

OBJECTIVE UNBIASED FREE

VOTERS' GUIDE

General Election: November 5, 2002

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Propositions may be placed on the ballot by the Board of Supervisors, the Mayor, the Ethics Commission, or Voter Initiative (petition). A measure requires 9,735 signatures to be placed on the ballot.

LAST DAY TO REGISTER TO VOTE

Register by October 21 to vote on November 5. You must register to vote 15 days before an election but need only re-register if you have moved or wish to change party affiliation. Call the Department of Elections at (415) 554-4375 or pick up a form at the Post Office, Library, or DMV.

VOTING EARLY

ANY voter may vote early by absentee ballot (voting by mail), or they may vote early in person. Absentee ballot requests for the November 5, 2002, election must be received by the Department of Elections by 5 p.m. on Monday, October 7th. Call (415) 554-4375, or follow the instructions on the back of your Official San Francisco County Voter Information Pamphlet. Completed absentee ballots must be received by the Department of Elections or delivered to any polling place by 8 p.m. on Tuesday, November 5th.

Any voter may vote early in person at the Department of Elections beginning on Monday, October 7, 2002, from

8 a.m. to 5 p.m. Monday through Friday. Voters may also vote early on weekends from 10 a.m. to 4 p.m. October 26-27, and November 2-3. The Department of Elections is located at: City Hall, Room 48, 1 Dr. Carlton B. Goodlett Place (near Polk and Grove St. intersection), San Francisco, CA 94102.

POLL LOCATIONS

Your polling place may have changed since the last election. The location of your polling place is shown on the label on the back cover of the Voter Information Pamphlet you received in the mail. If you have questions about your polling location, you should call the Department of Elections at (415) 554-4375. You may also visit the League of Women Voters "SmartVoter" website at www.smartvoter.org and type in your home address to find your polling location and an interactive personalized ballot. Polls are open from 7 a.m. to 8 p.m. on Election Day: Tuesday, November 5th.

AN OVERVIEW OF SAN FRANCISCO'S DEBT

WHAT IS BOND FINANCING? Bond financing is a type of long-term borrowing used to raise money for projects. The City receives money by selling bonds to investors. The City must pay back the amount borrowed, plus interest to those investors. The money raised from bond sales is used to pay for large capital projects such as fire and police stations, affordable housing programs, schools, museums and other City facilities. The City uses bond financing because these buildings will last many years and their large dollar costs are difficult to pay for all at once.

Types of Bonds.

There are two major types of bonds - General Obligation and Revenue.

General obligation bonds are used to pay for projects that benefit citizens but do not raise revenue (for example, police stations or schools are not set up to pay for themselves). The City's general obligation bonds must be approved by a two-thirds vote. When they are approved and sold, they are repaid by property taxes. The Affordable Housing bonds, War Memorial Building bonds, and BART bonds on this ballot are general obligation bonds.

Revenue bonds are used to pay for projects such as major improvements to an airport, water system, or other large facilities which generate revenue. The City's revenue bonds must be approved by a majority vote. When they are sold, they are generally paid back from revenues generated by bond-financed projects. The Public Utilities Commission bond on this ballot is a revenue bond.

WHAT DOES IT COST TO BORROW? The City's cost to borrow money depends on the interest rate on the debt and the number of years over which it will be repaid. Large debt is usually paid off over a period of 10 to 35 years. Assuming an average interest rate of 6%, the cost of paying off debt over 20 years is about \$1.73 for each dollar borrowed—\$1 for the dollar borrowed and 73 cents for the interest. These payments, however, are spread over the 20-year period. Therefore the cost after adjusting for inflation reduces the effective cost because the future payments are made with cheaper dollars. Assuming a 4% annual inflation rate, the cost of paying off debt in today's dollars would be about \$1.18 for every \$1 borrowed.

THE CITY'S CURRENT DEBT SITUATION

Legal Debt Limit. The City Charter imposes a limit on the amount of general obligation bonds the City can have outstanding at any given time. That limit is 3% of the assessed value of property in the City—or currently about \$2.8 billion. Voters give the City *authorization* to issue bonds. Those bonds that have been issued and not yet repaid are considered to be *outstanding*. As of August 1, 2002, there were \$919 million in general obligation bonds outstanding, which is equal to 0.98% of the assessed value of property. There were an additional \$952 million in bonds that are *authorized but unissued*. If all of these bonds were issued and outstanding, the total debt burden would be 1.99% of the assessed value of property.

Debt Payments. During Fiscal Year 2002-2003 the City will pay approximately \$118.5 million of principal and interest on outstanding general obligation bonds. This amounts to 11.7 cents per \$100 of assessed valuation or \$343 on a home assessed at \$300,000.

Prudent Debt Limit. Even though the City is well within its legal debt limit in issuing general obligation bonds, there is another "prudent" debt calculation used by bond rating agencies when they view the City's financial health. These agencies look at all debt using the City's tax base—our general obligation bonds, lease revenue bonds, and redevelopment agency, school and community college district debt. They then take that debt as a percentage of assessed value and the resulting percentage is called the overlapping debt ratio. Large cities in the United States have a median overlapping debt ratio of 4.4% — meaning half of the cities have less debt, half have more. The City currently has a ratio for all overlapping debt of 2.57%. While this is under the median debt ratio of large cities, the City needs to set priorities for future debt to continue to maintain good credit ratings that, in turn, are a sign of good financial health.

Prepared by Ed Harrington, Controller

VOTERS' GUIDE NOVEMBER 2002

This Voters' Guide, researched by the League of Women Voters of San Francisco, has been carefully assembled and compiled to assure maximum accuracy. It is designed to help voters learn more about the issues. Before each local election, the League studies available information on the ballot measures and prepares a short explanation of each one. **The arguments for and against each measure represent the opinions of individuals or groups and the League cannot guarantee the truth of these arguments.** Estimates of the cost to taxpayers are verbatim statements of the Controller submitted to the Department of Elections. The League of Women Voters of San Francisco is not responsible for errors in the information furnished to the League. This guide was published with the support of the League of Women Voters of San Francisco Education Fund and the San Francisco Foundation. International Contact, El Mensajero, and Sing Tao Daily donated services.

League of Women Voters of San Francisco

The League of Women Voters of San Francisco, a national, nonpartisan, multi-issue organization, encourages the informed and active participation of all citizens in their government, works to increase understanding of major public policy issues, and influences public policy through education and advocacy. The League does not support or oppose any political party or candidate. The League publishes and distributes objective information about elections and issues to assist citizens in casting an informed vote.

For more information about the League of Women Voters of San Francisco (LWVSF) visit our website at "www.leagueofwomenssf.org"

Membership in the League is open to all.

Proposition A

Proposition A would authorize the issuance of \$1,628,000,000 in revenue bonds to pay for the repair and improvement of the City's water system.

The San Francisco water system is aging and has deteriorated because of deferred maintenance over many years. The original construction of the water distribution system would not be able to withstand a sizeable earthquake. Over 2.4 million people in San Francisco and the Bay Area depend upon this system to deliver clean water to their homes and businesses.

These revenue bonds would be repaid by increased water rates. Water customers from suburban communities would pay their share of these costs.

TAX COST:

The Controller states: "In my opinion, should the proposed bond issue of \$1,628,000,000 be authorized and bonds issued at current rates, based on a single bond sale and level redemption schedules, the cost would be approximately \$85,000,000 annually for thirty (30) years for a total approximate cost including debt service of \$2,551,000,000.

"This bond amount represents increases ranging between 5% and 12% annually between 2003 and 2015 in water rates for San Francisco consumers, the source of repayment for these bonds. For the average single family residential service in San Francisco this cost is equivalent to an increase of

Water Bonds

Bond Measure

Placed on the ballot by the Board of Supervisors, 8-3

approximately \$26.42 per month above the current rate of \$14.43 per month, for a total of \$40.85 per month by 2015.

"The City typically does not issue all authorized bonds at one time; if these bonds are issued over several years, the actual debt service may be somewhat less than the maximum amount shown herein.

"Before the bonds are issued, the City will need to amend the Residential Rent Stabilization and Arbitration Ordinance. This amendment is to provide landlords the ability to pass through 50% of the costs resulting from increased water rates to residential tenants. Under current financing assumptions, the average tenant in a four unit building would pay approximately \$10.56 per month by 2015."

ARGUMENTS FOR:

1. San Francisco's aging water system can no longer be depended upon to deliver an uninterrupted supply of clean water. Proposition A would ensure a safe system for over two million people.

ARGUMENTS AGAINST:

1. The cost of repaying these bonds would fall heavily on the already financially overburdened people who use this system.

Proposition B

Affordable Housing Bonds

Bond Resolution

Placed on the ballot by the Board of Supervisors, 9-2

This bond resolution would authorize the City to borrow \$250,000,000 by issuing general obligation bonds to buy, build, and/or renovate housing that is affordable to low and middle income households and to provide financial assistance to low and moderate income first time home buyers.

The City is required by state law to describe San Francisco's housing needs, set goals for providing housing, and develop programs to meet those goals as part of the City's General Plan. Some of these programs develop affordable housing for low and moderate income households and help persons with low and moderate incomes buy their first homes. The City expects that current resources used to pay for these programs will not be enough to meet its future goals for low-and moderate-income housing goals.

The principal and interest on the general obligation bonds would be paid by increased property taxes. Landlords would be authorized to pass through fifty percent (50%) of the resulting property tax increase to residential tenants.

A two-thirds majority vote is required for passage.

TAX COST:

The Controller states: "In my opinion, should the proposed bonds be issued and authorized, I estimate costs to be as follows:

Bond Redemption	\$250,000,000
Bond Interest	<u>\$182,623,779</u>
Debt Service Requirement	\$432,623,779

"Based on a single bond sale and level redemption schedules, the average annual debt requirement for twenty (20) years at a 6.00 percent interest rate would be approximately \$21,631,200 which is equivalent to two and twenty nine hundredths cents (\$0.0229) per \$100 of assessed valuation in the current tax rate.

"The increase in annual property taxes for the owner of a home with an assessed value of \$300,000 would amount to approximately \$67.14 if all

bonds were sold at the same time. It should be noted, however, that the City does not plan to issue all the bonds at one time; if these bonds are issued over several years, the actual effect on the tax rate would be less than the maximum amount shown above."

ARGUMENTS FOR:

1. Proposition B would create more housing and home-buying opportunities for low- and middle-income households, including families with children, seniors, young workers and disabled people. Proposition B would allow these people to continue to live in San Francisco and contribute to the City's diverse population.

2. The Affordable Housing Bond of 1996 has provided new housing opportunities and new homeowners for low- and middle-income families and has also proven to be economically wise. Proposition B would create even greater opportunities.

3. Proposition B would require that any projects paid for with the bonds would be awarded through a competitive process, creating new opportunities for local businesses and labor.

ARGUMENTS AGAINST:

1. Proposition B would increase homeowners' tax bills and increase tenants' rents.

2. Under the Affordable Housing Bond of 1996, the City borrowed \$100 million to provide new apartments and new-home owning families but has failed to deliver. The City fell short of its promises and misused bond monies. Proposition B would create similar problems with a greater amount of money and no accountability.

3. Projects paid for with bonds from Proposition B would be limited to non-profit housing developers, excluding for-profit developers from submitting lower bids and saving the City money.



Please Note:

Before each local election, the League studies available information on the ballot measures and prepares a short explanation of each one. These explanations have been carefully written and edited to assure maximum accuracy. However, the League of Women Voters of San Francisco is not responsible for errors in the information furnished to the League.

The ARGUMENTS FOR and ARGUMENTS AGAINST section of each measure represent the opinions of individuals or groups and their validity is not judged.

Estimates of the cost to taxpayers are verbatim statements of the Controller submitted to the Department of Elections.

Proposition C

Veterans Building Bonds

General Obligation Bond
Placed on the ballot by the Board of Supervisors, 11-0

This charter amendment would authorize the issuance of \$122,755,000 in general obligation bonds to upgrade the infrastructure and systems of the Veterans' War Memorial Building located on Van Ness Avenue across from City Hall. The bond requires a 2/3 majority vote to pass. The Veterans' War Memorial Building is a landmark building which opened in 1931 to honor war veterans, providing space for their activities as well as a public resource for the benefit of all San Franciscans. Over 300,000 people used the building last year.

This proposition would provide funds to seismically upgrade and renovate the War Memorial Building. This work would conform to current codes for health, safety, disabled access and building construction. The veterans' offices and facilities would be relocated from the first to the second floor as part of the renovations. Veterans would retain about 90% of the amount of space they occupy now.

TAX COST:

The Controller states: "In my opinion, should the proposed bonds be issued and authorized, I estimate the approximate costs to be as follows:

Bond Redemption	\$122,755,000
Bond Interest	<u>\$89,671,928</u>
Debt Service Requirement	\$212,426,928

"Based on a single bond sale and level redemption schedules, the average annual debt requirement for twenty (20) years at a 6.00 percent interest rate would be approximately \$10,621,350 which is equivalent to one and twelve hundredths cents (\$0.0112) per \$100 of assessed valuation in the current tax rate. The increase in annual property taxes for the owner of a home with an assessed value of \$300,000 would amount to approximately \$33.75 if all bonds were sold at the same time.

"It should be noted, however, that the City does not plan to issue all authorized bonds at one time; if these bonds are issued over several years, the actual effect on the tax rate would be less than the maximum shown above.

"Also, this bond requires the War Memorial to reduce the impact to property tax payers by up to \$3 million in revenues that may be raised by rental fees and other income. To the extent that these revenues are available for debt service, the impact on future taxes would be reduced."

ARGUMENTS FOR:

1. The War Memorial is a treasure which needs to be brought up to seismic, safety, and disability codes. Proposition C would provide the funds to restore and preserve this landmark building.
2. We would honor war veterans by taking care of this building which was put in trust for their use.
3. The public would benefit from proposed building renovations and expansion of public spaces.
4. If this bond passes, veterans would retain nearly as much space as they currently occupy after renovations are completed.

ARGUMENTS AGAINST:

1. The space currently designated for use by veterans in this building has diminished markedly over the years. It should be used *primarily* by and for war veterans.
2. Some veterans fear losing more space to non-veteran projects and a decrease in the building Trustees' responsiveness to their needs.
3. Proposition A bonds, approved in 1990, were supposed to address seismic improvements for this and other civic buildings. However, no repairs were made on this building.
4. Under this proposal, Veteran offices would be moved from the main floor to the second floor corridors; this space would be less visible and less desirable for the veterans.

Proposition D

Energy

Charter Amendment
Placed on the ballot by the Board of Supervisors, 8-3

This Charter Amendment would restructure and set directives for the San Francisco Public Utilities Commission (PUC) with the goal of maximizing its financial effectiveness, ensuring fair power rates, promoting positive environmental practices, and, possibly, becoming the primary provider of power to the City of San Francisco.

The PUC is responsible for construction, management, maintenance, operation, and use and control of water for the City of San Francisco. While the City does generate hydro-electric power at Hetch Hetchy, it does not currently sell that power to residents or businesses in San Francisco.

Currently, the PUC is composed of five members appointed by the Mayor. If Proposition D passes, there would be seven members of the PUC, three of whom would be appointed by the Mayor, three by the Board of Supervisors, and one commissioner would be appointed by the Controller.

Proposition D would direct the new PUC toward several specific energy goals including developing energy resources to enable the Hunter's Point power plant to close by 2005, ensure reasonable energy prices to individuals and businesses, promote energy conservation and efficiency, and encourage clean energy technologies.

Proposition D would allow the PUC to enter into long-term energy contracts and joint powers agreements with other local governments. It would also allow the PUC to issue revenue bonds for the acquisition and development of new energy facilities and for the repair and replacement of City owned energy facilities. This could result in purchase of facilities now owned and operated by PG&E and other companies currently operating power plants and distributing power and gas. The proposition would require that before acquiring any transmission and distribution facilities, a cost-benefit analysis must show that the rates needed to cover costs would not be higher than what private companies currently charge customers.

This proposition would direct that the PUC set power rates which are reasonable and cost-based. Rates would cover all indebtedness. The PUC would be required to publish a five-year rate forecast and hire a rate consultant. A Rate Fairness Board would be formed to review any rate changes.

Finally, the amendment would give the PUC permission to negotiate for appropriate severance packages with PG&E employees who may lose their jobs if the City acquires energy transmission and delivery systems from that company.

TAX COST:

The Controller states: "Should the proposed Charter amendment be adopted, in my opinion, there could be costs and benefits to the City. The impacts would vary depending on how the Public Utilities Commission (PUC) implements the amendment. There will be estimated one-time costs of \$1 million to \$2 million to conduct required studies, and estimated annual ongoing costs of \$100,000 to \$200,000 to conduct periodic, independent rate studies, compensate PUC Commissioners, and operate the new Rate Fairness Board.

"The proposal's most significant costs would occur if the PUC develops or acquires energy generation, transmission, or distribution facilities. Until

development or acquisition plans are known, costs or revenues which would be generated cannot be estimated, however the range would be in the hundreds of millions of dollars, depending on the mix of facilities proposed. Under the amendment, the PUC may issue revenue bonds to develop or acquire energy facilities when authorized by a majority vote of the Board of Supervisors. However, before the PUC could acquire transmission and distribution facilities owned by the local distribution utility, a cost-benefit analysis must be completed and the Controller must certify that the rates set by the PUC for this purpose would not exceed the local distribution utility's rates covering debt service and profits.

"The PUC's acquisition of facilities which are now privately owned could reduce revenues to the City by the loss of property, business and franchise taxes ranging, in total, between \$8 million and \$15 million annually, depending on whether the publicly-owned entity would pay certain taxes and fees. Specific costs or savings cannot be determined at this time for other objectives and options under the amendment such as closing the Hunter's Point power plant, generating 25% of San Francisco's power from non-hydro renewable sources by 2010, entering into long term contracts and joint powers agreements, and providing a severance package for employees laid off if the City acquires local energy facilities."

ARGUMENTS FOR:

1. Proposition D would give San Francisco more control over power rates thereby ensuring fair rates which are based on the actual cost of the product.
2. This amendment would allow the PUC to take concrete steps to close polluting power plants and to encourage the development of clean and renewable energy.
3. The restructuring of the PUC provided by this charter amendment would ensure more public input and protections against large for-profit energy companies.
4. Communities within the City which have suffered the unfair burden of higher pollution rates would find relief if this proposition passes.
5. Other major cities which have adopted public power have benefitted by lower utility rates and fewer power shortages.

ARGUMENTS AGAINST:

1. This proposition contains too many unanswered financial concerns. It does not guarantee a better deal for San Franciscans.
2. The PUC could issue millions of dollars in revenue bonds without voter approval if this proposition passes.
3. The water system has suffered from deferred maintenance under the direction of the PUC. Could we afford to have the same thing happen to our power supply if Proposition D passes?
4. If experienced utility workers lose their jobs due to a PUC takeover of power distribution, would the City be able to find enough competent replacement workers to ensure safe, uninterrupted power delivery to homes and businesses?

Proposition E

Water and Sewer Rates, Surplus Funds

Charter Amendment
Placed on the ballot by the Board of Supervisors, 8-3

Proposition E would make changes to the City Charter addressing various aspects of the Public Utilities Commission's (PUC) management of the City water supply. These changes would include the procedures for setting water rates, rules for the transfer of excess revenue, and authority to grant independence to engage in water contracts and issuance of revenue bonds.

The San Francisco PUC is responsible for managing the storage, quality, and distribution of drinking water to 2.4 million Bay Area customers.

Proposition E would make clarifications and changes to many of the current management practices in effect today. Currently, the water rates paid by customers are recommended by the PUC and approved by the San Francisco Board of Supervisors. Under Proposition E, water rates would be set by the PUC. These rates would be established with the input of a rate consultant and with the approval of the newly created Rate Fairness Board. Rates would be based upon cost-of-service to the customer.

Revenues from water sales are used to repay bonds which have been issued to build and maintain the system. Proposition E would allow the PUC to use any excess revenue to pay for the needs of its other utilities (clean water and Hetch Hetchy and power) rather than transferring the money to the City's General Fund.

Presently, there is a voter-approved rate freeze in effect until July 1, 2006. If proposition E passes the freeze would end in January, 2003. (Note: If proposition A on this ballot passes, the rate freeze would be extended until July, 2006).

Currently, the PUC must get approval from the Board of Supervisors before entering into contracts for water sales of over \$10 million dollars or which last for more than ten years. Proposition E would allow the PUC to enter into contracts without Board approval. The proposition would also allow the PUC to issue revenue bonds for improving its water facilities if the bonds are approved by the Board of Supervisors by a two-thirds vote. Currently, voters must approve the issuance of such bonds.

TAX COST:

The Controller states: "Should the proposed charter amendment be adopted, in my opinion, there could be costs and benefits to the City. The impacts would vary depending on how the Public Utilities Commission (PUC) implements the amendment.

"The amendment makes some changes to contracting and employment procedures at the PUC, and establishes a Citizens' Advisory Committee and a

Rate Fairness Board. These changes would not cause significant increases in the cost of government, and may allow the agency to increase efficiency. The amendment also provides that an independent rate consultant will be retained to assist the PUC with setting rates for its services, at an estimated cost of \$300,000 every five years.

"Under the amendment the PUC may issue revenue bonds for water and clean water facilities and services when authorized by a two-thirds vote of the Board of Supervisors. The amendment ends the current freeze on water and sewer rates as of January 1, 2003. If Proposition A on the current ballot is approved, the water rate freeze would continue until July 1, 2006. These changes may allow the PUC to borrow money at lower interest rates and result in long-term cost savings of as much as \$3.2 million annually on debt service for the \$1.6 billion in bonds which are proposed for the PUC's planned capital improvement program (CIP).

"Finally, the amendment grants the PUC the authority to transfer surplus funds within hydropower or water or clean water enterprises, but restricts its authority to transfer surplus funds to the City's General Fund. Only if the PUC determines that surplus funds are not needed for any utility purposes, and with a unanimous vote of the Commission, and a three-quarters vote of the Board of Supervisors, could funds be transferred to the General Fund."

ARGUMENTS FOR:

1. The changes proposed in Proposition E would enable the PUC to be more effective in its mission to deliver clean, high quality water service to all of its customers.
2. Allowing the PUC to independently issue revenue bonds and execute contracts would save money for the City.
3. Allowing the PUC to use excess water revenues for maintenance of its other utilities would promote more timely repairs and avoid higher costs later.

ARGUMENTS AGAINST:

1. Currently, voters have the right to approve revenue bonds. If Proposition E passes, we would lose the right to approve or deny this indebtedness.
2. This proposition contains so many provisions and is so complicated it is nearly impossible for voters to evaluate the changes it proposes.
3. The loss of money to the General Fund to pay for the needs of the PUC might adversely affect other vital programs.

Proposition F

Entertainment Commission Appointments

Charter Amendment
Placed on the ballot by the Board of Supervisors, 8-3

This charter amendment would create an Entertainment Commission to begin work in July 2003. The mayor would nominate four members of the new commission. The Board of Supervisors would approve or reject the Mayor's nominees by majority vote. The Board of Supervisors would appoint three additional members. Commissioners would be chosen to represent neighborhood associations, entertainment associations, urban planning, law enforcement and public health. The Entertainment Commission would be charged with planning, regulating and promoting effective policies for nightlife and entertainment in San Francisco.

TAX COSTS:

The Controller states: "Should the proposed charter amendment be approved by the voters, in my opinion, it would not in and of itself increase the cost of government. The amendment specifies the composition and the initial terms of the members of the Entertainment Commission, and establishes that the Mayor may appoint four members, and the Board of Supervisors three members, to the Commission.

"While the amendment itself does not specify the functions or duties of the Commission, existing or subsequent ordinances can specify that the Commission carry out regulatory or promotional functions which will require staff, materials, and other costs. The City currently collects entertainment-

related permit fees that may cover all or a portion of these costs."

ARGUMENTS FOR:

1. Proposition F would give citizens, neighborhoods and entertainment communities direct involvement in decisions that would shape the future of entertainment and culture in San Francisco.
2. Proposition F would make the appointment process for members of the Entertainment Commission open and accountable with checks and balances. All seats would be subject to public confirmation by the Board of Supervisors to ensure that individuals appointed are qualified representatives of their communities.
3. The new entertainment commission would replace the expensive, arcane and bureaucratic permit system created during the 1930's to manage citywide nightlife and entertainment.

ARGUMENTS AGAINST:

1. Proposition F would cause the creation of more expensive and non-productive governmental jobs in a city that is already too far in debt.
2. Proposition F would create a new and expensive commission – another tax-draining burden.

Proposition G

Elections Assistance

Charter Amendment
Placed on the ballot by the Board of Supervisors, 11-0

In November 2001 San Francisco voters approved a Charter Amendment that created the Elections Commission. If passed, Proposition G would make changes in how elections are conducted, and in the Ethics and Elections Commissions.

Proposition G would allow City personnel to provide services to the Department of Elections that are indistinguishable from services provided to other City departments and unrelated to the conduct of elections (such as payroll and computer maintenance). This would clarify the difference between election and non-election functions.

Proposition G would allow the Board of Supervisors to grant a waiver allowing the use City staff to help on election-related duties on non-election days. This would eliminate the need for the Elections Commission to first make a finding that additional staff is needed.

This measure would specify that the Sheriff would be responsible for transporting voted ballots and other equipment from the polls to the Department of Elections.

Currently, staff and members of the Elections and Ethics Commissions and the City Attorney are not allowed to support or oppose any candidate or ballot measure appearing on the ballot in San Francisco. If passed, Proposition G would allow these individuals to support or oppose *state* or *federal* candidates or ballot measures.

TAX COST:

The Controller states: "Should the proposed charter amendment be approved by the voters, in my opinion, the cost of government may be decreased by approximately \$150,000 for a typical fiscal year with two elections. The Amendment allows the Department of Elections more flexibility to obtain a waiver to use City employees for an election and could result in these savings if the Department chooses to use City employees as Field Election Deputies and for other functions which were performed by City employees in

prior years.

The proposed charter amendment also provides that the Sheriff shall approve a security plan for the conduct of elections generally, and that the Sheriff's direct functions may be limited to providing security for transportation of voted ballots. These provisions may allow for additional saving but any savings would depend on the Sheriff's decisions regarding elections security procedures.

ARGUMENTS FOR:

1. Proposition G would save money by allowing City employees to assist the Department of Elections with non-elections functions, thereby using City resources more efficiently.
2. Proposition G would save money by allowing the Board of Supervisors to approve a waiver to allow City employees to help before, during, and after elections. This would greatly reduce overtime costs in the Department of Elections.
3. This proposal would limit restrictions on members of the Ethics and Elections Commissions while still maintaining strong conflict of interest provisions.

ARGUMENTS AGAINST:

1. When City employees are helping with elections they are not doing their regular jobs.
2. Proposition G would remove the public hearing safeguard in assigning City employees to elections responsibilities. Members of the Board of Supervisors would have a conflict of interest since they seek endorsements from the public employee unions.
3. This proposition could allow state and federal employees, including elected officials, to serve on the Elections Commission. This provision would loosen the conflict of interest rules too much.

Proposition H

Police & Firefighter Retirement Benefits

Charter Amendment
Placed on the ballot by the Board of Supervisors, 11-0

City police officers and firefighters receive retirement benefits in amounts fixed by law. Proposition H would change the formula for calculating police officer and firefighter retirement benefits.

Under the current formula, police officers and firefighters who retire at 50 receive a pension benefit equal to 2% of the final salary they earned at the time they retired, for every year served. Those officers and firefighters who postpone retirement until the age of 55 receive 2.7% of their final salary for each year of service. The maximum retirement benefit is 75% of final salary.

Under the proposed new formula, police officers and firefighters who retire at 50 would receive, for each year of service, 2.4% of the salary earned at the time of retirement. Those retiring at 55 would receive, for each year of service, 3 percent of their final salary. The maximum retirement benefit would be 90% of their final salary. Benefits under the new formula would be available only to police officers and firefighters retiring or leaving service after January 1, 2003.

Other features of the proposed plan include: (1) changing the calculation of the City contribution; (2) providing for, upon the death of the officer or firefighter caused by the performance of duty, payment of a death allowance to children of any age who are dependent because of disability; and (3) extending the new, more generous formula for calculating benefits to persons serving at least five years but not retiring from service.

TAX COST:

The Controller states: "Should the proposed amendment be adopted, in my opinion, the cost to the City and County would increase, as estimated by the Retirement System Actuary, by about \$28 million per year for the next 20 years, dropping after 20 years to an ongoing cost of approximately \$8.2 million per year.

"However, no cash would be required since the City's Retirement System currently has a large surplus. While the cost of this proposal would reduce that surplus, the City nonetheless should not be required to make employer contributions to the Retirement System for at least the next ten years. The

Amendment also provides that if the City is required to make employer contributions to the Retirement System, the City will negotiate a cost-sharing agreement with the police officers and firefighters to cover all or part of the cost of providing the additional retirement benefits through employee contributions."

ARGUMENTS FOR:

1. Proposition H would guarantee an increase in retirement pay to all police officers and firefighters retiring under the amended formula. Currently the City does not offer competitive retirement benefits.
2. Not only do competitive retirement benefits attract officers and firefighters to the City, but also they help retain them. Since the City invests a considerable amount in training - as much as \$300,000 per police officer - retention is a financially sound policy.
3. Increasing retirement benefits would not cost taxpayers new money, at least in the short run. As long as the extra benefits are paid out of a surplus in the City's Retirement System, no new costs would be charged against the General Fund. This surplus cannot legally be used for purposes other than pensions for City employees.

ARGUMENTS AGAINST:

1. This is not a good time for extending new benefits. As it stands, the Retirement System is funded by contributions by employees, contributions by the City, and by growth of invested funds. In light of budget shortfalls, it does not make sense to commit to higher benefits at a time when the General Fund is already under pressure.
2. If Proposition H passes, higher retirement benefits would be locked in place. While the surplus would pay for the increased benefits, once the Retirement System surplus is exhausted, new negotiations to determine contributions from the General Fund would be required.
3. When a City employee is hired, he or she negotiates a package of benefits with the City. He or she should not be entitled to renegotiate that package. The City pensions are already generous and include cost-of-living increases.

Proposition I

Paid Parental Leave for City Employees

Charter Amendment
Placed on the ballot by the Board of Supervisors, 10-1

Proposition I would provide that City employees who are qualified to take parental leave be paid 100% of their salary for the duration of their approved leave. Currently, the City follows federal and state laws that require that employees receive up to three months off work after the birth, adoption or foster care acceptance of a child. However, these laws do not require the City to pay employees during this time. Instead, the City allows employees to use vacation time and any other paid leave that they have earned. The City also allows employees who give birth to use sick time. In addition, employees who become temporarily disabled from pregnancy or childbirth are eligible to receive disability benefits from the State.

The amendment would supplement other benefits to provide up to twelve weeks of paid leave for City employees who take time off after the birth, adoption or foster care acceptance of a child. The amendment also would supplement up to four weeks of additional paid leave to employees who give birth and qualify for Temporary Pregnancy Disability leave. Each employee would be required to use his or her vacation time, other paid leave, sick leave and disability benefits before qualifying for paid parental leave. Employees who resign less than six months after returning to work would have to pay back the compensation they received during their parental leaves.

TAX COST:

The Controller states: "Should the proposed charter amendment be approved by the voters, in my opinion, there would be an increase in the cost of government of approximately \$6.3 million annually. There are two major parts to this cost.

"We estimate a cost of \$2.5 million for paying employees for parental leave that is currently taken as unpaid leave. This figure depends on the number of employees who would apply for parental leave and whether they are eligible for State Disability Insurance (SDI). SDI pays an average of 55 percent of full salary to an employee temporarily disabled by pregnancy, so the City would only need to cover 45% of their expense. Employees who do not have SDI coverage or who become parents without being pregnant themselves would not receive SDI payments, and would be compensated at 100% City

expense.

"Secondly we estimate a cost of \$3.8 million to pay overtime or hire temporary replacements for employees taking parental leave who work 24-hour operations, including police officers, firefighters, sheriffs and nurses. It does not include the cost of replacing employees who are not in 24-hour operations, because the decreased productivity that may result from their absence are not cash costs. The cost of this amendment would increase if City departments chose to pay overtime, premium or temporary wages to workers who take on the job duties of such employees on parental leave.

"Finally, the amendment requires employees to refund parental leave pay if they voluntarily leave City employment without returning to work for at least six months. Our costs assume at least 5% of people taking this benefit would be required to refund parental leave pay to the City under this provision. The cost of this amendment would increase if fewer employees left City employment following parental leave."

ARGUMENTS FOR:

1. Proposition I would strengthen families by allowing both parents to take advantage of their full entitlement to parental leave without having to worry about a reduction in income.
2. Proposition I would allow families to be together during a child's early formative weeks, and at a time when childcare is expensive and difficult to find.
3. Placing this proposal in the City Charter sends a clear message that San Franciscans want to strengthen economic security for San Francisco's families.

ARGUMENTS AGAINST:

1. This proposition would be costly. In addition to annual costs the City would be required to hire replacement workers for those taking leave.
2. An amendment to the City charter — our city's constitution — is not the way to address this. The City has a collective bargaining process. This benefit, like other benefits, should be pursued through the collective bargaining process.

Proposition J

Supervisors' Salaries

Charter Amendment
Placed on the ballot by the Board of Supervisors, 9-2

This charter amendment would specify that the job of a member of the Board of Supervisors of the City and County of San Francisco is a full-time position, and would provide that the Civil Service Commission set the Supervisors' salary. Currently the Supervisors' salary is set in the City Charter; Supervisors are not required to serve full-time. This proposition would remove from the Charter the requirement that the voters of San Francisco approve any change in Supervisors' salaries.

TAX COST:

The Controller states: "Should the proposed charter amendment be approved, in my opinion, the cost of government would not automatically increase or decrease. This amendment simply requires the Civil Service Commission to set Board salaries every five years. It directs the Commission to consider the salaries of other California County Boards of Supervisors and City Councils when setting the rate for the San Francisco Board.

"However, since members of the San Francisco Board are currently paid lower than other Bay Area County Board members and other major California City Council members, we would expect the Civil Service Commission would raise their pay resulting in additional cost to government.

"The Board currently is paid \$37,600 annually (\$47,000 when you include fringe benefits). Members of the Board of Supervisors in six Bay Area counties and City Councils in four major California cities have average salaries that are approximately \$88,000 (\$118,000 when you include fringe benefits).

If the San Francisco Board was brought to the average level of these other bodies, it would increase the cost of government by approximately \$777,000 per year, growing over time."

ARGUMENTS FOR:

1. Specific budget items do not belong in the City's Charter, where only the voters can change them. Requiring an election to change a specific budget item is a waste of taxpayers' money and causes budget decisions to be based on the political concerns of the moment rather than a long-term view of the City's best interests.
2. Supervisors are currently working full-time on a salary that was set for a half-time position. A person with dependents and no outside income cannot serve as Supervisor because the half-time salary is too low.

ARGUMENTS AGAINST:

1. This proposition is only another attempt by members of the Board of Supervisors to increase their salary. Members of the Board of Supervisors are employed by the voters of San Francisco, and the voters have the right to set their salary and change it (or not) at will. This right should not be turned over to a government bureaucracy.
2. There is no shortage of candidates for the Board of Supervisors at the current salary.

Proposition K

Selection of Official Newspapers

Ordinance

Placed on the ballot by four members of the Board of Supervisors:
McGoldrick, Peskin, Ammiano, Gonzalez

Proposition K would change the way San Francisco selects official and outreach newspapers for publishing public notices. Bids could be accepted from newspapers that are published in San Francisco fewer than three days a week, that distribute fewer than 50,000 copies a week, and/or that are not printed within the city.

The Director of Administrative Services would assign points based on a set selection factors, using criteria already in place to review bids. Points would no longer be awarded for being locally owned or owned by a woman or member of a minority group. The points would take into account the cost of advertising in each newspaper, the circulation of each newspaper, and the cost of each newspaper to the general public. If no proposals are received, the Board of Supervisors could select any newspapers that have been adjudicated to be of general circulation in San Francisco. Points would be added to outreach papers based on the newspaper's ability to reach a certain target community.

The terms *Latino* and *transgender* would be added to the list of outreach communities. The Board of Supervisors would be allowed to determine different outreach communities as needed.

TAX COST:

The Controller states: "Should this Ordinance be approved by the voters, in my opinion, the cost to government could increase or decrease.

However, the cost impact will depend on whether vendors for official City advertising ultimately selected under this Ordinance are more or less costly than vendors selected under the current process. For example, the more open competition called for in this Ordinance may result in a lowering of bids from all vendors. Or under the new process, the City could choose to use a newspaper with a larger circulation than the current provider, which may result in higher costs. The City currently spends about \$1 million per year on official advertising."

ARGUMENTS FOR:

1. Proposition K would allow more newspapers to compete for publishing notices.
2. This proposition would allow newspapers to form a joint venture to publish public notices.
3. Proposition K would expand the list of outreach communities by adding Latino and transgender.

ARGUMENTS AGAINST:

1. Proposition K would allow public notices to be published in newspapers that charge a fee.
2. Proposition K was added to the ballot by just four supervisors, allowing for no public comment or for it to be heard before the full Board of Supervisors.

Proposition L

Real Estate Tax

Ordinance

Placed on the ballot by four members of the Board of Supervisors:
Ammiano, Gonzalez, Peskin, and Maxwell

Proposition L would double the tax on the sale or transfer of residential or commercial real estate worth \$1,000,000 or more. The tax rate on these properties would increase from \$3.75 per \$500 of value to \$7.50 per \$500 of value.

Currently, the City charges a real estate transfer tax on all real estate sold or transferred within San Francisco. The amount of the transfer tax is determined based on the value of the property; different tax rates apply for property with different valuations. The tax rates for properties worth less than \$1,000,000 would remain unchanged.

TAX COST:

The Controller states: "Should the proposed charter amendment be approved by the voters, in my opinion, revenues to the City will increase. Had the Proposition been in effect the last five years, the resulting revenues would have increased by approximately \$31,000,000 annually."

ARGUMENTS FOR:

1. San Francisco is facing a budget deficit of \$150 million. The additional revenue which would be created from Proposition L could prevent cuts in vital City services.

2. This proposition would primarily affect downtown commercial buildings, large landlords and multimillionaire property owners.
3. Proposition L would ensure that businesses in San Francisco pay their fair share of the costs for City services they use.
4. Proposition L would bring San Francisco's real estate transfer tax in line with that of many other major U.S. cities, while still keeping the transfer tax rate below that of Oakland or Berkeley.

ARGUMENTS AGAINST:

1. The City of San Francisco should stay within a budget rather than ask taxpayers for more money.
2. Although on the surface Proposition L appears to affect only those in upper income brackets, it would actually affect many others by raising the cost of real estate and raising rent as buyers and sellers try to pass on their increased costs. The increased cost of real estate and higher rents would in turn increase the overall costs of living and doing business in San Francisco.
3. Proposition L was developed over too short a time period without public hearings or input.

Proposition M

Economic Development

Ordinance
Placed on the ballot by the Mayor

Proposition M would require the annual publication of a San Francisco Economic Development Plan, establish the San Francisco Economic Development Committee and establish the San Francisco Economic Development Fund. Currently, the City's Office of Economic Development creates and runs programs to attract and keep businesses, revitalize commercial areas, assist with redevelopment projects and expand the City's taxes and employment base. The City charges business an annual registration fee and this money goes into the City's General Fund. This ordinance would give the Office of Economic Development new duties and use existing business registration fees to promote economic development in the City. The Office of Economic Development would have to prepare and maintain an Economic Development Plan for the City that would analyze existing jobs and identify opportunities to create and keep jobs; analyze the City's taxes and fees to find sources of added revenue; set goals for creating jobs and new sources of taxes and fees; identify areas in the City suited for business and economic development; and evaluate the effectiveness of San Francisco's business and economic development policies compared to those of other cities.

TAX COST:

The Controller states: "Should the proposed ordinance be approved by the voters, in my opinion, an amount equal to the annual yield from business registration fees would be dedicated to a new fund. This year, revenue from business registration fees totaled approximately \$6.6 million.

"This new fund, the San Francisco Development Fund, would be established for the purpose of promoting economic development in San Francisco. The business registration fees that are currently included in the

City's budget would no longer be available to fund any other City purpose. The economic development activities required by the ordinance may ultimately lead to improved economic development planning and thereby an increase in tax revenues to the City."

ARGUMENTS FOR:

1. A strong business base provides jobs and tax revenues to San Francisco, and small business drives San Francisco's economic engine. Proposition M would organize the City's efforts to ensure an economic plan, establish a fund to implement the plan, and form a committee to oversee the plan. The total cost of Proposition M would come out of money businesses pay through their registration fees.

ARGUMENTS AGAINST:

1. This proposal would violate two basic principals of good government: budgeting at the ballot box and increasing the size of government. The Mayor's Office of Economic Development and the Office of International Trade and Development already perform the functions prescribed in Proposition M and City government has grown at a steady clip of 33% annually.

2. Currently, the City collects approximately \$6.6 million in business fees, which are placed in the City's General Fund. This proposal would earmark those funds to finance the activities of the Office of Economic Development. This proposition would, at least initially, diminish the City's General Fund by \$6.6 million.

Proposition N

Adjusting Services and Payments to Homeless Individuals

Ordinance
Placed on the ballot by Initiative Petition

Proposition N would provide single General Assistance recipients in San Francisco guaranteed services instead of monthly cash payments of \$320 - \$395.

This would allow the City to increase mental health treatment services, expand alcohol and substance abuse programs, create more affordable housing, and provide for more meal services. Individuals would continue to receive at least \$59 per month in cash.

If housing, shelter, or meal services were unavailable, individuals would receive cash payment for the value of those services. Individuals removed from a housing or shelter program for breaking a major rule could lose some benefits.

This ordinance would set a minimum funding level for future homeless programs based on what is spent for cash and services in the 2002-2003 fiscal year. A similar provision is also in Proposition O.

Proposition N would require the Controller to review the program every three years to determine its effectiveness.

TAX COST:

The Controller states: "Should the proposed ordinance be approved by the voters, in my opinion, there would be no significant increase in the cost of government."

ARGUMENTS FOR:

1. Proposition N would save lives by fundamentally reforming how we provide care to the homeless. Currently, homeless people receive a cash grant that fails to meet their basic needs. This proposition would provide drug and alcohol treatment, decent housing, medical care, mental health care, and job training.

2. "Care Not Cash" is an important part of the solution for homelessness. By ending the cash-only system, City funds would be freed up for services and save lives by giving real care rather than inadequate cash. The incentive for homeless people to congregate in San Francisco would be removed.

3. Proposition N would reduce the cash payments that homeless men and women use to buy drugs and alcohol and redirect that funding into housing, drug treatment, job training and healthcare programs. A services-based system is a compassionate solution, and would prevent hundreds of overdose-related deaths on San Francisco's streets.

ARGUMENTS AGAINST:

1. Proposition N does not address housing. It does not mandate building more housing, and our shelter system is inadequate.

2. Proposition N would increase homelessness by taking away the cash individuals are using for the marginal housing that keeps them off the streets.

3. Proposition N does not discriminate between the homeless who abuse the system and those carefully managing their cash. This proposition is poorly written and would cause more homelessness and misery unless rewritten to protect those who are helping themselves.

Proposition O

Conditions for Providing Services and Payments to Homeless Individuals

Ordinance

Placed on the ballot by four members of the Board of Supervisors:
Ammiano, McGoldrick, Peskin and Gonzalez

Proposition O would require the City to develop 1,000 units of housing for homeless individuals within the next two years. One-half of the housing units would have to provide support services for the mentally disabled. Funding would come from existing affordable housing funds, state and federal funds, the City's General Fund and rents paid by aid recipients.

This proposition would also require the City to provide 700 people a year with drug and alcohol treatment services, and a plan to reduce the waiting list for other services.

If Proposition N on this ballot passes, Proposition O would require that the Controller certify the availability of housing and other services before cash payments could be reduced.

If Proposition N passes, Proposition O would limit to 180 days the duration a homeless person would be required to stay in a shelter before receiving an offer of housing, or the individual would resume receiving a cash grant for housing.

Under this provision, individuals who break major housing or shelter rules would not be entitled to housing services, but could continue to receive shelter services and some cash benefits.

This ordinance would set a minimum funding level for future homeless programs based on what is spent for cash and services in Fiscal Year 2002-2003. A similar provision is also in Proposition N.

TAX COST:

The Controller states: "Should the proposed ordinance be adopted, in my opinion, there would be an increase in the cost to the City and County of an estimated \$24.5 million annually.

"The ordinance specifies that the City will provide 1,000 units of housing, and drug treatment sufficient to treat 700 people annually. The City would also be required to continue to provide cash grants for individuals in the County Adult Assistance Programs (CAAP) to whom the City is unable to provide housing or who are exempted from certain shelter stay requirements. The estimated cost of these programs includes \$17.8 million for leasing and operating housing units, \$6.2 million for drug treatment, and \$.5 million for other costs and grant payments. Should the City acquire rather than lease hous-

ing units, the cost of the proposal could increase, however, funds for affordable housing development could also be used to cover a portion of the acquisition costs. Client rents, and state and federal funds for public assistance may also cover a portion of the costs of these programs.

"There would be one-time costs in an estimated amount between \$1 and \$2 million to develop information systems for tracking shelter stays and linking shelter information to aid received by individuals in the CAAP programs, and for other start-up costs.

"Finally, the ordinance calls for the City to submit plans to reduce waiting lists for a variety of housing and housing assistance programs. In and of itself, this requirement would not increase the cost of government. However, should the City choose to implement new plans to reduce waiting lists, costs would likely increase at that time."

ARGUMENTS FOR:

1. Exits from Homelessness, Proposition O, would reduce homelessness through a concrete, proven program that significantly expands housing and treatment options for those living on the street.
2. San Francisco's low-income housing has wait-lists that are hundreds of names long, and every single addiction treatment program offered by the City has a waiting list. This proposition would create new low-income housing from presently under used housing stock.
3. Without housing, homelessness will not be solved and without effective treatment options, homeless individuals with mental illness and/or drug and alcohol addiction diagnoses cannot be treated.

ARGUMENTS AGAINST:

1. Proposition O would allow the City to rent existing housing stock which could reduce the availability of low income housing, causing people who are now marginally housed to become homeless.
2. This proposition was placed on the ballot without public hearings or mention of how to pay for the estimated \$25 million in annual costs.

Proposition P

Revenue Bond Oversight Committee

Ordinance

Placed on the ballot by four members of the Board of Supervisors:
Hall, Daly, Gonzalez and Yee

Proposition P would create a new Revenue Bond oversight Committee to report publicly on the Public Utility Commission's use of revenue bond proceeds. Revenue bonds are used for the repair, replacement, upgrading and expansion of the City's water collection, power generation, water distribution and wastewater treatment facilities.

The Committee would provide ongoing oversight to ensure that proceeds of revenue bonds are spent solely for the purposes and projects in the bond resolution; would be entitled to hold public hearings to review the spending; and would be entitled to inspect facilities financed with the proceeds of the revenue bonds and review copies of any capital improvement project proposals developed by the PUC. The Committee would issue a report at least once a year.

The seven Committee members would have expertise in economics, the environment, construction, project management and finance, auditing and accounting. Members would be appointed by the Mayor (two), the Board of Supervisors (two), the Controller (one) and the Bay Area Water Users Association (one). Committee members' compensation of \$100 a month would not come from the revenue bond funds.

If the Committee were to find that bond funds were being spent inappropriately, they could prohibit the sale of unsold bonds. The Board of Supervisors could overturn the Committee action by a 2/3 vote.

TAX COST:

The Controller states: "Should the proposed ordinance be adopted, in my opinion, there would be no immediate increase the cost of government.

"If, however, voters approve Public Utilities Revenue Bonds during this election or in the future, the Committee established by this ordinance would receive 1/20th of one percent of the gross proceeds of each bond to cover the costs of this Committee. As an example, should Proposition A on this ballot pass, the increased cost of government would be \$814,000 over the life of the bonds."

ARGUMENTS FOR:

1. The proposed change would ensure that bond money is spent on projects approved by voters.
2. It would ensure accountability and efficiency within the Public Utilities Commission as it spends approximately \$3 billion of water rate increases over the next decade.

ARGUMENTS AGAINST:

1. The better alternative to Proposition P is Proposition E that is an excellent reform measure and already contains a full range of oversight and protections needed to assure responsible conduct of the capital improvement program.
2. The PUC's current capital plan, financial plan and management plan have been through four separate independent reviews. The program is in better shape than it has been for years, and further review by this proposed oversight committee is not needed.
3. Payment to members of a citizens advisory committee to attend meetings is unprecedented and should be vigorously resisted.

Proposition Q

Proposition Q would prohibit recipients of City contracts, grants or loans from using City funds to participate in or to influence a political campaign for any candidate or measure. The ordinance would require the Controller's Office to audit at least ten recipients each year in order to ensure compliance with this policy.

Violation would be considered a breach of the contract, grant or loan. Violators would be barred from receiving City funds for two years, and could face further penalties.

TAX COST:

The Controller states: "Should the proposed initiative be approved by the voters, in my opinion there would be no significance increase in the cost of government."

Use of City Funds

Ordinance
Placed on the ballot by the Mayor

ARGUMENTS FOR:

1. Current state and federal law forbids contractors and other recipients of public funds from engaging in political activity, including advocacy for political candidates or ballot measures, but no such law exists in San Francisco. Tax dollars intended to pay for services may be funding political activism.
2. Proposition Q would ensure that City funds are spent appropriately, under the oversight of regular audits. Public money would no longer promote private political causes.

ARGUMENTS AGAINST:

1. Proposition Q is an unnecessary initiative whose true goal is to silence criticism of the Mayor by recipients of City funds, especially non-profit organizations.
2. Existing federal, state and city laws are sufficient to regulate the use of public funds for political activity. All City contract agreements already forbid such activity and all groups are already subject to City audit. Federal IRS regulations limit the funds that non-profits may legally use for political advocacy.

Proposition R

Condominium Conversion with Certain Conditions

Initiative Ordinance

Dubbed the Home Ownership Program for Everyone (HOPE) by its proponents, Proposition R would broaden existing laws covering conversion of rental units to condominiums. Current law restricts such conversions to 400 a year and does not permit conversion of rental buildings with more than six units.

Proposition R is a 25-year program that would permit the owner of an apartment building of any size to convert individual units to condominiums and sell them to the tenants, provided between 25% and 40% of the tenants, depending on the number of units in the building, agree to the plan. Tenants who chose not to buy their units would be offered lifetime leases with a cap on annual rent increases, provided the unit is their principal residence.

The initiative would significantly raise the annual limit on condo conversions, to an annual maximum of no more than 1% of rental units. There could be 3400 additional conversions the first year.

The program would be restricted to tenants or owners who have occupied the building for at least two years. Purchasers would be penalized if they sold their units within two years. These penalties would be paid into a housing fund administered by the Rent Board.

Two kinds of rental buildings would be exempt from the program: those with owner move-ins within the prior five years and those that have Ellis Act evictions within the prior 10 years.

Converted buildings would no longer need to be upgraded to comply with current building codes. This is required under existing law. Prior to ownership transfer, condo conversions would, however, have to comply with certain health and safety requirements.

TAX COST:

The Controller states: "Should the proposed initiative be approved by the voters, in my opinion, property transfer tax and general property tax revenues in the City could increase by approximately \$3 million in the first year, growing to \$14 million by year seven and continuing to grow thereafter.

"Our estimate is based on industry studies that show approximately 10

percent of people who live in San Francisco can afford the median-priced home of approximately \$550,000. About 30 percent can afford a \$300,000 home. If more than 30 percent of renters elect to purchase under this program, then general property tax and property transfer tax revenues would be greater.

"Also, there will be additional costs to the Department of Public Works and the Department of Building Inspection for this program. However, the City is allowed to set user fees to recover these costs."

ARGUMENTS FOR:

1. HOPE would provide tenants with a vehicle for home ownership.
2. The program extends eviction protection to non-buying tenants and provides them with rent control if they live in currently-exempt buildings built after 1978.
3. HOPE would increase City revenues by over \$200 million over the next seven years by increasing property and transfer tax revenues.
4. Fewer evictions and more homeowners means more people will put down roots and take an active role in their neighborhood. People of moderate income would not have to leave the city.

ARGUMENTS AGAINST:

1. Proposition R is risky and dangerous. In 25 years, 85,000 apartments could be converted - almost half the City's rental housing. Fewer apartments could mean higher rents.
2. In other cities with tenant ownership programs, only 11% of the tenants get to buy while 80% are forced to leave. The cost of Proposition R condos would be unaffordable for most San Franciscans.
3. Promised tenant "protections" could be invalidated by State law that prohibits a city from controlling rents on condominiums or banning Ellis evictions or owner move-ins.
4. Proposition R would exempt converted units from current building codes, as well as Planning Commission and neighborhood review procedures.

Proposition S

Medical Marijuana

Declaration of Policy
Placed on the ballot by four members of the Board of Supervisors:
Leno, Ammiano, Gonzalez, Maxwell

This declaration of policy would make it City policy to explore the establishment of a medical cannabis program. The Federal Drug Enforcement Agency continues to crack down on local medical marijuana clubs, therefore interfering in the distribution of marijuana to the seriously ill. Proposition S was put on the ballot as a result. However, this ballot measure would not implement a marijuana-growing program. It would merely ask City officials to investigate its feasibility.

TAX COST:

The Controller states: "Should the proposed initiative be approved by the voters, in my opinion, it would not in and of itself increase the cost of government.

"The measure declares that it would be City policy to explore the establishment of a medical cannabis program. If, as a result of an explorative process, the City ultimately establishes a program whereby the City would grow and distribute medical cannabis, there could be increased costs to the City as a result."

ARGUMENTS FOR:

1. Proposition S would state that it is City policy to help protect the right of seriously ill patients who suffer from maladies such as HIV, multiple sclerosis and cancer, to have access to marijuana for medicinal purposes.
2. Proposition S would initiate a study which might result in creating new agriculture jobs amidst the current economic environment and provide agricultural job training to the unemployed or homeless.

ARGUMENTS AGAINST:

1. Marijuana is an illegal substance under federal law. Anyone involved in cultivating and distributing it would be subject to arrest and prosecution.

Regional Measure:

Seismic Retrofit Program BART General Obligation Bond

Seismic safety construction requirements have been changing as analysis of recent earthquakes reveal structural failures. BART has been aware that the overhead tracks on parts of the "core" system initially built do not meet current structural safety standards and that the Berkeley Hills Tunnel would also potentially fail in an earthquake. A recent Bechtel report on seismic safety also indicated that the Transbay Tube was susceptible to damage from soil liquefaction.

The continued operation of the BART system after the Loma Prieta earthquake helped compensate for the rupture in the Bay Bridge and damage to freeways. The maximum credible earthquake would subject the system to stronger shaking than the 1989 quake. To assure that the system could function after a major earthquake, the BART board has recommended an extensive seismic retrofit program funded by 35 year bonds to be paid off by an additional property tax assessment. For a house assessed at \$300,000, the tax is estimated to be an average of \$23 a year over 39 years (\$42 the highest year).

More than half of the \$1.05 billion bonds would be to strengthen 22 miles of overhead track of the original BART system; one quarter would be for the Transbay Tube and underground connections and remaining would be for stations, and support facilities. There is no practical retrofit for the Berkeley Hills Tunnel; improvements to emergency response capabilities are proposed.

ARGUMENTS FOR:

1. BART system will help the region recover from the major earthquake we must responsibly anticipate. The systemwide Seismic Retrofit Plan is designed to bring the system up to the same seismic standards as the newer extensions, reducing damage to the system and loss of life. As the transbay tube carries 45% of the people crossing the Bay, it is essential to design it to be in service shortly after a major earthquake.

2. Bonds are a cost-effective method of financing the retrofit as the bonds are sold only as funds are needed. The annual tax levee will only cover the amount of bonds outstanding. Caltrans would supplement the \$1.05 billion bonds with \$150 million of additional funds.

3. Charging more for using BART, instead of bond financing, would discourage transit ridership. Less transit use would increase air and water pollution, sprawl and traffic congestion.

ARGUMENTS AGAINST:

1. Money for maintenance of the BART system should be part of the BART budget. BART has its own apportionment of sales tax money and sources for additional revenue that it has not been using including parking charges and development of BART station property.

2. As the measure allows BART to pay up to 12% interest, the actual amount of additional property tax will depend on unknown future interest rates. The tax will be borne inequitably by property owners with post Proposition 13 assessments relative to pre Proposition 13 home and corporate owners.

3. Earthquake standards change after each major earthquake. We can't yet anticipate the specific damage the next big earthquake will cause and the proposed retrofit would not secure all of the "core" system because Berkeley Hills tunnel retrofit isn't feasible. It may be better to invest in emergency response capability to clear and repair transportation routes and in more flexible transit systems like ferries and buses.

Notes

Are you looking for more information about this election?

In addition to producing this Voters' Guide, The League of Women Voters of San Francisco sponsors candidate and issue forums, sends out speakers trained to discuss the ballot measures, and maintains an election website. See the league's website for more information:

www.leagueofwomenssf.org

We also work with SFGTV, San Francisco Cable Channel 26, to tape discussions about local ballot measures. See www.sfgov.org/egov/sfgtv for schedules.

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Forums for November 2002 Elections

Date	Office / Issue	Time	Location
Tuesday October 8	Water System	6:30-8:00 p.m.	Main Library Koret Auditorium 100 Larkin (at Grove)
Wednesday October 9	District 10 Town Hall	6:30-8:00 p.m.	SF Community College Southeast Campus 1800 Oakdale Avenue
Thursday October 10	District 4	6:30-8:00 p.m.	A.P. Giannini Middle School 3151 Ortega Street
Tuesday October 15	District 8	6:30-8:00 p.m.	Everett Middle School 450 Church Street
Thursday October 17	District 2	6:30-8:00 p.m.	Marina Middle School 3500 Fillmore Street
Thursday October 24	Assessor/Recorder	4:30-5:30 p.m.	Main Library Koret Auditorium 100 Larkin (at Grove)
Thursday October 24	District 6	6:00-7:30 p.m.	Main Library Koret Auditorium 100 Larkin (at Grove)
Wednesday October 30	Community College Board	4:30-5:30 p.m.	Main Library Koret Auditorium 100 Larkin (at Grove)
Wednesday October 30	Board of Education	6:00-7:30 p.m.	Main Library Koret Auditorium 100 Larkin (at Grove)

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