

LEGISLATIVE DIGEST

(Third Draft, 7/7/2016)

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

Describing and setting forth a proposal to the voters, at an election to be held on November 8, 2016, 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.

Existing Law

The City currently does not have a special fund or mandatory level of funding for homeless housing and services. The City has a Municipal Transportation Fund for operations of the Municipal Transportation Agency (MTA); the Municipal Transportation Fund receives various transit- and transportation-related revenues as well as an annual baseline appropriation. The City currently does not have a special fund or mandatory level of funding for street resurfacing.

Amendments to Current Law

The proposal is a charter amendment that would establish two new special funds/budget set-asides in the Charter.

Homeless Housing and Services Fund

First, the proposal would create a Homeless Housing and Services Fund. In fiscal year 2016-2017, the City would appropriate \$12.5 million to the Fund. Beginning in fiscal year 2017-2018 and for the next 24 years, the City would appropriate \$50 million to the Fund each year. The amount of the appropriation would be adjusted annually for changes in discretionary City revenues. Monies in the Fund would be used to provide services to the homeless, including programs to prevent homelessness, create exits from homelessness, and move homeless individuals into more stable situations. Such programs could be designed to address the needs of specific at-risk populations. Monies in the Fund could be used for both operations of these programs and capital investments required to maintain or expand system infrastructure needs.

The Fund would end on June 30, 2041. Up until January 1, 2017, the Mayor would have the one-time authority to terminate the Fund immediately, based on his or her review of the City's financial condition.

Appropriations to the Fund would not be counted as aggregate discretionary City revenues for purposes of adjusting other appropriations baselines and set-asides set in the Charter.

Transportation Improvement Fund

Second, the proposal would create a Transportation Improvement Fund. In fiscal year 2016-2017, the City would appropriate \$25.4 million to the Fund. Beginning in fiscal year 2017-2018 and for the next 24 years, the City would appropriate \$101.6 million to the Fund each year. The amount of the appropriation would be adjusted annually for changes in discretionary City revenues.

Monies in the Fund would be used to improve the transportation network in San Francisco as follows:

Category 1: 12.4% of appropriations to the Fund each year would go to the Municipal Transportation Agency ("the MTA") for Muni Transit Service and Affordability, to mitigate identified deficiencies in transit service to low-income and transit-dependent communities and to provide transit service affordability for low- and moderate-income youth, seniors, and people with disabilities, and to supplement the Municipal Transportation Agency's reserves to protect against service cuts in future years.

Category 2: 18.8% of appropriations to the Fund each year would go to the MTA for Muni Fleet, Facilities, and Infrastructure Repair and Improvement. The money would be used to keep Muni's vehicle fleet in good repair through timely vehicle replacement and rehabilitation, and to expand the fleet through acquisition of additional vehicles. The money also would be used to repair and upgrade MTA facilities, including stations, and their escalators and elevators, and to fix or replace rails, overhead wires and other fixed guideway infrastructure. In any year in which the MTA would otherwise be required to adopt service reductions as part of its budget, the MTA would transfer some or all of this allocation to Muni Transit Service and Affordability (Category 1) to offset those service reductions.

Category 3: 9.4% of appropriations to the Fund each year would go to the County Transportation Authority ("the CTA") for Transit Optimization and Expansion. The money would be used to plan, design and deliver projects to improve the efficiency and enhance the service of the existing transit system, as well as to expand the capacity of the system, and to provide funding for planning, design, education, outreach, evaluation, and capital investment in supportive transportation infrastructure for transit-oriented development.

Category 4: 14.1% of appropriations to the Fund each year would go to the CTA for Regional Transit and Smart System Management. The money would be used to:

improve reliability and increase capacity in regional transit systems serving San Francisco, including BART and Caltrain; fund long-range regional network planning and design studies and/or capital improvements; fund technology-enabled system corridor management strategies for regional highways and associated surface arterial approach/distribution streets; and fund demand management strategies, education, and outreach to promote sustainable travel choices.

Category 5: 12.4% of appropriations to the Fund each year would go to the CTA for Vision Zero Safe and Complete Streets. The money would be used to: fund infrastructure improvements that promote users' safety and complete streets; fund safety education, outreach, and evaluation; and keep traffic infrastructure and signals in a state of good repair through replacement and upgrade of deteriorated or obsolete signal hardware and adoption of advanced traffic signal technology allowing real-time traffic management and transit and emergency vehicle signal priority.

Category 6: 32.9% of appropriations to the Fund each year would go to the Department of Public Works for Street Resurfacing, to maintain City streets through timely repair and resurfacing programs and preventative maintenance.

In fiscal year 2027-2028, the Board of Supervisors could, by ordinance passed by a two-thirds' vote and with the approval of the Mayor, redirect for the remaining term of the Fund the allocation to Street Resurfacing, as follows: 10% to Regional Transit and Smart System Management, 30% to Muni Transit Service and Affordability, and 20% each to: Muni Fleet, Facilities, and Infrastructure Repair and Improvement; Transit Optimization and Expansion; and Vision Zero Safe and Complete Streets. The Board of Supervisors and the Mayor could not reverse their decision to redirect the Street Resurfacing allocation.

In any fiscal year following the adoption by the voters of a vehicle license fee increase or in which other new revenues became available for street resurfacing, if the City appropriated or the CTA allocated an amount for street resurfacing equal to the amount that would otherwise be allocated under the Fund, the City would transfer 10% of the allocation otherwise going to Street Resurfacing from the Fund to Regional Transit and Smart System Management, 30% to Muni Transit Service and Affordability, and 20% each to: Muni Fleet, Facilities, and Infrastructure Repair and Improvement; Transit Optimization and Expansion; and Vision Zero Safe and Complete Streets.

All allocations from the Fund would go to public agencies and would be subject to the budget and fiscal provisions of the Charter. The proposal would require the Controller to audit the Fund and expenditures from the Fund every 5 years, or more often in his or her discretion.

Under the proposal, the Board of Supervisors could authorize the issuance of lease revenue bonds or other lease financing arrangements to be secured by monies deposited into the Fund to carry out the work in Categories 1, 2, and 6. The Controller could issue lease revenue bonds or other lease financing arrangements on behalf of the CTA, to be secured by monies deposited into the Fund, to carry out the work in Categories 3, 4, and 5.

The Fund would end on June 30, 2041. Up until January 1, 2017, the Mayor would have the one-time authority to terminate the Fund immediately, based on his or her review of the City's financial condition.

Appropriations to the Fund would not be counted as aggregate discretionary City revenues for purposes of adjusting other appropriations baselines and set-asides set in the Charter.

n:\legana\as2016\1600770\01119706.docx