

CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller
Todd Rydstrom
Deputy Controller

June 20, 2016

Ms. Angela Calvillo
Clerk of the Board of Supervisors
1 Dr. Carlton B. Goodlett Place Room 244
San Francisco, CA 94102-4689

RE: File 160381 – Charter amendment regarding City responsibility and parcel tax for trees
(second draft)

Dear Ms. Calvillo,


Should the proposed charter amendment be approved by the voters, in my opinion, it would have a significant impact on the cost of government.

The proposed amendment would transfer responsibility for the maintenance of street trees to the City on July 1, 2017 and establish a Tree Maintenance Fund which would include funds from a new parcel tax, estimated to generate \$10.8 million, and an \$8.0 million General Fund baseline funding requirement, for a total of \$18.8 million in fiscal year (FY) 2017-18. Net of existing General Fund spending and administration costs, this amendment would increase spending on street tree maintenance by \$14.1 million in FY 2017-18, including \$3.5 million in increased General Fund expenditures.

The proposed amendment would establish a parcel tax based on feet of frontage for city parcels, with exceptions for parcels on which no ad valorem property tax is levied for the fiscal year and when the parcel's owner is over 65 years of age and the parcel is the owner's primary residence. The parcel tax would take effect on July 1, 2017 and continue until June 30, 2037.

Additionally, the proposed amendment would create a new baseline funding requirement, binding on the Mayor and Board of Supervisors, of \$8 million per year. Each year this baseline amount would be adjusted at the same rate as the percentage increase or decrease in the City's discretionary revenues. The amendment allows the City to temporarily suspend growth in baseline funding in years when the City forecasts a budget deficit of \$200 million or greater. The proposed amendment does not include a sunset date.

This proposed amendment is not in compliance with a non-binding, voter-adopted city policy regarding set-asides. The policy seeks to limit set-asides which reduce General Fund dollars that could otherwise be allocated by the Mayor and the Board of Supervisors in the annual budget process.

Sincerely,

for Ben Rosenfield
Controller

Note: This analysis reflects our understanding of the proposal as of the date shown. At times further information is provided to us which may result in revisions being made to this analysis before the final Controller's statement appears in the Voter Information Pamphlet.