



November 10, 2016

London Breed, President of the Board of Supervisors  
Ben Rosenfield, Controller

Dear President Breed and Mr. Rosenfield:

After assessing the impact of the recent election with my Budget Director and the Controller, I am invoking sections 16.134(f) and 16.135(h) of Proposition J. These sections were included in the proposition to ensure that the City could remain fiscally strong after an election that included both anticipated revenues and significant new costs to government on the ballot. With this action, the set-asides for homelessness and transportation created by Proposition J will not take effect.

Unfortunately, as a result of the recent election, the City's previously balanced budget has been impacted. This includes new costs and a loss of anticipated revenues including Proposition K, an increase in the City's sales tax to create \$155 million in new annual revenue for much-needed homeless and transportation investments, despite our efforts to build broad consensus and earn the voters' approval. That said, Proposition J did pass with more than 66% of the vote. Clearly, San Franciscans want us to invest more in solutions to homelessness and improvements to our roads and transportation network.

In particular, there are services for the neediest San Franciscans that must continue, such as shelter and Navigation Centers for approximately 1,700 people, outreach and engagement services for 3,750 people who are living on our streets, over 800 rapid rehousing vouchers and housing exits, and critical investments in muni service and street safety. I have consulted the Director of the Department of Homelessness and Supportive Housing and the Municipal Transportation Agency to identify investments that must be made despite the cancellation of these set-asides. I have asked my Budget Director to work with the Controller's Office and Board of Supervisors to identify spending reductions or additional revenue to fund some of these needed investments to assist our most vulnerable residents.

It is important that we rebalance the FY 2016-17 and FY 2017-18 budget in the coming weeks, as we move towards the upcoming budget process and find out what the results of the federal election mean for our City and County. Once we establish this rebalancing plan, I will submit a follow-up letter to you detailing the revenue and expenditure changes necessary to bring the budget back into balance.

I look forward to working with your office, city departments and the Board of Supervisors to develop this rebalancing plan in the coming weeks. Thank you.

Sincerely,

A handwritten signature in black ink that reads "Edwin M. Lee".

Edwin M. Lee  
Mayor, City & County of San Francisco