

BOARD of SUPERVISORS



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MEMORANDUM

TO: Ben Rosenfield, City Controller

FROM: Derek Evans, Assistant Clerk, Rules Committee
Board of Supervisors

DATE: June 8, 2016

SUBJECT: LEGISLATION INTRODUCED - CHARTER AMENDMENT

The Board of Supervisors Rules Committee has received the following legislation, introduced by Mayor Lee and Supervisors Avalos, Wiener, and Farrell on May 24, 2016. This matter is being referred to you in accordance with Rules of Order 2.22.4.

**File No. 160581 Charter Amendment - Homeless Housing and Services Fund;
Transportation Improvement Fund - Budget Set-Asides**

Charter Amendment (Third Draft) to amend the Charter of the City and County of San Francisco to: create a Homeless Housing and Services Fund and appropriate \$12.5 million to the Fund in fiscal year 2016-2017 and \$50 million annually to the Fund, adjusted for changes in discretionary City revenues, for the next 24 years, and create a Transportation Improvement Fund and appropriate \$25.4 million to the Fund in fiscal year 2016-2017 and \$101.6 million annually to the Fund, adjusted for changes in discretionary City revenues, for the next 24 years, and authorize the City to issue indebtedness secured by monies deposited in the Transportation Improvement Fund, at an election to be held on November 8, 2016.

Please review and submit your written statement pursuant to the Charter to be included with the legislative file.

If you have any questions or concerns please call me at (415) 554-7702 or email derek.evans@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: Todd Rydstrom, Office of the City Controller
Maura Lane, Office of the City Controller

1 [Charter Amendment - Homeless Housing and Services Fund and Budget Set-Aside;
2 Transportation Improvement Fund and Budget Set-Aside]

3 **Describing and setting forth a proposal to the voters, at an election to be held on**
4 **November 8, 2016, to amend the Charter of the City and County of San Francisco to:**
5 **create a Homeless Housing and Services Fund and appropriate \$12.5 million to the Fund in**
6 **fiscal year 2016-2017 and \$50 million annually to the Fund, adjusted for changes in**
7 **discretionary City revenues, for the next 24 years; and create a Transportation**
8 **Improvement Fund and appropriate \$25.4 million to the Fund in fiscal year 2016-2017 and**
9 **\$101.6 million annually to the Fund, adjusted for changes in discretionary City revenues,**
10 **for the next 24 years, and authorize the City to issue indebtedness secured by monies**
11 **deposited in the Transportation Improvement Fund.**

12
13 Section 1. The Board of Supervisors hereby submits to the qualified voters of the City
14 and County, at an election to be held on November 8, 2016, a proposal to amend the Charter of
15 the City and County by adding Sections 16.134 and 16.135, to read as follows:

16 NOTE: **Unchanged Charter text and uncodified text** are in plain font.
17 **Additions** are *single-underline italics Times New Roman font*.
18 **Deletions** are *strike-through italics Times New Roman font*.
19 **Asterisks (* * * *)** indicate the omission of unchanged Charter
20 subsections.

21 **SEC. 16.134. HOMELESS HOUSING AND SERVICES FUND.**

22 *(a) Creation of the Fund. There shall be a Homeless Housing and Services Fund. In*
23 *fiscal year 2016-2017, the City shall appropriate \$12.5 million to the Fund. Beginning in fiscal*
24 *year 2017-2018 and each year thereafter through fiscal year 2040-2041, the City shall*
25 *appropriate \$50 million to the Fund, to be adjusted as provided in subsection (b).*

(b) Adjustments to the Required Appropriation. Beginning with fiscal year 2018-2019,

1 the City shall each year adjust the appropriation required under subsection (a) by the
2 percentage increase or decrease in aggregate City discretionary revenues, as determined by the
3 Controller, based on calculations consistent from year to year. In determining aggregate City
4 discretionary revenues, the Controller shall only include revenues received by the City that are
5 unrestricted and may be used at the option of the Mayor and the Board of Supervisors for any
6 lawful City purpose.

7 (c) Appropriations Excluded from Discretionary Revenues. Notwithstanding the
8 provisions of Charter Sections 8A.105, 16.107, 16.108, 16.109, 16.110, and 16.123-2, the value
9 of appropriations to the Fund, as calculated in subsections (a) and (b), shall be excluded from
10 the Controller's calculation of aggregate discretionary revenue used to adjust required
11 appropriations baselines and set-asides set in the Charter.

12 (d) Uses of the Fund. Monies in the Fund shall be used to provide services to the
13 homeless, including programs to prevent homelessness, create exits from homelessness, and
14 move homeless individuals into more stable situations. Such programs may be designed to
15 address the needs of specific at-risk populations. Monies in the Fund may be used for both
16 operations of these programs and capital investments required to maintain or expand system
17 infrastructure needs.

18 (e) Term. Except as provided in subsection (f) below, this Section 16.134 shall, by
19 operation of law, become inoperative on July 1, 2041, and on or after such date the City
20 Attorney shall cause this Section 16.134 to be removed from the Charter.

21 (f) Early Termination. At any time before January 1, 2017, the Mayor, after consulting
22 with his or her Budget Director and the Controller, and after taking into account the City's
23 projected revenues and expenditures in the City's financial plans, may terminate implementation
24 of this Section 16.134 by issuing a written notice to the Board of Supervisors and the Controller.
25 The termination shall be irrevocable and apply to this entire Section. Upon the Mayor's

1 submittal of the notice to the Controller and the Board of Supervisors, this Section 16.134 shall,
2 by operation of law, become inoperative, and the City Attorney shall cause this Section to be
3 removed from the Charter.

4
5 **SEC. 16.135. TRANSPORTATION IMPROVEMENT FUND.**

6 (a) Creation of the Fund. There shall be a Transportation Improvement Fund. In fiscal
7 year 2016-2017, the City shall appropriate \$25.4 million to the Fund. Beginning in fiscal
8 year 2017-2018 and each year thereafter through fiscal year 2040-2041, the City shall
9 appropriate \$101.6 million to the Fund, in the amounts specified in subsection (d), to be adjusted
10 as provided in subsection (b).

11 (b) Adjustments to the Required Appropriation. Beginning with fiscal year 2018-2019,
12 the City shall each year adjust the appropriations required under subsections (a) and (d) by the
13 percentage increase or decrease in aggregate City discretionary revenues, as determined by the
14 Controller, based on calculations consistent from year to year. In determining aggregate City
15 discretionary revenues, the Controller shall only include revenues received by the City that are
16 unrestricted and may be used at the option of the Mayor and the Board of Supervisors for any
17 lawful City purpose.

18 (c) Appropriations Excluded from Discretionary Revenues. Notwithstanding the
19 provisions of Charter Sections 8A.105, 16.107, 16.108, 16.109, 16.110, and 16.123-2, the value
20 of appropriations to the Fund, as calculated in subsections (a) and (b), shall be excluded from
21 the Controller's calculation of aggregate discretionary revenue used to adjust required
22 appropriations baselines and set-asides set in the Charter.

23 (d) Uses of the Fund. Monies in the Fund shall be used to improve the transportation
24 network in San Francisco through investments in the following categories and amounts:
25

1 (1) Muni Transit Service and Affordability. Expenditures in this category 1 shall
2 be used to mitigate identified deficiencies in transit service to low-income and transit-dependent
3 communities and to provide transit service affordability for low- and moderate-income youth,
4 seniors, and people with disabilities. Unspent funds in this category shall be used to supplement
5 the Municipal Transportation Agency's reserves to protect against service cuts in future years.

6 Appropriations for this purpose shall equal 12.4% of appropriations to the Fund
7 in that fiscal year.

8 (2) Muni Fleet, Facilities, and Infrastructure Repair and Improvement.
9 Expenditures in this category 2 shall be used to keep Muni's fleet of buses, historic street cars,
10 trains, and paratransit vehicles in a state of good repair through timely vehicle replacement and
11 rehabilitation, and to expand the fleet through the acquisition of additional vehicles.

12 Expenditures in this category also may be used to repair and upgrade Municipal Transportation
13 Agency facilities, including stations and associated escalators and elevators, and to fix or
14 replace rails, overhead wires, and associated fixed guideway infrastructure for light rail, trolley
15 coaches, historic streetcars, and cable cars.

16 In any fiscal year in which the Municipal Transportation Agency would otherwise
17 be required to adopt service reductions as part of its budget, the Agency shall transfer all or a
18 portion of the annual allocation of funds that would otherwise go to this category to the Transit
19 Service and Affordability category in subsection (d)(1) to offset those service reductions, in an
20 amount not to exceed the cost of maintaining the services.

21 Appropriations for this purpose shall equal 18.8% of appropriations to the Fund
22 in that fiscal year.

23 (3) Transit Optimization and Expansion. Expenditures in this category 3 shall be
24 used to plan, design, and deliver projects to improve the efficiency and enhance the service of the
25 existing transit system, as well as to expand the capacity of the system, and to provide funding

1 for planning, design, education, outreach, evaluation, and capital investment in supportive
2 transportation infrastructure for transit-oriented development.

3 Appropriations for this purpose shall equal 9.4% of appropriations to the Fund in
4 that fiscal year.

5 (4) Regional Transit and Smart System Management. Expenditures in this
6 category 4 shall be used to improve reliability and increase capacity in regional transit systems
7 servicing San Francisco, including BART and Caltrain. Expenditures in this category also may be
8 used to fund long-range regional network planning and design studies and/or capital
9 improvements. Expenditures in this category also may be used to fund technology-enabled
10 system corridor management strategies for regional highways and associated surface arterial
11 approach/distribution streets, and to fund demand management strategies, education, and
12 outreach to promote sustainable travel choices.

13 Appropriations for this purpose shall equal 14.1% of appropriations to the Fund
14 in that fiscal year.

15 (5) Vision Zero Safe and Complete Streets. Expenditures in this category 5 shall
16 be used to fund infrastructure improvements that promote users' safety, and to fund safety
17 education, outreach, and evaluation. Safety upgrades, including those primarily for bicycle and
18 pedestrian traffic, may be paired with streetscape enhancements. Expenditures in this category
19 also may be used to keep traffic infrastructure and signals in a state of good repair through
20 replacement and upgrade of deteriorated or obsolete signal hardware, to bring advanced
21 technology to the traffic signal system allowing real-time traffic management, and transit and
22 emergency vehicle signal priority.

23 Appropriations for this purpose shall equal 12.4% of appropriations to the Fund
24 in that fiscal year.

1 (6) Street resurfacing. Expenditures in this category 6 may be used to maintain
2 City streets through timely repair and resurfacing programs and preventative maintenance.

3 Appropriations for this purpose shall equal 32.9% of appropriations to the Fund
4 in that fiscal year.

5 (e) Administration of the Fund. In addition to the requirements set forth in this
6 Section 16.135, all expenditures from the Fund shall be allocated to public agencies and shall be
7 subject to the budget and fiscal provisions of the Charter.

8 (1) Appropriations in categories (1) and (2) in subsection (d) shall be allocated
9 to the Municipal Transportation Agency (MTA), or its successor agency, for the purposes
10 specified.

11 (2) The Controller shall transfer allocations in categories (3), (4), and (5) to the
12 County Transportation Authority (CTA), or its successor agency, for the purposes specified.

13 (3) Appropriations in category (6) shall be allocated to the Department of Public
14 Works, or its successor agency, for the purposes specified.

15 (4) In any fiscal year following the adoption by the voters of a vehicle license fee
16 increase, if the City appropriates or the CTA allocates from any other legally available sources
17 an amount for street resurfacing equal to the amount that would otherwise be allocated under
18 subsection (d)(6) for that year, the City shall transfer 10% of the allocation in subsection (d)(6)
19 to the allocation in subsection (d)(4), 30% to the allocation in subsection (d)(1), and 20% each
20 to the allocations in subsections (d)(2), (d)(3), and (d)(5).

21 (5) In any fiscal year in which new revenues become available for street
22 resurfacing in the City, and the City appropriates or the CTA allocates an amount for street
23 resurfacing equal to the amount that would otherwise be allocated under subsection (d)(6) for
24 that year, the City shall transfer 10% of the allocation in subsection (d)(6) to the allocation in
25 subsection (d)(4), 30% to the allocation in subsection (d)(1), and 20% each to the allocations in

1 subsections (d)(2), (d)(3), and (d)(5). For purposes of this subsection (e)(5), the Controller shall
2 measure new revenues by comparing non-General Fund revenues projected to be received by the
3 City and the CTA for this purpose in the upcoming fiscal year to those received by the City and
4 the CTA in fiscal year 2015-2016, adjusted for inflation.

5 (6) In fiscal year 2027-2028, the Board of Supervisors may, by ordinance passed
6 by a two-thirds' vote and with the approval of the Mayor, redirect for the remaining term of the
7 Fund the allocation in subsection (d)(6), as follows: 10% to the allocation in subsection (d)(4),
8 30% to the allocation in subsection (d)(1), and 20% each to the allocations in subsections (d)(2),
9 (d)(3), and (d)(5). The Board of Supervisors and the Mayor may not reverse their decision to
10 redirect the allocation pursuant to this subsection (e)(6).

11 (7) The Controller shall audit the Fund and expenditures from the Fund every
12 five years, or more often in his or her discretion.

13 (f) Revenue Bond Authority. In order to carry out the purposes of this Section 16.135,
14 the Board may from time to time authorize the issuance of lease revenue bonds under Charter
15 Section 9.107 or lease financing arrangements under Charter Sections 9.108 and 8A.102,
16 secured by monies deposited into the Fund, for the purpose of improving the transportation
17 network in San Francisco as provided in categories (1), (2), and (6) in subsection (d) above. The
18 Controller is authorized to issue lease revenue bonds or other lease financing arrangements as
19 authorized by the CTA, secured by monies deposited into the Fund, for the purpose of improving
20 the transportation network in San Francisco as provided in categories (3), (4), and (5) in
21 subsection (d) above.

22 (g) Term. Except as provided in subsection (h) below, this Section 16.135 shall, by
23 operation of law, become inoperative on July 1, 2041, and on or after such date the City
24 Attorney shall cause this Section 16.135 to be removed from the Charter.

1 (h) Early Termination. At any time before January 1, 2017, the Mayor, after consulting
2 with his or her Budget Director and the Controller, and after taking into account the City's
3 projected revenues and expenditures in the City's financial plans, may terminate implementation
4 of this Section 16.135 by issuing a written notice to the Board of Supervisors and the Controller.
5 The termination shall be irrevocable and apply to this entire Section. Upon the Mayor's
6 submittal of the notice to the Controller and the Board of Supervisors, this Section 16.135 shall,
7 by operation of law, become inoperative, and the City Attorney shall cause this Section to be
8 removed from the Charter.

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11 APPROVED AS TO FORM:
12 DENNIS J. HERRERA, City Attorney

13 By: 
14 THOMAS J. OWEN
15 Deputy City Attorney

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