committee's proposal to ensure that these funds would be spent on improvements that would not otherwise have been made in the absence of these funds? Isn't it possible or likely that MTA would simply spend less money from other sources on access improvements?

There is also a practical problem. Who would choose how to direct those funds to access improvements, and by what process? This recommendation would invite political wrangling about how to spend the funds and who gets to decide.

#6 - Allow Jurisdictions to Establish Reasonable Time Limits

As with the issue of free parking for placard holders, the overall parking situation in San Francisco must be considered. If MTA continues to install meters in residential and mixed residential/commercial areas that previously didn't have them (and, to make things worse, with even less public notice), continues reducing the overall number of street parking spaces, and continues reducing the number of de facto accessible spaces by changing the configuration of spaces from parallel to perpendicular/diagonal, mobility disabled people would rely more and more on metered spaces, and time limits would create a hardship, especially for those without garages, ultimately forcing some people with mobility disabilities out of San Francisco.

If payment is required for regular metered parking and blue zones, according to the Parking Committee's reasoning, the incentive for abuse would be reduced and the rationale for time limits would be greatly diminished. If payment is required, there should be no time limits.

If metered parking and blue zones continue to be free for placard holders, I would support reasonable time limits but only if MTA stops doing the things described in this email and significantly increases the number of blue zones in the whole gamut of areas, so that plenty of unmetered spaces remained available in residential and mixed residential/commercial areas.

But a four hour time limit isn't enough. For example, people often spend more than four hours at a park. Golden Gate Park is closed to automobiles on Sundays (which I have supported for years). Meters now operate on Sundays. People with mobility disabilities who find street parking in the neighborhoods near parks should not be limited to four hours. Similarly, people spend more than four hours at music festivals, street fairs and similar events. They often spend more than four hours visiting friends in hospitals or at home. Dinner and a movie or concert can take more than four hours.

I support the recommendation to set time limits for placard holders in green zones. Businesses pay for green zones and rely on them for deliveries and short-term customer parking, so I never park at green zones for more than a few minutes when the business is open. However, time limits should only apply during business hours and days. If, for example, a business is closed on Saturdays and Sundays, time limits should not apply to placard holders parking in that business's green zone on those days.

Thank you for considering this email.

Sincerely

Howard Chabner

File 131120

BOS-11

From: Board of Supervisors
To: Ausberry, Andrea
Subject: File 13120: Alcohol restriction use

From: rlee288@aol.com [<mailto:rlee288@aol.com>]
Sent: Friday, February 14, 2014 12:08 PM
To: Board of Supervisors; Secretary, Commissions; SBAC
Subject: Re: Alcohol restriction use

To: San Francisco Board of Supervisors,
SF Commissions Secretary,
SF Small Business Commission,

February 14, 2014

I was born and raised in North Beach at 510 Vallejo and own property in North Beach on Bay Street.

I am a civic leader both in Chinatown and in North Beach.

I am against this moratorium. The reasoning behind it is noble enough. The proponents of the moratorium think that by eliminating Type 48 liquor licenses, i.e. bars, that Broadway's problems will go away. Quite honestly, that's not true.

Trying to force Type 47, i.e., restaurant to open on Broadway is a recipe for failure. Take a hard look at the history of Broadway since the topless clubs opened in the 1960s and you will find that the restaurants have been failing ever since. Vanessi's, Enrico's, Little Joe's, Original Joe's, The Black Cat, and on and on.

What parent in their right mind is going to take their children to Broadway for a family dinner on a Saturday night? Broadway resonates with problems that no child should be exposed to.

So if you want to preserve long term vacancies, go ahead and support this moratorium.

Yours Truly,

Ron Lee

File 131120

From: Board of Supervisors
To: BOS-Supervisors; Ausberry, Andrea
Subject: File 131120: No Go for Proposed Liquor Moratorium for Broadway

-----Original Message-----

From: Wil James [<mailto:duca2@me.com>]
Sent: Friday, February 14, 2014 12:09 PM
To: Board of Supervisors; Secretary, Commissions; SBAC
Subject: No Go for Proposed Liquor Moratorium for Broadway

Dear Government Officials:

It is alarming how shortsighted the proposed legislation drafted by Supervisor David Chiu is. While it sounds warm and fuzzy, it does not make any sense.

Broadway will never get any better until the topless clubs go away. Restaurants have been failing on Broadway since the 1960s when the topless craze began. Think about it! What makes anyone in their right mind think they can force fine dining back onto Broadway now?

Who wants to go to Broadway to dine with their sweethearts, with their families and children, when they are barraged by scantily clad women, pimps, drug dealers, hoodlums, gang bangers, etc.? That element will never go away until the main attraction goes away. The main attraction is the topless clubs.

The city and the neighborhood do gooders should be dealing with one problem at a time not preventing people from opening businesses that will bring investment and vibrancy to dark and shuttered buildings.

Wil James
North Beach
San Francisco

DEPARTMENT OF ELECTIONS
City and County of San Francisco
sfelections.org



Rec'd via email
2/14/14 2:12pm
BOs - EVERYONE
John Arntz
Director

Memorandum

To: Honorable Edwin M. Lee, Mayor
Honorable Members, Board of Supervisors

From: John Arntz, Director of Elections

Date: February 14, 2014

RE: Notice of Ballot Simplification Committee Meetings for the
June 3, 2014, Consolidated Statewide Direct Primary Election

Beginning Monday, February 24, the Ballot Simplification Committee will conduct public meetings to prepare an impartial summary of each local ballot measure for publication in San Francisco's Voter Information Pamphlet for the upcoming June 3, 2014, Consolidated Statewide Direct Primary Election. The Committee must complete its digests no later than 85 days before the election, which is Monday, March 10.

Meeting agendas and related materials will be posted at sfelections.org/bsc and in the Department of Elections office in City Hall, Room 48. Agendas will be posted at least 72 hours prior to the meeting, as mandated by the Sunshine Ordinance. Other agenda materials will be made available as early as possible. Please check often for any updates.

About the Ballot Simplification Committee

The Ballot Simplification Committee works in public meetings to prepare a fair and impartial summary of each local ballot measure in simple language. These summaries, or "digests," are printed in San Francisco's Voter Information Pamphlet, which is mailed to every registered voter before the election.

Each digest must explain the primary purposes and points of the measure, but is not required to include auxiliary or subsidiary information. Each digest must include the following four sections:

- *The Way It Is Now*
- *The Proposal*
- *A "Yes" Vote Means*
- *A "No" Vote Means*

In general, each digest is limited to 300 words. Digests may exceed the 300-word limit if the Committee determines that the complexity or scope of the proposed measure requires a longer digest. In addition, digests must be written as close as possible to the eighth-grade reading level.

The Ballot Simplification Committee also assists the Department of Elections in preparing other informational material for the Voter Information Pamphlet, such as a glossary of the terms that appear in the pamphlet.

For more information about the Ballot Simplification Committee, please visit sfelections.org/bsc or the Department of Elections office in City Hall, Room 48.

To: BOS-Supervisors
Subject: Memorandum Issued: Airport Commission: The Airport Did Not Use the Appropriate Contract Type and Did Not Perform All Close-out Procedures

From: Toy, Debbie
Sent: Thursday, February 13, 2014 1:23 PM
To: Calvillo, Angela; Kawa, Steve; Howard, Kate; Falvey, Christine; Tsang, Francis; Elliott, Jason; Steeves, Asja; Campbell, Severin; Newman, Debra; Rose, Harvey; sfdocs@sfpl.info; CON-EVERYONE; CON-CCSF Dept Heads; CON-Finance Officers
Subject: Memorandum Issued: Airport Commission: The Airport Did Not Use the Appropriate Contract Type and Did Not Perform All Close-out Procedures

The Office of the Controller's City Services Auditor Division (CSA) today issued a memorandum on its assessment of the Airport's Close-out Procedures with its Parking Access Revenue Control System (PARCS) contract. The assessment found that the Airport Commission (Airport) used a personal services contract for its PARCS project, although the project's scope called for a construction contract. As a result, the contract excluded close-out procedures typically included in Airport construction contracts, and these procedures were not performed.

To view the full memorandum, please visit our Web site at:
<http://openbook.sfgov.org/webreports/details3.aspx?id=1669>

This is a send-only e-mail address.


For questions about the memorandum, please contact Director of City Audits Tonia Lediju at tonia.lediju@sfgov.org or 415-554-5393 or the CSA Audits Unit at 415-554-7469.



MEMORANDUM

TO: Commission President Mazzola and Commissioners
San Francisco Airport Commission

John L. Martin, Airport Director
San Francisco International Airport

FROM: Tonia Lediju, Director of City Audits 
City Services Auditor Division

DATE: February 13, 2014

SUBJECT: Airport Commission: The Airport Did Not Use the Appropriate Contract
Type and Did Not Perform All Close-out Procedures

EXECUTIVE SUMMARY

The Airport Commission (Airport) used a personal services contract for its Parking Access Revenue Control System (PARCS) project, although the project's scope called for a construction contract. As a result, the contract with Scheidt & Bachmann USA Inc. (S&B) excluded close-out procedures typically included in Airport construction contracts and these procedures were not performed. The Airport concurs with the finding and agrees to implement the two related recommendations.

BACKGROUND, OBJECTIVES & METHODOLOGY

Background

Basis for Assessment. In accordance with its work plan for fiscal year 2013-14, the Office of the Controller's City Services Auditor Division (CSA) assessed the Airport's compliance with construction contract close-out requirements as part of CSA's ongoing program of assessing compliance with contract close-out requirements in various departments of the City and County of San Francisco (City) each quarter.

San Francisco International Airport. San Francisco International Airport (SFO) is a world-class airport serving more than 41 million domestic and international passengers annually. As one of the world's 25 busiest airports, SFO offers frequent connections to cities across the United States. The Airport's Design, Construction, and Technology Division is the subject of this assessment.

Project Description. The PARCS project, Contract 8329, was designed to provide the Airport's parking garages with a new, online, virtual real-time revenue control system centrally controlled over an Internet-based network. The system is meant to improve the parking patron experience by allowing for express, ticketless parking transactions. An online system is to provide comprehensive monitoring, control, reporting, and auditing functionality to provide the Airport's parking patrons the best possible customer service experience.

The Airport selected S&B as the contractor for this project, the original budget of which was \$5,990,117. The project started on November 30, 2005, and the original planned contract duration of 365 days meant a scheduled completion date of November 30, 2006. However, because of several delays, along with several scope additions and contract modifications, the actual completion date was April 1, 2013, or more than seven years after the project began. The final project cost was \$8,054,331, which was \$2,064,214 over the original contract amount. The final duration of the project was 2,679 days.

Contract Timeline. According to the deputy airport director, the PARCS contract was originally managed by the Airport's Business and Finance Division, but was later inherited by the Design, Construction, and Technology Division. The contract required S&B to provide and install the related software, equipment, devices, and subsystems specified in the contract. The contractor was also required to remove existing parking revenue equipment, adjust the existing curbed concrete islands, and install new system wiring. As the project progressed, multiple contract modifications extended the timeline and expanded the scope of work. According to the project manager, the contract's management was transferred to the Airport's Design, Construction, and Technology Division as the integration of multiple disciplines demanded by the revised project scope grew challenging.

The exhibit below details the various modifications to the contract.

EXHIBIT Value of PARCS Contract Modifications		
Contract Modification	Modification Value	Revised Contract Value
1	\$267,749	\$6,257,866
2	949,999	7,207,866
3	269,337	7,477,203
4	1,520,799	8,998,002
5	(943,671)	8,054,331
TOTAL	\$2,064,213	\$8,054,331

Source: Airport Commission Contract Modifications – Actual Values

Contract modifications 1 through 4 expanded the scope of work of the project by requiring S&B to both perform additional work and provide additional items not originally in the contract. The additional work included interfacing PARCS with FasTrak¹ technology and systems, completing improvements to Airport Employee Parking Lot D to allow mixed-use (employee and public) parking, and automating the use of Parking Lot D. The expanded scope required the contractor to make several infrastructure changes, including modifications to existing entry/exit lane configurations through civil engineering work and electrical and communications improvements. The modifications also required S&B to provide additional equipment to automate the parking operation at the facility.

Modification 5 reduced the contract amount because of a reduction in the contract's scope. The final scope reduction occurred after the Airport concluded that S&B did not have the appropriate contractor's license to subcontract for portions of the scope of work that were added by prior modifications. Due to S&B's inability to subcontract, the Airport's legal staff advised the Design, Construction, and Technology Division to inform S&B to stop all work until the issue was resolved. The scope reduction soon followed, and the contract was then closed out.

Close-out Defined. Contract close-out formally ends the construction phase of a capital project and ensures that all contractual and legal obligations have been fulfilled before final payment is released to the contractor. Ensuring compliance with all close-out procedures assures the City that the contractor has used city resources appropriately and has completed the work in accordance with contract terms.

Objectives

The objectives of the assessment were to determine whether:

- The Airport adequately oversaw compliance with construction close-out requirements for the Parking Access Revenue Control System Project.
- The contractor complied with the contract's close-out requirements.

Methodology

To achieve the objectives, CSA:

- Reviewed the applicable close-out requirements in the PARCS contract.
- Developed a checklist of requirements for all phases of close-out based on a standard Airport construction contract's close out procedures.
- Interviewed Airport personnel.
- Reviewed close-out documentation provided by the Airport.

Government Auditing Standards do not cover nonaudit services, which are defined as professional services other than audits or attestation engagements. Therefore, the Airport is

¹ FasTrak is an electronic toll collection program for San Francisco Bay Area bridges developed by the Bay Area Toll Authority and administered by Affiliated Computer Services.

responsible for the substantive outcomes of the work performed during this assessment, and is responsible to be in a position, in fact and appearance, to make an informed judgment on the results of the nonaudit service.

RESULTS

Finding – Because it used a personal services contract for the PARCS project, the Airport did not follow all standard construction contract close-out procedures, increasing the risk of contractor nonperformance.

The Airport used a personal services contract instead of a construction contract as the agreement between the Airport and the general contractor, S&B, for the PARCS project. As a result:

- The contract lacked the close-out procedures of a current, standard construction contract.
- The Airport did not complete all close-out procedures required for construction projects.
- The Airport transferred the contract's management during delivery of the project to the Airport's Design, Construction, and Technology Division to be carried out as a construction project.

According to the PARCS project manual, the contract originated as a personal services contract, although the contract contained public works aspects. According to the project manager, because the project's scope changed such that it required multiple disciplines to be integrated into the project, the Airport transferred the management of the contract to the Design, Construction, and Technology Division.

Because a construction contract was not used from the project's initiation, the close-out procedures found in a standard city construction contract were not included and some were not followed. For example, a standard city construction contract lists the provision of a guaranty bond in the amount of 10 percent of the final contract amount, or a letter that would be enforced for a period of two years from the date of final acceptance. Because the PARCS contract did not contain this requirement, the Airport could not provide verification that the guaranty bond was produced before final acceptance. Another example is the lack of a requirement for written notice from the contractor claiming completion of substantial completion requirements. The lack of these requirements in the contract increased the risk that the contractor and the Airport would not fulfill all normal contractual and legal obligations before final payment was approved to the contractor.

Although the contract excluded the standard construction contract close-out procedures, the Airport maintained a checklist that included most of the documents required for certain close-out procedures.

Recommendations

The Airport Commission should:

1. Ensure that the appropriate contract type is used for work performed, be it personal services or construction.
2. Ensure that all standard city construction close-out procedures are included in contracts and completed for all projects that include construction work.

The Airport's response is attached. CSA will work with the Airport to follow up on the status of the recommendations made in this memorandum. CSA extends its appreciation to you and your staff who assisted with this project. If you have any questions or concerns, please contact me at (415) 554-5393 or Tonia.Lediju@sfgov.org.

cc: Airport
Tryg McCoy
Leo Fermin
Ivar Satero
Wallace Tang
Geoff Neumayr
Damian Davis
Reuben Halili
Kristine Casipit

Controller
Ben Rosenfield
Monique Zmuda
Mark de la Rosa
Nicholas Delgado
Freddy Padilla

ATTACHMENT: DEPARTMENT RESPONSE



San Francisco International Airport

February 5, 2014

Tonia Lediju
Director of City Audits
City Hall, Room 476
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Subject: Airport Contract No. 8329 Parking Access Revenue Control Systems (PARCS) Response to CSA Draft Audit Report (dated 2/13/14)

Dear Ms. Lediju:

Enclosed for your use is the Airport's response to the recommendations of the referenced audit of Airport Contract No. 8329 Parking Access Revenue Control Systems (PARCS). Also included are the Construction contract Substantial Completion and Final Closeout checklists documents that were requested.

The CSA draft report appears to be complete and concise, and the Airport has no further comment. Please note we have included our responses in the CSA Division forms, as instructed. Please feel free to contact me with any comments or questions. We've enjoyed working with your team on this audit, and they have demonstrated the utmost professionalism and dedication in performing their work.

Sincerely,

A handwritten signature in black ink, appearing to read "Ryan Satero".

Ryan Satero
Deputy Airport Director
Design, Construction & Technology

Enclosures

cc: Nicholas Delgado, Audit Manager

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

EDWIN M. LEE
MAYOR

LARRY MAZZOLA
PRESIDENT

LINDA S. CRAYTON
VICE PRESIDENT

ELLANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

JOHN L. MARTIN
AIRPORT DIRECTOR

For each recommendation, the responsible agency should indicate whether it **concur**s, **does not concur**, or **partially concurs**. If it concurs with the recommendation, it should indicate the expected implementation date and implementation plan. If the responsible agency does not concur or partially concurs, it should provide an explanation and an alternate plan of action to address the identified issue.

RECOMMENDATIONS AND RESPONSES

Recommendation	Response
The Airport Commission should:	
1. Ensure that the appropriate contract type is used for work performed, be it personal services or construction.	<p>Concurs.</p> <p>Recent agency (Airport) reorganizations, along with the creation of the Airport's Contracts Administration Unit, under the Administration Division, ensures that the contract vehicles for all construction, professional and personal services contracts are assigned properly.</p>
2. Ensure that all standard city construction close-out procedures are included in contracts and completed for all projects that include construction work.	<p>Concurs.</p> <p>Along with the creation of the Airport's CAU, the Design, Construction & Technology Division has created a Business Process Manager (BPM) position (reporting to the Deputy Director) and Contracts Management Unit (CMU) to develop consistent business processes and contract development across the recently formed organization, which was a consolidation of the former Bureau of Design & Construction and the Facilities Engineering and Architecture divisions. All contracts are prepared through a collaborative effort of the application of business processes is performed by the BPM. Both of these recent organizational developments should ensure that this occurrence is not repeated.</p>

From: Board of Supervisors
To: BOS-Supervisors
Subject: Sierra Club Supports Full Funding for Solar and Renewable Energy and Opposes Rate Increases

From: John Rizzo [<mailto:jrizzo@sprintmail.com>]
Sent: Thursday, February 13, 2014 12:50 PM
To: commissioners@sfwater.org; Kelly, Jr, Harlan
Cc: Sue Vaughan; Board of Supervisors; Fish, Monica; Kim, Roger; Becky Evans; Assmann, David; Hood, Donna; Lee, Mayor
Subject: Sierra Club Supports Full Funding for Solar and Renewable Energy and Opposes Rate Increases

Vince Courtney, Jr., President
San Francisco Public Utilities Commission

Harlan Kelly, Director
San Francisco Public Utilities Commission
525 Golden Gate Avenue
San Francisco, CA 94102

Re: Sierra Club Supports Full Funding for Solar and Renewable Energy and Opposes Rate Increases

Dear President Courtney and Commissioners and Director Kelly:

The Sierra Club thanks the San Francisco Public Utilities Commission for its efforts to date to advance the causes of renewable energy and efforts that address the challenges posed by climate change. This year, however, we understand that funding for three key areas has been cut or eliminated from your proposed Fiscal Year 2014-15 and 2015-16 budgets: GoSolarSF, CleanPowerSF, and Department of Environment partnerships.

As you continue to deliberate regarding the SFPUC budget, we wish to reiterate the following position to the Commission:

- Sierra Club supports full funding of \$5 million for the GoSolarSF program
- Sierra Club supports continued work and full funding for the CleanPowerSF program
- Sierra Club supports funding of \$600,000 for climate change, renewable energy, and green building programming in partnership with the San Francisco Department of the Environment

The Sierra Club opposes proposed rate increases for general fund departments, enterprise departments, the school district, or City College until these funding levels are achieved in the current budget.

Thank you, and we look forward to working with you on these important renewable energy and climate change goals.

John Rizzo
Sierra Club San Francisco Bay Chapter

CC: SFPUC General Manager Harlan Kelly, Jr.

Mayor Edwin Lee
San Francisco Board of Supervisors
San Francisco Commission on the Environment
D. Hood, SF PUC
Monica Fish
Roger Kim

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2014 FEB 13 AM 10:42

BY: PHB



BOS-11
opage

Edwin M. Lee, Mayor
Philip A. Ginsburg, General Manager

February 7, 2014

Ms. Angela Calvillo
Clerk of the Board
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102-4689

Dear Ms. Calvillo:

Please find attached the Recreation and Park Department's report for the 2nd quarter of FY13-14 in response to the requirements of Resolution 157-99 Lead Poisoning Prevention. To date, the Department has completed assessment and clean-up at 181 sites since program inception in 1999.

We have recently completed a project at the Palace of Fine Arts and former Exploratorium, and at Mission Playground (where we worked with the Department of Public Health to abate a Notice of Violation related to paint chips from an adjoining property). Current work involves completing a report for Candlestick Park for a survey already completed that will aid in demolition of that site. Additionally, we continue to work with the Public Utilities Commission and Department of Public Health to revise our technical guidelines.

I hope that you and interested members of the public find that the Department's performance demonstrates our commitment to the health and well being of the children we serve.

Thank you for your support of this important program. Please do not hesitate to contact me with any questions, comments or suggestions you have.

Sincerely,

Philip A. Ginsburg
General Manager

Attachments: 1. FY13-14 Implementation Plan, 2nd Quarter Status Report
2. Status Report for All Sites

Copy: J. Walseth, DPH, Children's Environmental Health Promotion

2nd Quarter Status Report

Plan Item	Status
I. Hazard Identification and Control	
a) Program Revision	A revision of the project management procedures has been completed. The purpose of this revision, which is part of our periodic check, was to ensure that the program is in line with current regulations, and to offer stakeholders greater opportunity for involvement.
b) Site Prioritization	Prioritization is based on verified hazard reports (periodic inspections), documented program use (departmental and day care), estimated participant age, and presence of playgrounds or schoolyards. Sites are selected on a rolling basis; as one site is completed, the next site on the list becomes active.
c) Survey	We are currently working to complete the Candlestick Park report for the survey conducted in July 2011 to assist with demolition preparation.
d) Cleanup	The project at the Palace of Fine Arts and former Exploratorium site is completed. That project included shutting off a water source that was found to have elevated lead levels. We also worked with the Department of Public Health to follow up on a Notice of Violation received at Mission Playground related to paint chips from an adjoining property. The Notice of Violation was abated.
e) Site Posting and Notification	Each site has been or will be posted advance of clean-up work so that staff and the public may be notified of the work to be performed.
f) Next site	Priority 147, Kezar Pavilion.
II. Facilities Operations and Maintenance	
a) Periodic Inspection	Annual periodic facility inspections are completed by staff. As periodic inspections are focused on at the end of the fiscal year, a completion rate is not yet available. Classes on how to complete these inspections continue to be offered throughout the year.

b) Housekeeping

Staff is reminded of this hazard and the steps to control it through our Lead Safe Work Practice.

c) Staff Training

Under the Department's Injury and Illness Prevention Program, basic lead awareness training is recommended every two years for appropriate staff (e.g. custodians, gardeners, recreation staff, structural maintenance staff, etc.).

Status Report for RPD Sites

Sites are listed in order in which they were prioritized for survey. Prioritization is done using an algorithm which takes into account attributes of a site that would likely mean the presence of children from 0-12 years old (e.g. programming serving children, or the presence of a playground).

Sites are surveyed on a rolling basis. "Rolling" means that when one site finishes, the next site on the list will begin. Current sites are listed at the top. Sites not be completed in exact order of priority due to re-tests and other extenuating circumstances.

Re-tests of previous sites are completed every 10 surveys to ensure that past work has sustained an acceptable level of protection.

ALL SITES

Priority	Facility Name	Location	Completed	Notes	Retest	Entered in FLOW Program
171	Candlestick Park	Jamestown Avenue	10-11	Demolition of site in planning stages; report to be completed for survey conducted July 2011.		
147	Kezar Pavilion	Golden Gate Park	08-09			
138	Pine Lake Park	Crestlake/Vale/Wawona	07-08	Programmed retest; survey to be completed.	X	
172	Broadway Tunnel West-Mini Park	Leavenworth/Broadway				
173	Broadway Tunnel East-Mini Park	Broadway/Himmelman				
174	Lake Merced Park	Skyline/Lake Merced		Includes Harding Park, Flemming Golf, Boat House and other sites. Note that the Sandy Tatum clubhouse and maintenance facilities were built in 2004 and should be excluded from the survey.		
175	Ina Coolbrith Mini Park	Vallejo/Taylor				
176	Justin Herman/Embarcadero Plaza	Clay/Embarcadero				
177	Billy Goat Hill	Laidley/30th				
178	Coso/Precita-Mini Park	Coso/Precita				
179	Dorothy Erskine Park	Martha/Baden				
180	Duncan Castro Open Space	Diamond Heights				
181	Edgehill Mountain	Edgehill/Kensington Way				
182	Everson/Digby Lots	61 Everson				
183	Fairmount Plaza	Fairmont/Miguel				
184	15th Avenue Steps	Kirkham/15th Avenue				
185	Geneva Avenue Strip	Geneva/Delano				
186	Grand View Park	Moraga/14th Avenue				
187	Hawk Hill	14th Avenue/Rivera				
188	Interior Green Belt	Sutro Forest				
189	Japantown Peace Plaza	Post/Buchanan/Geary				
190	Jefferson Square	Eddy/Gough				
191	Joseph Conrad Mini Park	Columbus/Beach				
192	Kite Hill	Yukon/19th				
193	Lakeview/Ashton Mini Park	Lakeview/Ashton				
194	Maritime Plaza	Battery/Clay				
195	McLaren Park-Golf Course	2100 Sunnydale Avenue				
196	Mt. Davidson Park	Myra Way				
197	Mt. Olympus	Upper Terrace				
198	Mullen/Peralta-Mini Park	Mullen/Peralta Mini Park				
199	O'Shaughnessy Hollow	O'Shaughnessy Blvd.				
200	Park Presidio Blvd.	Park Presidio Blvd.				
201	Rock Outcropping	Ortega/14th Avenue		Lots 11, 12, 21, 22, 6		

Status Report for RPD Sites

Priority	Facility Name	Location	Completed	Notes	Retest	Entered in FLOW Program
202	South End Rowing/Dolphin Club	Aquatic Park		Land is leased		
203	Russian Hill Open Space	Hyde/Larkin/Chestnut		Hyde Street Reservoir		
204	Saturn Street Steps	Saturn/Ord				
205	Seward Mini Park	Seward/Acme Alley				
206	Twin Peaks	Twin Peaks Blvd.				
207	Fillmore/Turk Mini Park	Fillmore/Turk				
208	Esprit Park	Minnesota Street				
209	Brotherhood/Chester Mini Park	Chester St. near Brotherhood Way				
210	Sue Bierman Park	Market/Steuart				
211	29th/Diamond Open Space	1701 Diamond/29th		Is not on current list of RPD sites (6/2/10).		
212	Berkeley Way Open Space	200 Berkeley Way		Is not on current list of RPD sites (6/2/10).		
213	Diamond/Farnum Open Space	Diamond/Farnum		Is not on current list of RPD sites (6/2/10).		
214	Joost/Baden Mini Park	Joost/N of Baden				
215	Grand View Open Space	Moraga/15th Avenue		Included in Grand View Park		
216	Balboa Natural Area	Great Highway/Balboa		Is not on current list of RPD sites (6/2/10).		
217	Fay Park	Chestnut and Leavenworth				
218	Guy Place Mini Park	Guy Place				
219	Portola Open Space					
220	Roosevelt/Henry Steps					
221	Sunnyside Conservatory	Monterey & Baden				
222	Topaz Open Space	Monterey & Baden				
1	Upper Noe Recreation Center	Day/Sanchez	99-00			
2	Jackson Playground	17th/Carolina	99-00	Abatement completed in FY05-06.	04-05	
3	Mission Rec Center	745 Treat Street	99-00, 02-03	Includes both the Harrison and Treat St. sides.	06-07	X
4	Palega Recreation Center	Felton/Holyoke	99-00			X
5	Eureka Valley Rec Center	Collingwood/18th	99-00			
6	Glen Park	Chenery/Elk	99-00, 00-01	Includes Silver Tree Day Camp		
7	Joe DiMaggio Playground	Lombard/Mason	99-00			
8	Crocker Amazon Playground	Geneva/Moscow	99-00			
9	George Christopher Playground	Diamond Hts/Duncan	99-00			
10	Alice Chalmers Playground	Brunswick/Whittier	99-00			
11	Cayuga Playground	Cayuga/Naglee	99-00			
12	Cabrillo Playground	38th/Cabrillo	99-00			
13	Herz Playground (and Pool)		99-00, 00-01	Includes Coffmann Pool		X
14	Mission Playground	19th & Linda	99-00	Notice of Violation abated. Mulch removed and replaced (FY13-14). Entire survey not completed.		
15	Minnie & Lovie Ward Rec Center	Capital Avenue/Montana	99-00			
16	Sunset Playground	28th Avenue/Lawton	99-00			X
17	West Sunset Playground	39th Avenue/Ortega	99-00			
18	Excelsior Playground	Russia/Madrid	99-00			
19	Helen Wills Playground	Broadway/Larkin	99-00			
20	J. P. Murphy Playground	1960 9th Avenue	99-00			X
21	Argonne Playground	18th/Geary	99-00			
22	Duboce Park	Duboce/Scott	99-00, 01-02	Includes Harvey Milk Center		

Status Report for RPD Sites

Priority	Facility Name	Location	Completed	Notes	Retest	Entered in FLOW Program
23	Golden Gate Park	Panhandle	99-00			
24	Junipero Serra Playground	300 Stonecrest Drive	99-00			
25	Merced Heights Playground	Byxbee/Shields	99-00			
26	Miraloma Playground	Omar/Sequoia Ways	99-00			
27	Silver Terrace Playground	Silver Avenue/Bayshore	99-00			
28	Gene Friend Rec. Center	Folsom/Harriet/6th	99-00			
29	South Sunset Playground	40th Avenue/Vicente	99-00			
30	Potrero Hill Recreation Center	22nd/Arkansas	99-00			
31	Rochambeau Playground	24th Avenue/Lake Street	00-01, 09-10	No abatement needed.		
33	Cow Hollow Playground	Baker/Greenwich	00-01; 09-10			
34	West Portal Playground	Ulloa/Lenox Way	00-01	No abatement needed		
35	Moscone Recreation Center	Chestnut/Buchanan	00-01			
36	Midtown Terrace Playground	Clarendon/Olympia	00-01	No abatement needed		
37	Presidio Heights Playground	Clay/Laurel	00-01			
38	Tenderloin Children's Rec. Ctr.	560/570 Ellis Street	00-01			
39	Hamilton Rec Center	Geary/Steiner	00-01	Note that the Rec. Center part of the facility is new (2010)		
41	Margaret S. Hayward Playground	Laguna, Turk	00-01			
43	Saint Mary's Recreation Center	Murray St./Justin Dr.	00-01			
44	Fulton Playground	27th Avenue/Fulton	00-01			
45	Bernal Heights Recreation Center	Moultrie/Jarboe	00-01	No abatement needed		
46	Douglass Playground	Upper/26th Douglass	00-01			
47	Garfield Square	25th/Harrison	00-01			
48	Woh Hei Yuen	1213 Powell	00-01			
49	Father Alfred E. Boeddeker Park	Ellis/Taylor/Eddy/Jones	00-01			
50	Gilman Playground	Gilman/Griffiths	00-01			X
51	Grattan Playground	Stanyan/Alma	00-01	No abatement needed		
52	Hayes Valley Playground	Hayes/Buchanan	00-01			
53	Youngblood Coleman Playground	Galvez/Mendell	00-01			X
55	Angelo J. Rossi Playground (and Pool)	Arguello Blvd./Anza	00-01			
56	Carl Larsen Park (and Pool)	19th/Wawona	00-01			
57	Sunnyside Playground	Melrose/Edna	00-01	No abatement needed		
58	Balboa Park (and Pool)	Ocean/San Jose	00-01	Includes Matthew Boxer stadium		X
59	James Rolph Jr. Playground	Potrero Ave./Army Street	00-01, 02-03	This was originally supposed to be Rolph-Nicol (Eucalyptus) Park in 02-03, but the consultant surveyed the wrong site.		X
60	Louis Sutter Playground	University/Wayland	00-01			
61	Richmond Playground	18th Avenue/Lake Street	00-01			
62	Joseph Lee Recreation Center	Oakdale/Mendell	00-01			
63	Chinese Recreation Center	Washington/Mason	00-01			
64	McLaren Park	Visitacion Valley	06-07		05-06	
65	Mission Dolores Park	18th/Dolores	06-07	No abatement needed	05-06	
66	Bernal Heights Park	Bernal Heights Blvd.	01-02	No abatement needed		
67	Cayuga/Lamartine-Mini Park	Cayuga/Lamartine	01-02, 09-10	No abatement needed		
68	Willie Woo Wong PG	Sacramento/Waverly	01-02, 09-10	No abatement needed.		
70	Joseph L. Alioto Performing Arts Piazza	Grove/Larkin	01-02	No abatement needed		

Status Report for RPD Sites

Priority	Facility Name	Location	Completed	Notes	Retest	Entered in FLOW Program
71	Collis P. Huntington Park	California/Taylor	01-02			
72	South Park	64 South Park Avenue	01-02			
73	Alta Plaza Park	Jackson/Steiner	01-02			
74	Bay View Playground (and Pool)	3rd/Armstrong	01-02	No abatement needed		
75	Chestnut/Kearny Open Space	NW Chestnut/Kearny	01-02	No survey done; structures no longer exist.		
76	Raymond Kimbell Playground	Pierce/Ellis	01-02			
77	Michelangelo Playground	Greenwich/Jones	01-02			
78	Peixotto Playground	Beaver/15th Street	01-02	No abatement needed		
80	States St. Playground	States St./Museum Way	01-02			
81	Adam Rogers Park	Jennings/Oakdale	01-02	No abatement needed		
82	Alamo Square	Hayes/Steiner	01-02			
83	Alioto Mini Park	20th/Capp	01-02	No abatement needed		
84	Beideman/O'Farrell Mini Park	O'Farrell/Beideman	01-02	No abatement needed		
85	Brooks Park	373 Ramsell	01-02	No abatement needed		
86	Buchanan St. Mall	Buchanan betw. Grove & Turk	01-02	No abatement needed		
87	Buena Vista Park	Buena Vista/Haight	01-02			
88	Bush/Broderick Mini Park	Bush/Broderick	01-02			
89	Cottage Row Mini Park	Sutter/E. Fillmore	01-02			
90	Franklin Square	16th/Bryant	01-02			
91	Golden Gate Heights Park	12th Ave./Rockridge Dr.	01-02			
92	Hilltop Park	La Salle/Whitney Yg. Circle	01-02	No abatement needed		
93	Lafayette Park	Washington/Laguna	01-02			
94	Julius Kahn Playground	Jackson/Spruce	01-02			
95	Jose Coronado Playground	21st/Folsom	02-03	As of 10/10/02 as per Capital Program Director, G. Hoy, there are no current plans for renovation		
96	Golden Gate Park (playgrounds)	Fell/Stanyan	05-06			
97	Washington Square	Filbert/Stockton	02-03	No abatement needed. Children's play area and bathrooms to be renovated in 3/04.		
98	McCoppin Square	24th Avenue/Taraval	02-03	As of 10/10/02 as per Gary Hoy, no current plans for renovation		
99	Mountain Lake Park	12th Avenue/Lake Sreet	02-03	As of 10/10/02 as per Gary Hoy, no current plans for renovation		
100	Randolph/Bright Mini Park	Randolph/Bright	02-03	No abatement needed. As of 10/10/02 Capital Program Director indicates no current plans for renovation		
101	Visitacion Valley Greenway	Campbell Ave./E. Rutland	02-03	No abatement needed. Renovation scheduled 3/04.		
102	Utah/18th Mini Park	Utah/18th Street	02-03	No abatement needed. As of 10/10/02 Capital Program Director indicates no current plans for renovation		
103	Palou/Phelps Park	Palou at Phelps	02-03	No abatement needed. Renovation occurred Summer 2003. Marvin Yee was project mgr. No lead survey/abatement rpt in RPD files.		

Status Report for RPD Sites

Priority	Facility Name	Location	Completed	Notes	Retest	Entered in FLOW Program
104	Coleridge Mini Park	Coleridge/Esmeralda	02-03	No abatement needed. As of 10/10/02 Capital Program Director indicates no current plans for renovation		
105	Lincoln Park (includes Golf Course)	34th Avenue/Clement	02-03	Renovation scheduled 9/04		
106	Little Hollywood Park	Lathrop-Tocoloma	02-03	No abatement needed. Renovation scheduled 9/04		
107	McKinley Square	20th/Vermont	02-03	No abatement needed. As of 10/10/02 Capital Program Director indicates no current plans for renovation		
109	Noe Valley Courts	24th/Douglass	02-03	No abatement needed. As of 10/10/02 Capital Program Director indicates no current plans for renovation		
110	Parkside Square	26th Avenue/Vicente	02-03	Children's play area and bathrooms to be renovated in 9/03.		
111	Portsmouth Square	Kearny/Washington	02-03	No abatement needed. As of 10/10/02 Capital Program Director indicates no current plans for renovation		
112	Potrero del Sol	Potrero/Army	02-03	No abatement needed, renovation scheduled 9/04		
113	Potrero Hill Mini Park	Connecticut/22nd Street	02-03	Renovation scheduled 9/04		
114	Precita Park	Precita/Folsom	02-03	No abatement needed. As of 10/10/02 Capital Program Director indicates no current plans for renovation		
115	Sgt. John Macaulay Park	Larkin/O'Farrell	02-03	No abatement needed. As of 10/10/02 Capital Program Director indicates no current plans for renovation		
116	Sigmund Stern Recreation Grove	19th Avenue/Sloat Blvd.	04-05	As of 10/10/02 Capital Program Director indicates no current plans for renovation. Funding expired; will complete in FY04-05		
117	24th/York Mini Park	24th/York/Bryant	02-03	Completed as part of current renovation in December 2002, Renovation scheduled 3/04.		
118	Camp Mather	Mather, Tuolumne County	04-05			X
119	Hyde/Vallejo Mini Park	Hyde/Vallejo	02-03	No abatement needed. As of 10/10/02 Capital Program Director indicates no current plans for renovation		
120	Juri Commons	San Jose/Guerrero/25th	05-06			
121	Kelloch Velasco Mini Park	Kelloch/Velasco	02-03	No abatement needed. Children's play area scheduled for renovation on 9/04		
122	Koshland Park	Page/Buchanan	02-03	No abatement needed. As of 10/10/02 Capital Program Director indicates no current plans for renovation		

Status Report for RPD Sites

Priority	Facility Name	Location	Completed	Notes	Retest	Entered in FLOW Program
123	Head/Brotherhood Mini Park	Head/Brotherwood Way	02-03	No abatement needed. As of 10/10/02 Capital Program Director indicates no current plans for renovation		
124	Walter Haas Playground	Addison/Farnum/Beacon	02-03	Capital Projects to renovate in Spring 2003. Mauer is PM		
125	Holly Park	Holly Circle	02-03	Renovation planned to begin 4/03; Judi Mosqueda from DPW is PM		
126	Page-Laguna-Mini Park	Page/Laguna	04-05	No abatement needed		
127	Golden Gate/Steiner Mini Park	Golden Gate/Steiner		No Facility, benches only		
128	Tank Hill	Clarendon/Twin Peaks	04-05	No abatement needed		
129	Rolph Nicol Playground	Eucalyptus Dr./25th Avenue	04-05	No abatement needed		
130	Golden Gate Park	Carrousel	05-06			
131	Golden Gate Park	Tennis Court	05-06			
132	Washington/Hyde Mini Park	Washington/Hyde	04-05	No abatement needed		
133	Ridgetop Plaza	Whitney Young Circle	05-06	No abatement needed		
134	Golden Gate Park	Beach Chalet	06-07	No abatement needed		
135	Golden Gate Park	Polo Field	06-07			
136	Sharp Park (includes Golf Course)	Pacifica, San Mateo Co.	06-07			
137	Golden Gate Park	Senior Center	06-07			X
139	Stow Lake Boathouse	Golden Gate Park	06-07, 11-12	CLPP survey and clean-up completed in FY06-07. Site revisited in FY11-12 in conjunction with site maintenance work. Clearance for occupancy received and working closing out project financials with DPW.		
140	Golden Gate Park	County Fair Building	06-07	No abatement needed		
141	Golden Gate Park	Sharon Bldg.	07-08			
143	Allyne Park	Gough/Green	06-07	No abatement needed		
144	DuPont Courts	30th Ave./Clement	07-08			
145	Golden Gate Park	Big Rec	07-08			
146	Lower Great Highway	Sloat to Pt. Lobos	07-08			
148	Yacht Harbor and Marina Green	Marina	06-07, 07-08	Includes Yacht Harbor, Gas House Cover, 2 Yacht Clubs and Marina Green		
149	Palace of Fine Arts	3601 Lyon Street	09-10	No abatement needed.		
150	Telegraph Hill/Pioneer Park	Telegraph Hill	09-10	Clean-up responsibility transferred to Capital and Planning for incorporation into larger project at site.		
151	Saint Mary's Square	California Street/Grant	09-10	No abatement needed.		

Status Report for RPD Sites

Priority	Facility Name	Location	Completed	Notes	Retest	Entered in FLOW Program
152	Union Square	Post/Stockton	09-10	No abatement needed.		
153	Golden Gate Park	Angler's Lodge	07-08			
154	Golden Gate Park	Bandstand	07-08	No abatement needed		
155	Golden Gate Park	Bowling Green	07-08	Retested 4/09; 16 ppb first draw, still in program		X
156	Golden Gate Park	Conservatory	08-09	No abatement needed.		
157	Golden Gate Park	Golf Course	09-10			
158	Golden Gate Park	Kezar Stadium	07-08			X
159	Golden Gate Park	Nursery	09-10	No abatement needed		X
160	Golden Gate Park	Stables	na	Being demolished. Hazard assessment already completed by Capital.		
161	Golden Gate Park	McLaren Lodge	01-02, 02-03	Done out of order. Was in response to release/spill. See File 565.		
162	Corona Heights (and Randall Museum)	16th/Roosevelt	00-01	Randall Museum used to be separate, but in TMA, Randall is part of Corona Heights, so the two were combined 6/10.		
163	Laurel Hill Playground	Euclid & Collins	10-11			
164	Selby/Palou Mini Park	Selby & Palou	10-11	No abatement needed		
165	Prentiss Mini Park	Prentiss/Eugenia	10-11	No abatement needed		
166	Lessing/Sears Mini Park	Lessing/Sears	10-11	No abatement needed		
167	Muriel Leff Mini Park	7th Avenue/Anza	10-11	No abatement needed		
168	10th Avenue/Clement Mini Park	Richmond Library	10-11	No abatement needed		
169	Turk/Hyde Mini Park	Turk & Hyde	10-11	No abatement needed		
170	Exploratorium (and Theater)	3602 Lyon Street	13-14	Eight metal doors with loose and peeling paint were cleaned up; one water source shut off indefinitely.		
New Facilities: These facilities not to be included in CLPP survey as they were built after 1978.						
	Alice Marble Tennis Courts	Greenwich/Hyde		Not owned by RPD. PUC demolished in 2003 and all will be rebuilt.		
	Richmond Rec Center	18th Ave./Lake St./Calif.		New facility		
	Visitacion Valley Playground	Cora/Leland/Raymond		Original building clubhouse and PG demolished in 2001. Facility is new.		
	King Pool	3rd/Armstrong		New facility		
	Patricia's Green in Hayes Valley	Hayes & Octavia		Built in 2005		
	India Basin Shoreline Park	E. Hunters Pt. Blvd.		Built in 2003		
	Parque Ninos Unidos	23rd and Folsom		Built in 2004		
	Victoria Manolo Draves Park	Folsom & Sherman		Built in 2006		
	Aptos Playground	Aptos/Ocean Avenue		Site demolished and rebuilt in 2006		

From: McGuire, Kristen on behalf of Reports, Controller
Sent: Monday, February 10, 2014 1:45 PM
To: Calvillo, Angela; BOS-Supervisors; BOS-Legislative Aides; Nevin, Peggy; Kawa, Steve; Howard, Kate; Falvey, Christine; Elliott, Jason; Campbell, Severin; Newman, Debra; sfdocs@sfpl.info; gmetcalf@spur.org; Steeves, Asja; Con, Performance; CON-PERF DEPT CONTACTS; Robertson, Bruce; millsapsmel@yahoo.com; CON-EVERYONE; CON-CCSF Dept Heads; CON-Finance Officers
Subject: Issued: Controller's Office Government Barometer – Quarter 2, Fiscal Year 2014

The Office of the Controller has issued the Government Barometer: Quarter 2, Fiscal Year 2014. The Government Barometer is published as an interactive website at sfgovbar.weebly.com. Users can view trends, adjust timelines, and build their own charts using any of the Government and Economic Barometer measures.

The purpose of the Barometer is to share key performance and activity information with the public in order to increase transparency, create dialog, and build the public's confidence regarding the City's management of public business. The report lists measures in major service areas, such as public safety, health and human services, and streets and public works.

To view the full report, please visit the Government Barometer online tool at: sfgovbar.weebly.com. The PDF version of the report can be accessed at <http://openbook.sfgov.org/webreports/details3.aspx?id=1663>, or on the Controller's website (<http://www.sfcontroller.org/>) under the News & Events section and on the Citywide Performance Measurement Program website (www.sfgov.org/controller/performance) under the Performance Reports section.

For more information please contact:

Office of the Controller
City Services Auditor Division
Phone: 415-554-7463
Email: Performance.con@sfgov.org

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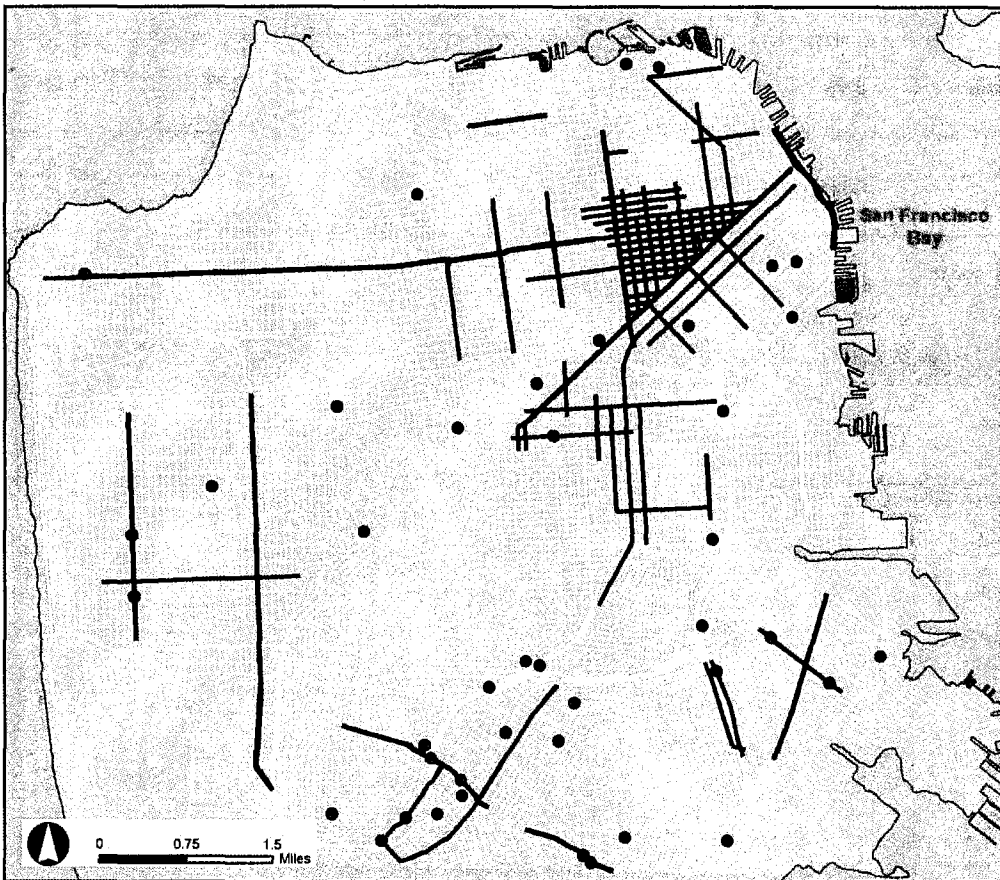
Summary

The Office of the Controller’s Citywide Performance Measurement Team collects performance data from City departments on a quarterly basis in order to increase transparency, create dialogue, and build the public’s confidence regarding the City’s management of public business. Measures are listed according to major service areas, such as public safety, health and human services, streets and public works, public transit, recreation, environment, and customer service. Select measures of interest are highlighted below.

Measure Highlights: Pedestrian Safety and the WalkFirst Initiative

Pedestrians are the most vulnerable road users in San Francisco, on average, 100 people are severely injured or killed in traffic collisions every year. The map below depicts High Injury Corridors, streets where high numbers of pedestrian injuries occur. Though these 70 miles represent only six percent of San Francisco’s street miles, High Injury Corridors are the location of 60 percent of severe and fatal injuries. The map also denotes High Injury Intersections, areas that are not corridors but have specific challenges that warrant special attention. Seventy percent of pedestrian injuries occur at intersections; the top cited factor is driver failure to yield to pedestrian right of way. In particular, 25 percent of pedestrians injured in San Francisco are hit by a left-turning vehicle, more than twice the proportion of people hit by vehicles turning right (10%).

Pedestrian High Injury Corridors and Intersections



San Francisco’s pedestrian strategy aims to reduce serious pedestrian related injuries and fatalities by 50% in seven years through comprehensive actions and performance measures that make city streets safer and more walkable. WalkFirst, a partnership among City agencies including the SFMTA, Planning Department, Department of Public Health, and Controller’s Office, is a data-driven initiative that will prioritize five years of capital improvements to support pedestrian strategy goals.

Following public outreach, engagement and technical analysis performed in late 2013, the WalkFirst team will present proposals for pedestrian safety improvements in spring 2014. This effort will address neighborhood injury inequities,

- High Injury Corridors
- High Injury/Pedestrian Volume
- High Injury

improve walking conditions for seniors and people with disabilities, and develop effective strategies to reduce pedestrian injury.

To learn more about the WalkFirst initiative, visit walkfirst.sfplanning.org.

City and County of San Francisco
 Controller's Office
 Government Barometer
 Quarter 2



Activity or Performance Measure	Rolling	Prior	Current	Period-to-Period		Year-to-Year	
	Yearly	Period	Period	% Change	Trend	% Change	Trend
Average	Average	Average	% Change	Trend	% Change	Trend	
Public Safety							
Total number of serious violent crimes reported (homicide, forcible rape, robbery, and aggravated assault, per 100,000 population)	80.6	100.1	72.1	-28.0%		-6.2%	
→ The total number of serious violent crimes reported has decreased by 28.0% since the previous quarter and 6.2% since the same quarter of the previous year.							
Total number of serious property crimes reported (burglary, larceny-theft, motor vehicle theft, and arson, per 100,000 population)	466.5	590.3	466.5	-21.0%		2.9%	
Average daily county jail population	1,428	1,382	1,281	-7.3%		-15.1%	
→ The average daily county jail population has continued to decline, decreasing by 7.3% since the previous quarter and 15.1% since the same quarter of the previous year.							
Total active probationers	5,377	5,314	5,136	-3.4%		-10.8%	
Percentage of 9-1-1 calls answered within 10 seconds	83%	80%	80%	0.4%		-7.7%	
Average 9-1-1 daily call volume	1,553	1,640	1,563	-4.7%		0.1%	
Percentage of fire/medical emergency calls responded to within 5 minutes	88.4%	88.1%	87.0%	-1.3%		-3.6%	
Health and Human Services							
Average daily population of San Francisco General Hospital	338	327	312	-4.6%		-13.9%	
→ The average daily population of San Francisco General Hospital has decreased by 4.6% since the previous quarter and 13.9% since the same quarter of the previous year.							
Average daily population of Laguna Honda Hospital	761	766	764	-0.2%		1.2%	
Total number of Healthy San Francisco participants	49,094	49,441	46,192	-6.6%		2.2%	
Current active CalWORKs caseload	4,379	4,333	4,339	0.1%		-3.3%	

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 Quarter 2



Activity or Performance Measure	Rolling	Prior	Current	Period-to-Period		Year-to-Year	
	Yearly	Period	Period	% Change	Trend	% Change	Trend
	Average	Average	Average				
Current active County Adult Assistance Program (CAAP) caseload	6,370	6,380	5,964	-6.5%		-11.4%	
<p>→ The current active County Adult Assistance Program (CAAP) caseload has decreased by 6.5% since the previous quarter and by 11.4% since the same quarter of the previous year.</p>							
Current active Non-Assistance Food Stamps (NAFS) caseload	27,285	27,162	27,577	1.5%		0.0%	
Percentage of all available homeless shelter beds used	96%	96%	96%	-0.3%		0.0%	
Average nightly homeless shelter bed use	1,100	1,139	1,087	-4.6%		-0.2%	
Total number of children in foster care	1,064	1,051	1,044	-0.7%		-4.9%	

Streets and Public Works

Volume of graffiti (public)	838	684	891	30.2%		72.9%	
Volume of graffiti (private)	1,342	1,375	1,159	-15.7%		7.0%	
Volume of street cleaning requests	4,584	3,558	2,884	-19.0%		-48.1%	
<p>→ The volume of street cleaning requests handled by DPW has decreased by 19.0% since the previous quarter and by 48.1% since the same quarter of the previous year. The decrease does not reflect a reduction of requests but is a result of DPW entering into a new Recology contract that shifts responsibility for illegal dumping from DPW to Recology.</p>							
Percentage of street cleaning requests responded to within 48 hours	93.0%	96.1%	94.7%	-1.5%		4.3%	
Percentage of graffiti requests on public property responded to within 48 hours	97.6%	99.5%	94.9%	-4.7%		2.4%	

Public Transit

Percentage of Muni buses and trains that adhere to posted schedules	59.7%	59.9%	58.1%	-2.9%		-0.1%	
Average daily number of Muni customer complaints regarding safety, negligence, discourtesy, and service delivery	40.3	43.1	43.7	1.4%		10.8%	

City and County of San Francisco
 Controller's Office
 Government Barometer
 Quarter 2



Activity or Performance Measure	Rolling Yearly Average	Prior Period Average	Current Period Average	Period-to-Period		Year-to-Year	
				% Change	Trend	% Change	Trend
Recreation, Arts, and Culture							
Average score of parks inspected using park maintenance standards	91.7%	91.6%	91.6%	0.0%		0.4%	
Total number of individuals currently registered in recreation courses	11,289	12,895	9,731	-24.5%		14.0%	
Total number of park facility (picnic tables, sites, recreation facilities, fields, etc.) bookings	6,604	6,683	6,502	-2.7%		17.3%	
<p>→ Total number of park facility bookings has decreased by 2.7% since the previous quarter yet increased by 17.3% since the same quarter of the previous year, which may be attributable to the unseasonably warm weather during the winter months.</p>							
Total number of visitors at public fine art museums (Asian Art Museum, Legion of Honor, and de Young)	170,408	169,129	139,324	-17.6%		23.1%	
Total circulation of materials at main and branch libraries	923,686	949,099	877,503	-7.5%		-1.5%	
Environment, Energy, and Utilities							
Average monthly energy usage per SFPUC street light (kilowatt hours)	53.3	43.9	43.8	-0.2%		-22.6%	
<p>→ Average monthly energy usage per SFPUC street light (kilowatt hours) has decreased by 0.2% since the previous quarter and by 22.6% since the same quarter of the previous year.</p>							
Per capita water sold to San Francisco residential customers (gallons per capita per day)	49.3	50.4	48.7	-3.4%		-2.3%	
Average monthly water use by City departments (in millions of gallons)	142.9	148.4	149.1	0.5%		12.5%	
<p>→ Average monthly water use by City departments has increased by 0.5% since the previous quarter and by 12.5% since the same quarter of the previous year.</p>							
Average monthly energy usage by City departments (in million kilowatt hours)	72.6	72.9	73.2	0.5%		1.8%	
Average workday tons of trash going to primary landfill	1400.7	1434.3	1383.8	-3.5%		2.5%	
Percentage of curbside refuse diverted from landfill	58.8%	58.7%	58.8%	0.1%		-0.5%	

City and County of San Francisco
 Controller's Office
 Government Barometer
 Quarter 2



Activity or Performance Measure	Rolling	Prior	Current	Period-to-Period		Year-to-Year	
	Yearly	Period	Period	% Change	Trend	% Change	Trend
Average	Average	Average	% Change	Trend	% Change	Trend	
Permitting and Inspection							
Value (estimated cost, in millions) of construction projects for which new building permits were issued	\$223.9	\$371.0	\$205.2	-44.7%		370.6%	
Percentage of all building permits involving new construction and major alterations review that are approved or disapproved within 90 days	61%	66%	58%	-12.6%		4.8%	
<p>→ Percentage of building permits involving new construction and major alterations review that are approved or disapproved within 90 days has decreased by 12.6% since the previous quarter and increased by 4.8% since the same quarter of the previous year. Staff increases coupled with unprecedented application volumes have resulted in relatively stable though not-yet improved processing times.</p>							
Percentage of categorical exemptions (California Environmental Quality Act) reviewed within 45 days	77%	70%	74%	5.2%		-15.0%	
Percentage of life hazard or lack of heat complaints responded to within one business day	90%	93%	92%	-1.1%		-6.8%	
Percentage of customer-requested construction permit inspections completed within two business days of requested date	97%	96%	96%	-0.9%		-1.2%	
Customer Service							
Average daily number of 311 contacts, across all contact channels	5,382	5,348	5,180	-3.2%		-4.0%	
Percentage of 311 calls answered by call takers within 60 seconds	73%	71%	76%	8.2%		9.3%	
<p>→ The percentage of 311 calls answered by call takers within 60 seconds has increased by 8.2% since the previous quarter and 9.3% since the same quarter of the previous year. The increase in service level is due to additional as needed staff.</p>							

Notes:
 The Government Barometer is issued four times a year. Each report will include new data from the prior three months.
 The Rolling Yearly Average is the average of monthly values for the most recent month and 11 months prior (e.g., the average of November 2012 to December 2013).
 The Prior Period Average value reflects the average of the three months prior to the Current Period (e.g. for the December 2013 report: July, August, September 2013).
 The year-to-year change reflects the change since the same period last year (e.g., October-December 2013 compared to October-December 2012).
 Trend lines are made up of monthly data provided by departments. The scale of the trend lines can give the appearance of major changes to small fluctuations.
 For additional detail on measure definitions and department information, please review the Government Barometer Measure Details at [http://sfgovbar.weebly.com](#).
 Values for prior periods (e.g. July-September 2013) may be revised in this report relative to their original publication.

To prepare this report, the Citywide Performance Measurement Program has used performance data supplied by City Departments. The Departments are responsible for ensuring that such performance data is accurate and complete. Although the Citywide Performance Measurement Program has reviewed the data for overall reasonableness and consistency, the Program has not audited the data provided by the Departments.

**CONTROLLER'S OFFICE
CITY SERVICES AUDITOR**

The City Services Auditor was created within the Controller's Office through an amendment to the City Charter that was approved by voters in November 2003. Under Appendix F to the City Charter, the City Services Auditor has broad authority for:

- Reporting on the level and effectiveness of San Francisco's public services and benchmarking the city to other public agencies and jurisdictions.
- Conducting financial and performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of processes and services.
- Operating a whistleblower hotline and website and investigating reports of waste, fraud, and abuse of city resources.
- Ensuring the financial integrity and improving the overall performance and efficiency of city government.

About the Government Barometer:

The purpose of the Government Barometer is to share key performance and activity information with the public in order to increase transparency, create dialog, and build the public's confidence regarding the City's management of public business. The report lists measures in major service areas, such as public safety, health and human services, streets and public works, public transit, recreation, environment, and customer service. This is a recurring report. The Quarter 3, FY2014 report is scheduled to be issued in late April 2014.

For more information, please contact the Office of the Controller, City Services Auditor Division.

Phone: 415-554-7463

Email: Performance.con@sfgov.org

Internet: sfgovbar.weebly.com

Program Team

Peg Stevenson, Director
Kyle Burns, Program Lead
Sherman Luk, System Lead
Jennifer Tsuda, Senior Performance Analyst
Wylie Timmerman, Senior Performance Analyst
Celeste Berg, City Hall Fellow
Faran Sikandar, City Hall Fellow
Department Performance Measurement Staff

To: BOS-Supervisors
Subject: Treatment on Demand Report
Attachments: TOD letter to City Clerk 2014.doc; ATT00001.htm; Prop T Report 2014 ag.doc; ATT00002.htm

From: Alice A Gleghorn <alice.gleghorn@sfdph.org>
Date: February 3, 2014 at 12:45:36 PM PST
To: Angela.Calvillo <Angela.Calvillo@sfgov.org>
Subject: Treatment on Demand Report

Attached please find the annual required report.

(See attached file: TOD letter to City Clerk 2014.doc)(See attached file: Prop T Report 2014 ag.doc)

If you have any questions, please contact me at the number below.

Alice Gleghorn, Ph.D.
Community Programs Privacy Officer and
County Alcohol and Drug Administrator
San Francisco Department of Public Health
Community Behavioral Health Services
1380 Howard Street, 4th Floor
San Francisco, CA 94103
(415) 255-3722 Phone
(415) 255-3529 Fax

This e-mail is intended for the recipient only. If you receive this e-mail in error, notify the sender and destroy the e-mail immediately. Disclosure of the PHI contained herein may subject the discloser to civil or criminal penalties under state and federal privacy laws.



San Francisco Department of Public Health

Community Behavioral Health

Edwin M. Lee
Mayor

Feb 1, 2014

Angela Calvillo
Clerk of the Board
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689

RE: Treatment on Demand Assessment

Dear Ms. Calvillo:

As required by Section 19A.30 of the San Francisco Administrative Code, the Department of Public Health reports annually to the Board of Supervisors an assessment of the demand for substance abuse treatment.

Please accept and file this report, as enclosed. If you have any questions, please call me at 255-3722.

Sincerely,

Alice Gleghorn, Ph.D.
County Alcohol and Drug Administrator
Community Behavioral Health Services
1380 Howard Street #423
San Francisco, CA 94103

(415) 255-3722
Alice.gleghorn@sfdph.org

Department of Public Health – Community Programs

Jim Stillwell, Deputy Director – james.stillwell@sfdph.org – (415) 255-3717

• Community Behavioral Health Services: Mental Health & Substance Abuse •

1380 Howard St., 4th Floor, San Francisco, CA 94103 Phone: (415) 255-3500 Fax: (415) 255-3529



City and County of San Francisco
Department of Public Health
COMMUNITY PROGRAMS
COMMUNITY BEHAVIORAL HEALTH SERVICES

February 1, 2014

AVAILABILITY OF SUBSTANCE ABUSE TREATMENT IN SAN FRANCISCO

The Department of Public Health, Community Behavioral Health Services, funds, supports and oversees a broad network of approximately 45 community-based substance abuse treatment programs. The funded capacity for FY 2013-2014 is listed below and reflects stable capacity for Residential detox beds, and slightly increased capacity for all other listed services.

<u>Treatment Modality</u>	<u>Funded Capacity</u>	<u>2012-13</u>	<u>2013-14</u>
Residential Treatment, BEDS		326	328
Residential Detox BEDS		59	59
Outpatient & Day Treatment, and Case Mgt			
Unduplicated Clients Per Year		9,263	9,330
Opioid Replacement; methadone, Buprenorphine			
Unduplicated Clients Per Year		3,600	3,613

Three of the modalities listed above (Residential, outpatient and methadone) have been included as expanded Drug MediCal reimbursable services under the Affordable Care Act (ACA) by the California Department of Health Care Services. ACA will allow a significant number of newly eligible individuals (primarily low income single childless adults) to be enrolled in the state MediCal plan. The majority of these clients will receive treatment with 100% federal funding. Therefore, we anticipate expanded numbers of clients to be served in 2014, and increased numbers of providers to become Drug MediCal certified to serve this population.

CALIFORNIA DRUG ABUSE TREATMENT ACCESS REPORTING SYSTEM (DATAR)

Each certified drug/alcohol treatment provider is required to make monthly reports to the state through the Drug Abuse Treatment Access Reporting (DATAR) System at the end of every month. The summary reports give some indication of the status of treatment demand. For the month of December 2013, the DATAR summary report for San Francisco showed:

<u>Treatment Modality</u>	<u>Slots Open at End of the Month</u>	<u>Clients Waiting</u>
Residential Treatment	61	5
Residential Detoxification	15	0
Outpatient Treatment	9	10
Opioid Replacement Treatment	476	0

Note: Methadone slots are readily available for clients with Medi-Cal or who can afford to pay fees. The County-funded low cost/no cost slots are routinely 98%+ full, but there is rarely a waiting list. Buprenorphine treatment is also available at no cost to indigent San Francisco residents through the Integrated Buprenorphine Intervention Service (IBIS) that provides care at the DPH system of Primary Care clinics (including HIV and Housing and Urban Health), mental health clinics, substance abuse treatment programs, and the OBIC medication initiation clinic.

The IBIS program active census is approximately 200, with no wait for treatment, serving @457 unduplicated clients per year.

For residential and outpatient treatment, the simultaneous existence of open slots and a waiting list is due to the neighborhood locations, cultural specificity of programs, and client preferences, as well as the time delay between client notification and client registration. The large number of opiate open slots reflects providers expanding their service availability in anticipation of the implementation of the Affordable Care Act on January 1, 2014. Several methadone providers have already applied for and received increased state-licensed treatment slots to prepare to enroll newly eligible MediCal recipients needing care.

**OFFICE OF HISTORIC PRESERVATION
DEPARTMENT OF PARKS AND RECREATION**

P.O. BOX 942896
SACRAMENTO, CA 94296-0001
(916) 445-7000 Fax: (916) 445-7053
calshpo@parks.ca.gov



RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2014 FEB -5 PM 4:17
BY

January 31, 2014

City and County Board of Supervisors
Angela Calvillo
Clerk of Board of Supervisors
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94105

RE: Mutual Savings Bank Building Listing on the
National Register of Historic Places

Dear Board of Supervisors:

I am pleased to notify you that on January 22, 2014, the above-named property was placed on the National Register of Historic Places (National Register). As a result of being placed on the National Register, this property has also been listed in the California Register of Historical Resources, pursuant to Section 4851(a)(2) of the Public Resources Code.

Placement on the National Register affords a property the honor of inclusion in the nation's official list of cultural resources worthy of preservation and provides a degree of protection from adverse effects resulting from federally funded or licensed projects. Registration provides a number of incentives for preservation of historic properties, including special building codes to facilitate the restoration of historic structures, and certain tax advantages.

There are no restrictions placed upon a private property owner with regard to normal use, maintenance, or sale of a property listed in the National Register. However, a project that may cause substantial adverse changes in the significance of a registered property may require compliance with local ordinances or the California Environmental Quality Act. In addition, registered properties damaged due to a natural disaster may be subject to the provisions of Section 5028 of the Public Resources Code regarding demolition or significant alterations, if imminent threat to life safety does not exist.

If you have any questions or require further information, please contact the Registration Unit at (916) 445-7008.

Sincerely,

Carol Roland-Nawi, Ph.D.

Carol Roland-Nawi
State Historic Preservation Officer

Enclosure: National Register Notification of Listing

January 31, 2013

The Director of the National Park Service is pleased to send you the following announcements and actions on properties for the National Register of Historic Places. For further information contact Edson Beall via voice (202) 354-2255, or E-mail: <Edson_Beall@nps.gov>

This and past Weekly Lists are also available here: <http://www.nps.gov/history/nr/nrlist.htm>

Our physical location address is:

National Park Service 2280, 8th floor
National Register of Historic Places
1201 "I" (Eye) Street, NW,
Washington D.C. 20005

WEEKLY LIST OF ACTIONS TAKEN ON
PROPERTIES: 1/21/14 THROUGH 1/24/14

KEY: State, County, Property Name, Address/Boundary, City, Vicinity,
Reference Number, NHL, Action, Date, Multiple Name

CALIFORNIA, MENDOCINO COUNTY,
Seabiscuit's Stud Barn,
16200 N. US 101,
Willits, 13001108,
LISTED, 1/22/14

CALIFORNIA, SAN FRANCISCO COUNTY,
Mutual Savings Bank Building,
700 Market St.,
San Francisco, 13001107,
LISTED, 1/22/14

BOS-11

From: Ryerson, Olga [olga.ryerson@sfgov.org]
Sent: Monday, February 10, 2014 2:35 PM
To: Ryerson, Olga
Subject: Mayor's Executive Directive 14-01; Water Conservation - City Departments
Attachments: Executive Directive 14-01.pdf

Importance: High

Dear Department Heads:

Attached please find Mayor Ed Lee's Executive Directive 14-01; Water Conservation – City Departments.

Thank you,

Olga

Olga A. Ryerson
Confidential Secretary to the Mayor
City & County of San Francisco
City Hall, Room 200
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Phone: (415) 554-6910
Fax: (415) 554-6113

46



Executive Directive 14-01
Water Conservation – City Departments
February 10, 2014

San Francisco is a leader in using water wisely. Our citizens have some of the lowest water use in California, and the City has taken steps to help residents and businesses become even more efficient in their water use. In 2009, the City and County of San Francisco passed two water conservation ordinances for residential and commercial properties to install high-efficiency plumbing fixtures. The San Francisco Public Utilities Commission (SFPUC) offers financial incentives and technical assistance to replace inefficient plumbing fixtures for retail water customers. Additionally, San Francisco is diversifying our water supply by developing groundwater and recycled water.

Snowmelt from the Sierra Nevada is the primary drinking water source for 2.6 million people in the Bay Area. In 2013, California experienced one of the driest years on record, setting the stage for reduced water storage levels and possible first year drought conditions. These conditions have persisted in 2014, which could be the driest water year in the state's history. Precipitation has been less than 10 percent of normal so far for the year. After two years of below-average rainfall in California, Governor Jerry Brown declared a statewide drought in January 2014.

Given the current conditions in California, the City and County of San Francisco is requesting its water customers to reduce overall water consumption by 10 percent. Reducing water usage is essential to stretching our water supplies during this time of drought.

City agencies have made great strides to use less water. Since the last period of voluntary rationing in 2007, water use by City departments has declined by 22%. While many departments have implemented water conservation measures, there is still room to improve and save more water. Therefore, with this Executive Directive, I am outlining actions City departments should pursue to further reduce their consumption of water.

Further reduce consumption by 10 percent. All departments are directed to take steps immediately to reduce their water consumption with a goal of achieving a 10 percent reduction. Department heads are requested to report innovative conservation strategies to the SFPUC (contacts below) for the purpose of sharing best practices with other Departments. This reporting will be voluntary.

Develop a Water Conservation Plan. By August 1, 2014 all departments shall develop a Water Conservation Plan that includes:

- A departmental contact for water conservation efforts.
- An inventory of all departmental plumbing fixtures and their flow rates, including toilets, urinals, faucets, and showerheads.
- Timeline for retrofitting inefficient plumbing fixtures with high-efficiency models.
- A list of best management practices that departments will implement to achieve water-efficient operations and maintenance of parks, medians and other irrigated landscapes.

Executive Directive 14-01
Water Conservation – City Departments
February 10, 2014

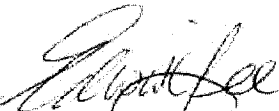
Educate staff and visitors on water conservation practices. Effective immediately, all departments shall educate employees and facility visitors about the efficient use of water at City facilities and the need to conserve.

Explore the use of non-potable water for street cleaning. City departments should explore the feasibility of replacing potable water with non-potable water sources for street cleaning.

Develop alternative sources of water supply. The SFPUC is directed to develop alternative sources of water supplies for both potable and non-potable uses. All departments shall cooperate with the SFPUC in developing these alternative water supplies. These alternatives shall include, but not be limited to: Cherry Lake; groundwater; recycled water; and foundation drainage.

The SFPUC can provide departments with assistance to comply with this Executive Directive. Please contact Steven Ritchie, Assistant General Manager, SFPUC (415-934-5736, sritchie@sflower.org) or Paula Kehoe, Director of Water Resources, SFPUC (415-554-0792, pkehoe@sflower.org).

This Executive Directive shall be effective immediately, and remain in place until rescinded or amended by future Directive.



Edwin M. Lee
Mayor, City & County of San Francisco

From: Kelly Jr, Harlan [HKelly@sfgwater.org]
Sent: Monday, February 10, 2014 11:28 AM
To: Department Heads
Cc: Department Head Assistant; Ritchie, Steve; Kehoe, Paula; Jue, Tyrone; Sheehan, Charles
Subject: Mayor's Executive Order on Water Use to be issued today
Attachments: draft department letter.docx; Easy Tips to Save Water.pdf

Dear Colleagues,

I greatly appreciate your participation in the emergency meeting that we convened last week about drought conditions. Later today, the Mayor will be issuing his Executive Order directing City Departments to:

- **Further reduce consumption by 10 percent.**
- **Develop a Water Conservation Plan.**
- **Educate staff and visitors on water conservation practices.**
- **Explore the use of non-potable water for street cleaning.**
- **Develop alternative sources of water supply, working with the SFPUC.**

The SFPUC is prepared to provide all Departments with assistance to comply with this Executive Order. Please do not hesitate to contact Steven Ritchie, Assistant General Manager, Water, SFPUC (415-934-5736, sritchie@sfgwater.org) or Paula Kehoe, Director of Water Resources, SFPUC (415-554-0792, pkehoe@sfgwater.org).

When distributing the Mayor's Executive Order to your staff, you may wish to edit the ATTACHED draft cover letter, as well as consider including the ATTACHED "Saving San Francisco Water for the Future" PDF. Please cc or bbc: Paula Kehoe, SFPUC, on your letter/memo/email to your staff so that we can make note of the conservation coordinator that you identify.

In the coming days and weeks, we plan to work closely with all conservation coordinators to provide more information about outreach strategies, technical support, and signage to help departments comply with the Executive Order.

If you have questions or suggestions related to our conservation programs, please contact: the SFPUC Water Conservation Team at waterconservation@sfgwater.org or 415-551-4730; OR AGM Ritchie or Ms. Kehoe, their contact information above.

If you receive water conservation-related media inquiries, or have creative partnership ideas about conservation, please contact Tyrone Jue, SFPUC Communications Director (415-554-3247; tjue@sfgwater.org). Please note that we are also regularly posting water conservation tips and information on our social media channels and ask that you help spread the word by following us and sharing content with your followers. (Twitter: @sfgwater; Facebook: SF Water Power Sewer)

Thank you,

Harlan

Harlan L. Kelly, Jr.

General Manager
San Francisco Public Utilities Commission

BOS-11

From: Fox, Radhika [RFox@sfgwater.org]
Sent: Tuesday, February 11, 2014 7:48 AM
To: Department Heads
Cc: Ellis, Juliet; Jue, Tyrone; Department Head Assistant; Ritchie, Steve; Carlin, Michael; Sheehan, Charles; Kehoe, Paula
Subject: RE: For Review: Draft Executive Order on Water Conservation
Attachments: Department Heads Drought Presentation 02-05-14.pdf

Categories:

Dear Colleagues,

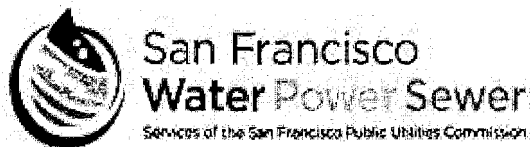
Attached please find a copy of the powerpoint presentation that was shared during last week's meeting on the drought. Several people asked that we share this electronically.

Thank you,
Radhika

Radhika Fox
Director of Policy and Government Affairs
San Francisco Public Utilities Commission

525 Golden Gate Ave, 13th Floor
San Francisco, CA 94102
Office: (415) 554-1830
Cell: (415) 518-7294
rfox@sfgwater.org

San Francisco Water, Power and Sewer | Services of the San Francisco Public Utilities Commission



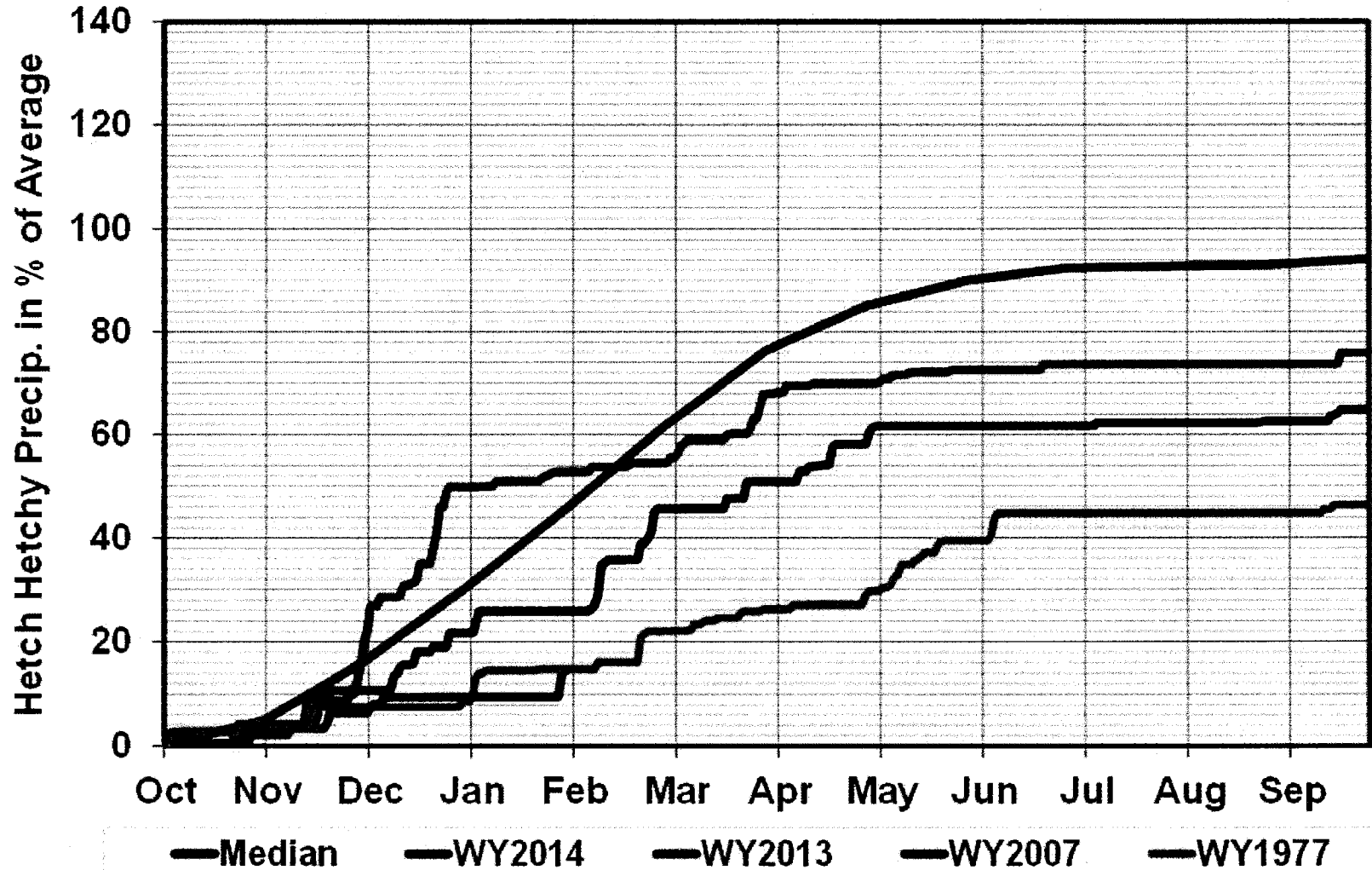


Hetch Hetchy
Regional
Water
System

Precipitation

Services of the San Francisco Public Utilities Commission

Precipitation at Hetch Hetchy - Water Year 2014

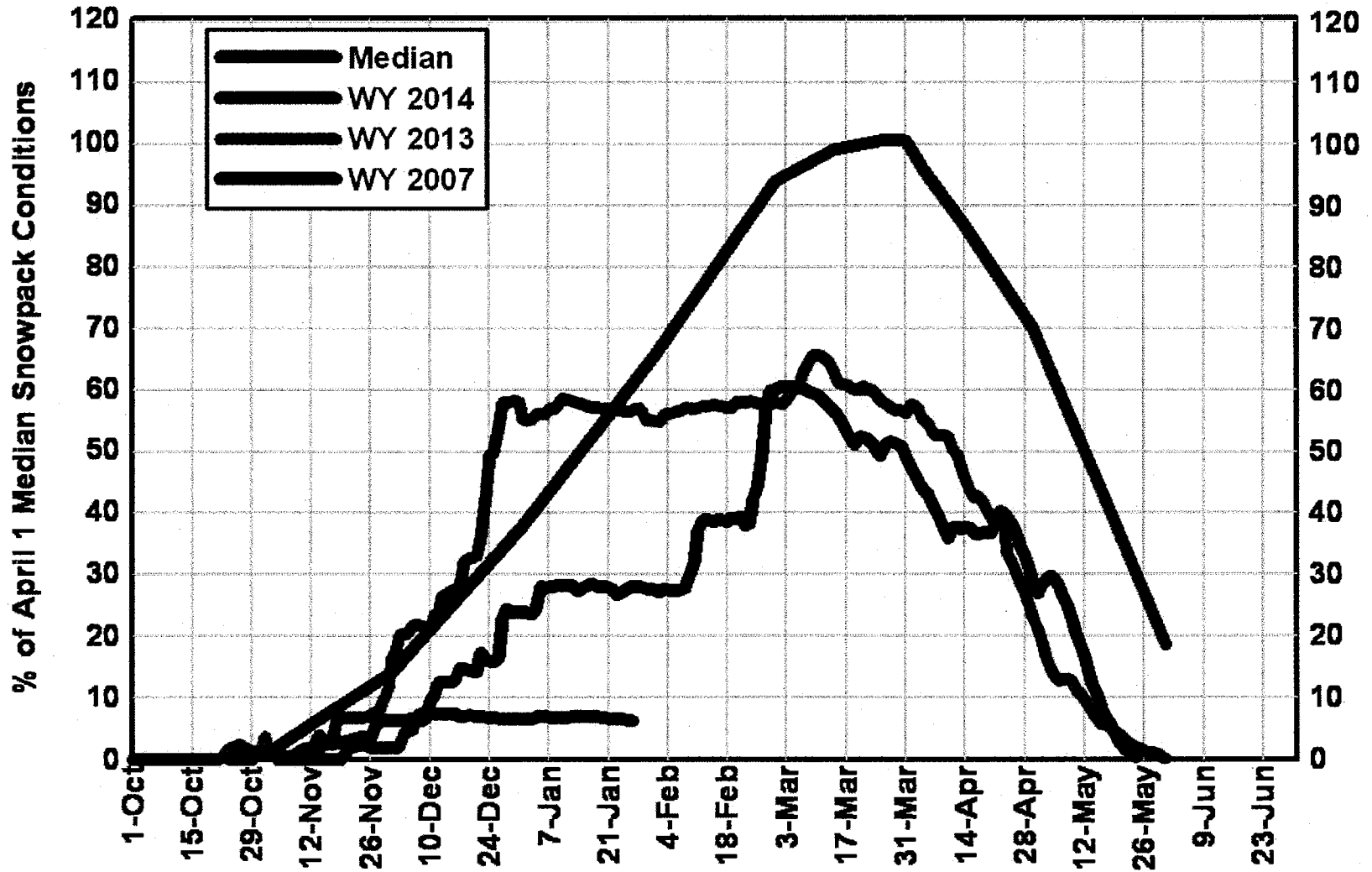




Snowpack

Services of the San Francisco Public Utilities Commission

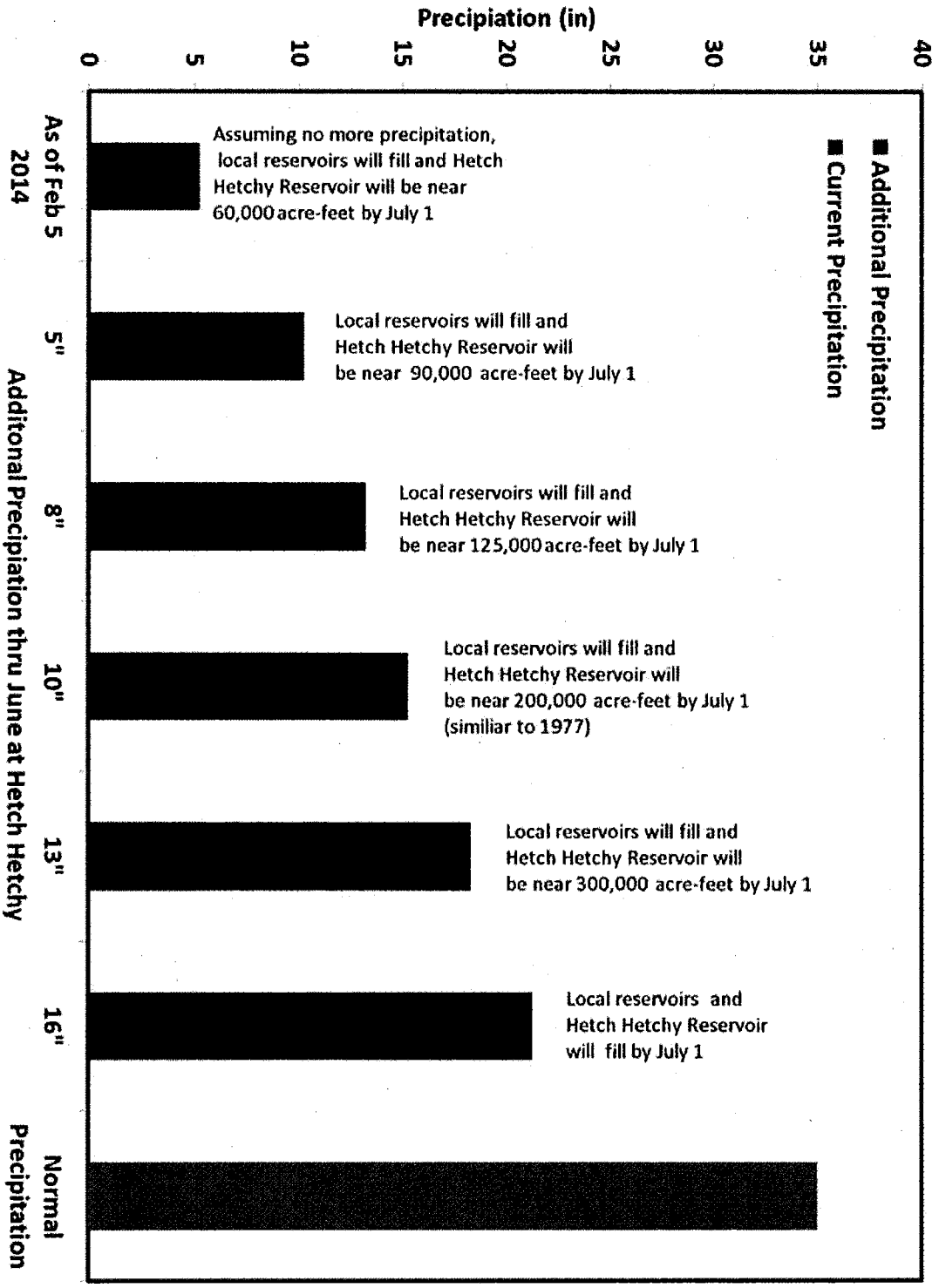
% of Median April 1 Snowpack Conditions





Hetch Hetchy
Regional
Water
System

Hetch Hetchy Precipitation Scenarios





Hetch Hetchy
Regional
Water
System

Draft Executive Order Components

Services of the San Francisco Public Utilities Commission

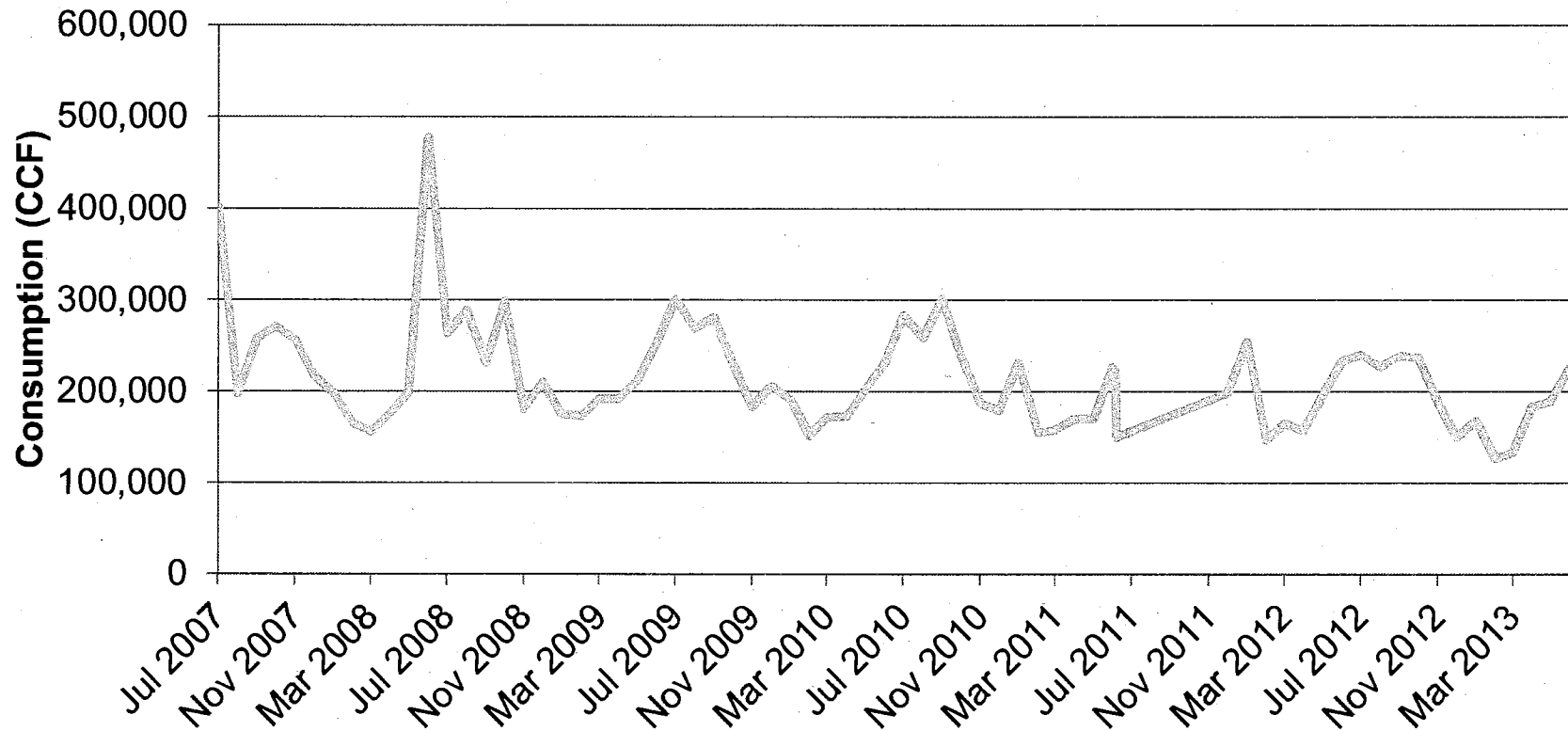
- Further reduce consumption by 10%
- Develop a departmental Water Conservation Plan
- Pursue non-potable water sources for street cleaning
- Educate staff and visitors on water conservation practices
- Develop alternative sources of water supply



Municipal Water Use Has Declined

- Since FY 07/08, in-City municipal water use has declined by 22%

Fiscal Year 07-08 through 12-13

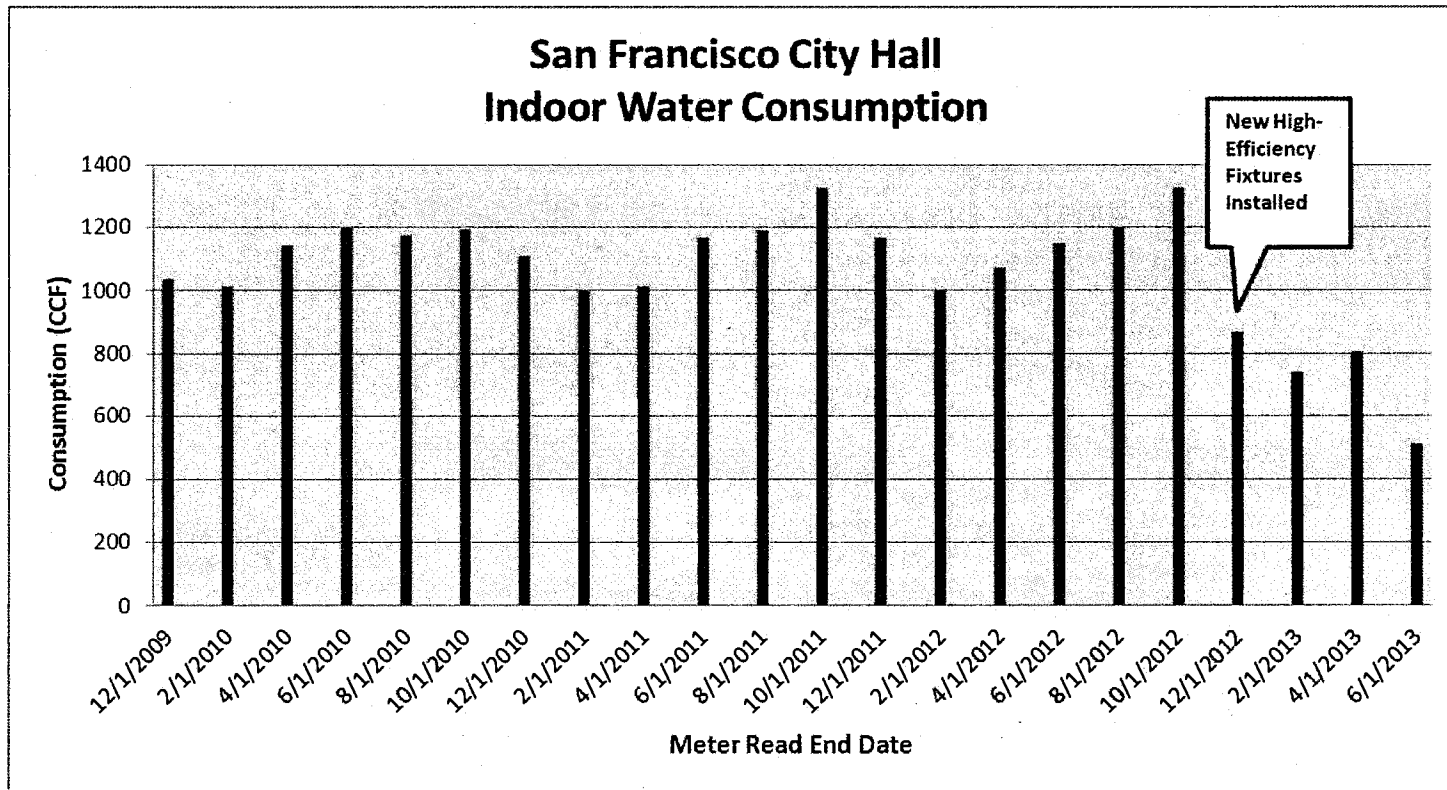


- Does not include airport; but SFO has reduced consumption by 15%



City Hall Water Savings

- Installed 75 1.28 gpf toilets and 17 pint flush urinals.
- Also retrofitting 200 7 gpm faucets to reduce even more.
- Estimate at least 39% water reduction





Conservation Services Available

- Free indoor/outdoor conservation evaluations and water usage analysis
- Free water-efficient devices and materials
 - Showerheads, aerators, pre-rinse spray valves, toilet leak detection tablets and flappers, educational stickers for restrooms
- Toilet rebates: up to \$125 for tank style, up to \$300 for flushometer style
- Urinal rebates: up to \$300
- Clothes washer rebates: up to \$200
- Indoor equipment rebates
 - Ice machines, food steamers, laundry retrofits, cooling tower pH controllers, custom projects
- Large landscape and community garden grants

