

[Rainy Day Reserve]

CHARTER AMENDMENT

PROPOSITION \_\_\_\_

Describing and setting forth a proposal to the qualified voters of the City and County of San Francisco to amend the Charter of the City and County of San Francisco by adding Section 9.113.5 and amending Section 9.113, to create a Rainy Day (Economic Stabilization) Reserve and clarify general rules for fiscal operations.

The Board of Supervisors hereby submits to the qualified voters of the City and County, at an election to be held on November 4, 2003, a proposal to amend the Charter of the City and County by amending Section 9.113 and adding Section 9.113.5, to read as follows:

Note: Additions are *single-underline italics Times New Roman*.  
Deletions are ~~*strikethrough italics Times New Roman*~~.

Section 1. The San Francisco Charter is hereby amended by adding Section 9.113.5, to read as follows:

**SEC. 9.113.5. RAINY DAY RESERVE.**

*(a) There shall be an Rainy Day Reserve (the Reserve), which may also be known as an economic stabilization reserve.*

**Allocations to the Reserve**

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

*(i) 50 percent of the excess revenues to the Reserve;*

*(ii) 25 percent of the excess revenues to capital and other one-time expenditures;*

*and,*

(iii) 25 percent of the excess revenues to any lawful governmental purpose.

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

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

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

**Withdrawals from the Reserve**

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

(i) If the trigger for withdrawals from the Reserve was not met in the current year, the Controller shall calculate the shortfall for the upcoming budget year by subtracting the total projected General Fund revenues for the upcoming budget year from the total projected General Fund revenues for the current year.

(ii) If the trigger for withdrawals from the Reserve was met in the current year, the shortfall shall be calculated by subtracting the total projected General Fund revenues for the upcoming budget year from the highest of any previous year's total General Fund revenues, plus two percent for each intervening year.

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**Adjustments**

(g) If the Controller projects that the Consumer Price Index for the upcoming budget year shall exceed the index for the current year by more than five percent, the trigger for allocations to the Reserve as set forth in Subparagraph (b) above shall instead be the percentage of [decline/growth] in the index plus two percent. If the Controller projects that the Consumer Price Index for the upcoming budget year shall be less than the index for the current year, the trigger for withdrawals from the Reserve as set forth in Subparagraph (f) above shall instead be the percentage of negative growth in the index. The Controller shall use the All Urban San Francisco Metropolitan Statistical Area Consumer Price Index, or its successor, for these purposes.

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

(i) In conjunction with the year-end close of the budget, the Controller shall reconcile the revenue projections triggering any budgeted allocations to or withdrawals from the Reserve with actual revenue results, as stated in the City's independent annual audit for the years in question, and rebalance the Reserve, the capital and other one-time expenditures allocation, and the general purpose allocation accordingly.

**Withdrawals for the Benefit of the Unified School District**

(j) If the Controller projects that inflation-adjusted per-pupil revenues for the San Francisco Unified School District will be reduced in the upcoming budget year and the School District has noticed a significant number of layoffs, the Board of Supervisors and the Mayor may, in their discretion, appropriate funds from the Reserve to the School District to offset the costs of maintaining education during the upcoming budget year. Such appropriations may not

exceed the dollar value of the total decline in inflation-adjusted per-pupil revenues for the year, or 25 percent of the Reserve balance, whichever is lower. If the triggers for withdrawals from the Reserve for the benefit of the School District were met in the current year, the decline in per-pupil revenues shall be calculated by subtracting the inflation-adjusted per-pupil revenues for the upcoming budget year from the highest of any previous year's inflation-adjusted per-pupil revenues, plus two percent for each intervening year.

**Transition**

(k) On the effective date of this Section, the Controller shall transfer all monies in the City's Cash Reserve to the Rainy Day Reserve.

(l) For purposes of initial implementation of this Section, the Mayor and the Board of Supervisors may make appropriations from the Reserve for the 2004-2005 budget year and subsequent years if the Controller certifies that the trigger for withdrawal in Paragraph (f) would have been met during the 2003-2004 budget year, if this Section had been in effect at that time.

Section 2. The San Francisco Charter is hereby amended by amending Section 9.113, to read as follows:

**SEC. 9.113. GENERAL FISCAL PROVISIONS CASH RESERVES.**

(a) Unused and unencumbered appropriations or unencumbered balances existing at the close of any fiscal year in revenue or expense appropriations of the City and County for any such fiscal year, but exclusive of revenue or money required by law to be held in school, bond, bond interest, bond redemption, pension, trust, utility or other specific funds, or to be devoted exclusively to specified purposes other than annual appropriations, and together with revenues collected or accruing from any source during such fiscal year, in excess of the estimated revenue from such source as shown by the annual budget and the appropriation ordinance for such fiscal year, shall be transferred by the Controller, at the closing of such fiscal year, to the General

~~Fund, which may be used only in the manner authorized by Section 6.304 of the Charter of 1932, including the transfer provisions, as codified in the Administrative Code; provided, however, that when the balance in the Cash Reserve Fund equals ten per cent of the current or the last preceding tax levy no such transfer shall be made except on the recommendation of the Controller, the approval of the Mayor and the authorization of the Board of Supervisors.~~

~~Such unused and unencumbered appropriations, balance and revenue collections in excess of revenue estimates, as defined in this section when not transferred to the Cash Reserve Fund as hereinbefore in this section required or authorized, shall be held as surplus.~~

~~Such surplus shall be taken into account as revenue of the ensuing fiscal year; provided, however, that any such surplus created or existing in any fiscal year may be appropriated by the Board of Supervisors by means of an ordinance designated as a supplemental appropriation ordinance.~~

(b) In the event that funds are not available to meet authorized expenditures of any fiscal year, the Treasurer, upon the recommendation of the Controller, is authorized to transfer monies to the General Fund from any idle funds then held by the Treasurer in the pooled funds of the City and County which are legally available for such a purpose, except a pension fund. The Treasurer and the Controller shall set the terms and conditions of the transfer, taking into account the requirements and nature of the fund from which the transfer was made. All monies transferred pursuant to this Section shall accrue interest at not less than the then current rate of interest earned by the Treasurer on the pooled funds of the City and County. Any transfer of a temporarily idle balance made as hereinabove authorized shall be repaid within one year of said transfer. Such transfers shall be secured by and made solely in anticipation of the collection of taxes levied or to be levied for the year in which said transfer is made and such transfer shall be repaid solely from the proceeds of revenues which accrued during the year in which said loan or transfer was made; provided, however, that tax anticipation loans made as hereinafter in this Section authorized, shall constitute a prior lien on said taxes levied or to be levied or collected.

In no event shall the Controller or the Treasurer cause any transfer of monies pursuant to this Section if said transfer would be inconsistent with the terms and conditions of any outstanding bonded indebtedness of the City and County, including any of its boards or commissions.

(c) In the event the Mayor or a member of the Board of Supervisors recommends a supplemental appropriation ordinance after the adoption of the budget for any fiscal year and prior to the close of the fiscal year containing any item which had been rejected by the Mayor in his/her review of departmental budget estimates for the fiscal year or which had been rejected by the Board of Supervisors in its consideration of the Mayor's proposed budget for the fiscal year, it shall require a vote of two-thirds of all members of the Board of Supervisors to approve such supplemental appropriation ordinance.

(d) No ordinance or resolution for the expenditure of money, except the annual appropriation ordinance, shall be passed by the Board of Supervisors unless the Controller first certifies to the Board that there is a sufficient unencumbered balance in a fund that may legally be used for such proposed expenditure, and that, in the judgment of the Controller, revenues as anticipated in the appropriation ordinance for such fiscal year and properly applicable to meet such proposed expenditures will be available in the treasury in sufficient amount to meet the same as it becomes due.

(e) The Board of Supervisors shall have the power to borrow money by the issuance of tax anticipation notes, temporary notes, commercial paper, or any other short-term debt instruments in the manner provided by state law or City ordinance.

(f) The annual appropriations ordinance shall expire at the end of the fiscal year and the City shall have no authority to expend funds unless and until the Board of Supervisors adopts a new budget, interim budget, or supplemental appropriation for such expenditures.

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(g) No money shall be drawn from the treasury of the City and County, nor shall any obligation for the expenditure of any money be incurred, except in pursuance of appropriations or transfers made as provided in the Charter and the Administrative Code.

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

By: \_\_\_\_\_  
THOMAS J. OWEN  
Deputy City Attorney