

File No. 140555

Committee Item No. 5

Board Item No. \_\_\_\_\_

# COMMITTEE/BOARD OF SUPERVISORS

## AGENDA PACKET CONTENTS LIST

Committee: Rules

Date June 23, 2014

Board of Supervisors Meeting

Date \_\_\_\_\_

### Cmte Board

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|-------------------------------------|--------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/> | Motion                                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Resolution                                   |
| <input type="checkbox"/>            | <input type="checkbox"/> | Ordinance                                    |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Legislative Digest                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/> | Youth Commission Report                      |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Introduction Form                            |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/> | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Public Correspondence                        |

### OTHER (Use back side if additional space is needed)

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|-------------------------------------|--------------------------|---------------------------------------|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Charter Amendment</u>              |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Financial Analysis</u>             |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>CEQA Determination, dtd 6/4/14</u> |
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Completed by: Alisa Miller Date June 20, 2014

Completed by: \_\_\_\_\_ Date \_\_\_\_\_

1 [Charter Amendment - Rainy Day Reserves]

2  
3 **Describing and setting forth a proposal to the voters to amend the Charter of the City and**  
4 **County of San Francisco to create a City Rainy Day Reserve and a School Rainy Day**  
5 **Reserve out of the existing Rainy Day Reserve at an election to be held on November 4,**  
6 **2014.**

7  
8 Section 1. The Board of Supervisors hereby submits to the qualified voters of the City  
9 and County, at an election to be held on November 4, 2014, a proposal to amend the Charter of  
10 the City and County by revising Section 9.113.5, to read as follows:

11 NOTE: **Unchanged Charter text and uncodified text** are in plain font.  
12 **Additions** are *single-underline italics Times New Roman font*.  
13 **Deletions** are ~~*strike-through italics Times New Roman font*~~.  
14 **Asterisks (\* \* \* \*)** indicate the omission of unchanged Charter  
15 subsections.

16 **SEC. 9.113.5. RAINY DAY ~~RESERVES~~RESERVE.**

17 (a) *Beginning January 1, 2015, there*~~There~~ shall be a City Rainy Day Reserve (the City  
18 Reserve) and a School Rainy Day Reserve (the School Reserve), collectively referred to as the  
19 Rainy Day Reserves~~which may also be known as an economic stabilization reserve.~~

20 **Allocations to the ~~Reserves~~Reserve**

21 (b) If the Controller projects that total General Fund revenues for the upcoming budget  
22 year will exceed total General Fund revenues for the current year by more than five percent, the  
23 budget shall allocate the anticipated General Fund revenues in excess of that five percent growth  
(the excess revenues) as follows:

- 24 1. 50 percent of the excess revenues to the Rainy Day Reserves~~Reserve~~, with 75  
25 percent of that amount deposited to the City Reserve and 25 percent to the School Reserve;

1                   2. 25 percent of the excess revenues to capital and other one-time expenditures;  
2 and,

3                   3. 25 percent of the excess revenues to any lawful governmental purpose.

4                   (c) Total monies in the City Reserve may not exceed 10 percent of actual total general  
5 fund revenues, as stated in the City's most recent independent annual audit. The budget shall  
6 allocate excess revenues that would otherwise be allocated to the City Reserve above the 10  
7 percent cap instead to capital and other one-time expenditures.

8                   (d) The Mayor and the Board of Supervisors may, at any time, appropriate monies from  
9 the capital and other one-time expenditures allocation for capital projects or for expenditures  
10 such as, but not limited to, acquisition of equipment or information systems.

11                   (e) The Mayor and the Board of Supervisors may, at any time, appropriate monies from  
12 the general purpose allocation for any lawful governmental purpose.

13 **Withdrawals from the City Reserve**

14                   (f) If the Controller projects that total General Fund revenues for the upcoming budget  
15 year will be less than the current year's total General Fund revenues, or the highest of any other  
16 previous year's total General Fund revenues, the budget may appropriate up to 50 percent of the  
17 current balance in the City Reserve, but no more than the shortfall in total General Fund  
18 revenues, for any lawful governmental purpose in the upcoming budget year.

19                   1. If the trigger for withdrawals from the City Reserve was not met in the current  
20 year, the Controller shall calculate the shortfall for the upcoming budget year by subtracting the  
21 total projected General Fund revenues for the upcoming budget year from the total projected  
22 General Fund revenues for the current year.

23                   2. If the trigger for withdrawals from the City Reserve was met in the current  
24 year, the shortfall shall be calculated by subtracting the total projected General Fund revenues  
25

1 for the upcoming budget year from the highest of any previous year's total General Fund  
2 revenues, plus two percent for each intervening year.

3 ***Adjustments***

4 (g) If the City made appropriations from the City Reserve in the current year and in the  
5 immediately preceding budget year pursuant to subsection (f), the City is not required to allocate  
6 any anticipated excess revenues to the Rainy Day Reserves Reserve or to capital and other one-  
7 time expenditures for the upcoming budget year.

8 (h) If the Controller projects that the Consumer Price Index for the upcoming budget  
9 year shall exceed the index for the current year by more than five percent, the trigger for  
10 allocations to the Reserve as set forth in Subparagraph (b) above shall instead be the percentage  
11 of growth in the index plus two percent. If the Controller projects that the Consumer Price Index  
12 for the upcoming budget year shall be less than the index for the current year, the trigger for  
13 withdrawals from the Reserve as set forth in Subparagraph (f) above shall instead be the  
14 percentage of negative growth in the index. The Controller shall use for these purposes the San  
15 Francisco All Items Consumer Price Index for All Urban Consumers (CPI-U), or its successor, as  
16 reported by the U.S. Department of Labor's Bureau of Labor Statistics.

17 (i) If the Board of Supervisors or the voters take an action that changes the amount of  
18 total General Fund revenues in any material manner, such as reducing a tax or imposing a new  
19 fee, the revenue changes caused by that action will not be counted as part of the triggers for  
20 allocations to the Rainy Day Reserves or withdrawals from the City Reserve during the year or  
21 years in which the action is first implemented.

22 (j) In conjunction with the year-end close of the budget, the Controller shall reconcile the  
23 revenue projections triggering any budgeted allocations to or withdrawals from the Rainy Day  
24 Reserves Reserve with actual revenue results, as stated in the City's independent annual audit for  
25

1 the years in question, and rebalance the Rainy Day Reserves Reserve, the capital and other one-  
2 time expenditures allocation, and the general purpose allocation accordingly.

3 **Withdrawals from the School Reserve for the Benefit of the Unified School District**

4 (k) If the San Francisco Unified School District (SFUSD) projects that inflation-adjusted  
5 per-pupil discretionary revenues for the upcoming fiscal year will be reduced and that a  
6 significant number of layoffs would be required to balance its budget, the SFUSD Board of  
7 Education may approve, by majority vote, a draw from the School Reserve of up to 50 percent of  
8 the current balance in the School Reserve but no more than the shortfall in inflation-adjusted  
9 per-pupil discretionary revenues. Such action shall be transmitted to the Controller, who upon  
10 certification of the SFUSD calculation shall transfer such funds to the SFUSD. For purposes of  
11 this Section, allocations provided from the City to the SFUSD through the Public Education  
12 Enrichment Fund shall not be deemed discretionary.

13 (l) If the triggers for withdrawal from the School Reserve were met in the current fiscal  
14 year, the decline in per-pupil discretionary spending shall be calculated by subtracting the  
15 inflation-adjusted per-pupil discretionary revenues for the upcoming budget year from the  
16 highest of any previous year's inflation-adjusted per-pupil discretionary revenues.

17 (m) In conjunction with the year-end close of the SFUSD budget, the SFUSD shall  
18 reconcile the revenue projections triggering a budgeted withdrawal from the School Reserve  
19 with actual revenue results, as stated in the SFUSD's independent audit for the years in  
20 question. The SFUSD shall rebalance the withdrawal allocation and, if necessary, return funds  
21 required to rebalance the Reserve.

22 (n) Given possible changes in State school funding formulae, changes in local  
23 demographic or economic conditions, or other factors, the SFUSD may for a given fiscal year  
24 draw from the School Reserve amounts in excess of the limitations in subsection (k) or to offset  
25 revenue losses that are less than those that would otherwise permit a draw under subsections (k)

1 and (l). Such action shall become operative for that fiscal year following approval of two-thirds  
2 of the SFUSD School Board and certification of the School Board's approval by the Controller.

3 ~~(k) If the Controller projects that inflation-adjusted per pupil revenues for the San~~  
4 ~~Francisco Unified School District will be reduced in the upcoming budget year and the School~~  
5 ~~District has noticed a significant number of layoffs, the Board of Supervisors and the Mayor~~  
6 ~~may, in their discretion, appropriate funds from the Reserve to the School District to offset the~~  
7 ~~costs of maintaining education during the upcoming budget year. Such appropriations may not~~  
8 ~~exceed the dollar value of the total decline in inflation-adjusted per pupil revenues for the year,~~  
9 ~~or 25 percent of the Reserve balance, whichever is lower. If the triggers for withdrawals from~~  
10 ~~the Reserve for the benefit of the School District were met in the current year, the decline in per-~~  
11 ~~pupil revenues shall be calculated by subtracting the inflation-adjusted per pupil revenues for~~  
12 ~~the upcoming budget year from the highest of any previous year's inflation-adjusted per pupil~~  
13 ~~revenues, plus two percent for each intervening year.~~

14 **Transition to New Reserve Structure**

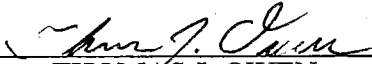
15 (o) No later than January 1, 2015, the Controller shall transfers 50 percent of the Rainy  
16 Day Reserve existing as of that date to the City Reserve and 50 percent to the School Reserve.

17 **Two-Year Budget**

18 ~~(p)(t)~~ The Controller shall promulgate procedures modifying the Rainy Day Reserve  
19 system, as necessary, to be consistent with the City's adoption of biennial rather than annual  
20 budgets.

21 APPROVED AS TO FORM:  
22 DENNIS J. HERRERA, City Attorney

23 By: \_\_\_\_\_

  
24 THOMAS J. OWEN  
25 Deputy City Attorney

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**LEGISLATIVE DIGEST**

[Charter Amendment - Rainy Day Reserves]

**Describing and setting forth a proposal to the voters to amend the Charter of the City and County of San Francisco to create a City Rainy Day Reserve and School Rainy Day Reserve out of the existing Rainy Day Reserve at an election to be held on November 4, 2014.**

Existing Law

The City has a Rainy Day Reserve Fund (the "Reserve"). In any year when the City collects over five percent more money than it collected in the previous year, the City deposits half of this money in the Reserve. The City may only take money out of the Reserve when it collects less money than it did in the previous year. The City may give up to one quarter of the Reserve to the San Francisco Unified School District (the "School District") when the District collects less money per student than in the previous year and plans significant layoffs, but the City is not required to do so.

Amendments to Current Law

The proposal is a Charter amendment that would divide the existing Rainy Day Reserve into a City Rainy Day Reserve (the "City Reserve") and a School Rainy Day Reserve (the "School Reserve"). In any year when the City collected over 5 percent more money than it collected in the previous year, the City would deposit half of this money in the two reserves, with three quarters of that amount going to the City Reserve and one quarter going to the School Reserve. So in a year when the City's revenues grew by more than 5 percent over the previous year, for every \$100.00 the City collected over that threshold, it would deposit \$37.50 in the City Reserve and \$12.50 in the School Reserve.

Under the proposal, the School District would have the right to withdraw, and the City would be required to pay out, money from the School Reserve in years when the District expected to collect less money per student than in the previous year and would otherwise have to layoff a significant number of employees to balance its budget. Generally, the School District could only withdraw up to half the current balance in the School Reserve but no more than the amount of the anticipated revenue shortfall. But the School District could, by a two-thirds' vote of the School Board, decide to withdraw a larger amount for a given year or to make a withdrawal in a year when there was not a projected revenue shortfall or a significant number of layoffs.

The City would transfer half the balance of the existing Rainy Day Reserve to the City Reserve and half to the School Reserve.

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**CITY AND COUNTY OF SAN FRANCISCO**  
**OFFICE OF THE CONTROLLER**

**Ben Rosenfield**  
**Controller**

**Monique Zmuda**  
**Deputy Controller**

June 18, 2014

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

RE: File 140555 – Charter amendment modifying the City’s Rainy Day Reserve Fund

Dear Ms. Calvillo,

Should the proposed charter amendment be approved by the voters, in my opinion, there would be no direct net impact on the cost of government. However, the amendment would change the allocation of funds in the City’s Rainy Day Reserve going forward and on a one-time basis. Funds that the Mayor and Board of Supervisors currently may allocate to the San Francisco Unified School District (SFUSD) at their discretion would be formally transferred to the direct authority of the School Board.

Currently, the City has a Rainy Day Reserve into which deposits are made in any budget year when General Fund revenues are projected to grow more than five percent. Withdrawals from the Reserve can be made for the City in any budget year when revenues are projected to decrease from the prior year, subject to certain limits. Withdrawals can also be made for the School District in any year when per pupil revenues are projected to decrease from the prior year, subject to certain limits and with the approval of the Mayor and Board of Supervisors.

The proposed amendment would create a new School Reserve separate from the City Reserve. The aggregate amounts required to be deposited in revenue growth years would not change however going forward 25% of those amounts would be allocated to the new School Reserve and 75% of those amounts would be allocated to the City Reserve. In addition, 50% of the existing balance in the Rainy Day Reserve as of January 1, 2015 would be allocated to the School Reserve on a one-time basis, an amount estimated to be approximately \$16.6 million. The limits and conditions under which withdrawals can be made from either reserve would not be materially changed, however the authority for withdrawals from the School Reserve would be transferred to the School Board and be within the SFUSD’s budget process.

Sincerely,

*Ben Rosenfield*  
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.



BOARD of SUPERVISORS



City Hall  
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

TO: Jason Elliott, Mayor's Office  
Jon Givner, Office of the City Attorney  
Naomi Kelly, City Administrator  
John St. Croix, Executive Director, Ethics Commission  
John Arntz, Director, Department of Elections  
John Rahaim, Director, Planning Department  
Sarah Jones, Environmental Review Officer, Planning Department  
Harvey Rose, Budget and Legislative Analyst  
Superintendent Richard Carranza, SFUSD  
Sandra Lee Fewer, President, Board of Education

FROM: Alisa Miller, Clerk, Rules Committee  
Board of Supervisors

DATE: May 28, 2014

SUBJECT: CHARTER AMENDMENT INTRODUCED  
November 4, 2014 Election

---

The Board of Supervisors' Rules Committee has received the following Charter Amendment for the November 4, 2014 Election, introduced by Supervisor Avalos on May 20, 2014. This matter is being referred to you in accordance with Rules of Order 2.22.4.

5  
**File No. 140554 Charter Amendment - Rainy Day Reserve**

Charter amendment (First Draft) to amend the Charter to provide for a City Reserve and a School Reserve within the existing Rainy Day Reserve at an election to be held on November 4, 2014.

Please review immediately and submit any reports or comments you wish to be included with the legislative file.

If you have any questions or concerns, please call me at (415) 554-4447 or email: [alisa.miller@sfgov.org](mailto:alisa.miller@sfgov.org). To submit documentation, please forward to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: AnMarie Rodgers, Planning Department  
Aaron Starr, Planning Department  
Jeanie Poling, Planning Department  
Debra Newman, Office of the Budget and Legislative Analyst  
Severin Campbell, Office of the Budget and Legislative Analyst  
Gabriela Loeza, Office of the Budget and Legislative Analyst  
Chris Armentrout, SFUSD  
Esther Casco, Board of Education

Not defined as a project under  
CEQA Guidelines Sections 15378  
and 15060(c)(2) because it does  
not result in a physical change in  
the environment.

J. Newman 6/4/14



DENNIS J. HERRERA  
City Attorney

THOMAS J. OWEN  
Deputy City Attorney

Direct Dial: (415) 554-4679  
Email: thomas.owen@sfgov.org

**MEMORANDUM**

TO: Hon. Jane Kim  
Member, Board of Supervisors

FROM: Thomas J. Owen  
Deputy City Attorney

DATE: May 20, 2014

RE: Rainy Day Reserves Charter Amendment  
First Draft, dated 5/20/2104  
(Our File No. 1400498)

---

Enclosed are the signed original and two copies of the First Draft of the Rainy Day Reserves charter amendment, dated 5/20/2014, as well as a legislative digest. I will also send you electronic copies later today.

Encl.

cc (by e-mail): Jon Givner  
Sunny Angulo  
Ben Rosenfield  
Drew Murrell  
Myong Leigh  
Paul Zarefsky  
Melissa Millsaps

BOARD of SUPERVISORS



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## MEMORANDUM

TO: Ben Rosenfield, City Controller

FROM: Alisa Miller, Clerk, Rules Committee  
Board of Supervisors

DATE: May 28, 2014

SUBJECT: CHARTER AMENDMENT INTRODUCED  
November 4, 2014 Election

---

The Board of Supervisors' Rules Committee has received the following Charter Amendment for the November 4, 2014 Election, introduced by Supervisor Kim on May 20, 2014. This matter is being referred to you in accordance with Elections Code, Section 305(B)(2) and Rules of Order 2.22.3.

**File No. 140554 Charter Amendment - Rainy Day Reserve**

Charter Amendment (First Draft) to amend the Charter to provide for a City Reserve and a School Reserve within the existing Rainy Day Reserve at an election to be held on November 4, 2014.

Please review immediately and prepare a financial analysis of the proposed measure prior to the first Rules Committee hearing.

If you have any questions or concerns please call me at (415) 554-4447 or email: [alisa.miller@sfgov.org](mailto:alisa.miller@sfgov.org). To submit documentation, please forward to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Monique Zmuda, Office of the City Controller  
Peg Stevenson, Office of the City Controller

BOARD of SUPERVISORS



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## MEMORANDUM

TO: Jason Elliott, Mayor's Office  
Jon Givner, Office of the City Attorney  
Naomi Kelly, City Administrator  
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John Arntz, Director, Department of Elections  
John Rahaim, Director, Planning Department  
Sarah Jones, Environmental Review Officer, Planning Department  
Harvey Rose, Budget and Legislative Analyst  
Superintendent Richard Carranza, SFUSD  
Sandra Lee Fewer, President, Board of Education

FROM: Alisa Miller, Clerk, Rules Committee  
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November 4, 2014 Election

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Charter amendment (First Draft) to amend the Charter to provide for a City Reserve and a School Reserve within the existing Rainy Day Reserve at an election to be held on November 4, 2014.

Please review immediately and submit any reports or comments you wish to be included with the legislative file.

If you have any questions or concerns, please call me at (415) 554-4447 or email: [alisa.miller@sfgov.org](mailto:alisa.miller@sfgov.org). To submit documentation, please forward to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: AnMarie Rodgers, Planning Department  
Aaron Starr, Planning Department  
Jeanie Poling, Planning Department  
Debra Newman, Office of the Budget and Legislative Analyst  
Severin Campbell, Office of the Budget and Legislative Analyst  
Gabriela Loeza, Office of the Budget and Legislative Analyst  
Chris Armentrout, SFUSD  
Esther Casco, Board of Education

# Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp  
or meeting date \_\_\_\_\_

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion, or Charter Amendment)
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning "Supervisor [ ] inquires"
- 5. City Attorney request.
- 6. Call File No. [ ] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. [ ]
- 9. Reactivate File No. [ ]
- 10. Question(s) submitted for Mayoral Appearance before the BOS on [ ]

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission       Youth Commission       Ethics Commission
- Planning Commission       Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative Form.**

**Sponsor(s):**

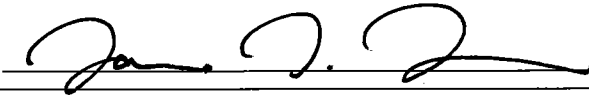
Supervisor Jane Kim

**Subject:**

[Charter Amendment - Rainy Day Reserves]

**The text is listed below or attached:**

Describing and setting forth a proposal to the voters to amend the Charter of the City and County of San Francisco to create a City Rainy Day Reserve and a School Rainy Day Reserve out of the existing Rainy Day Reserve at an election to be held on November 4, 2014.

Signature of Sponsoring Supervisor: 

For Clerk's Use Only:

140555