














San Francisco Public Library

FYs 2019 & 2020 Budget Presentation
January 18, 2018

Budget Calendar

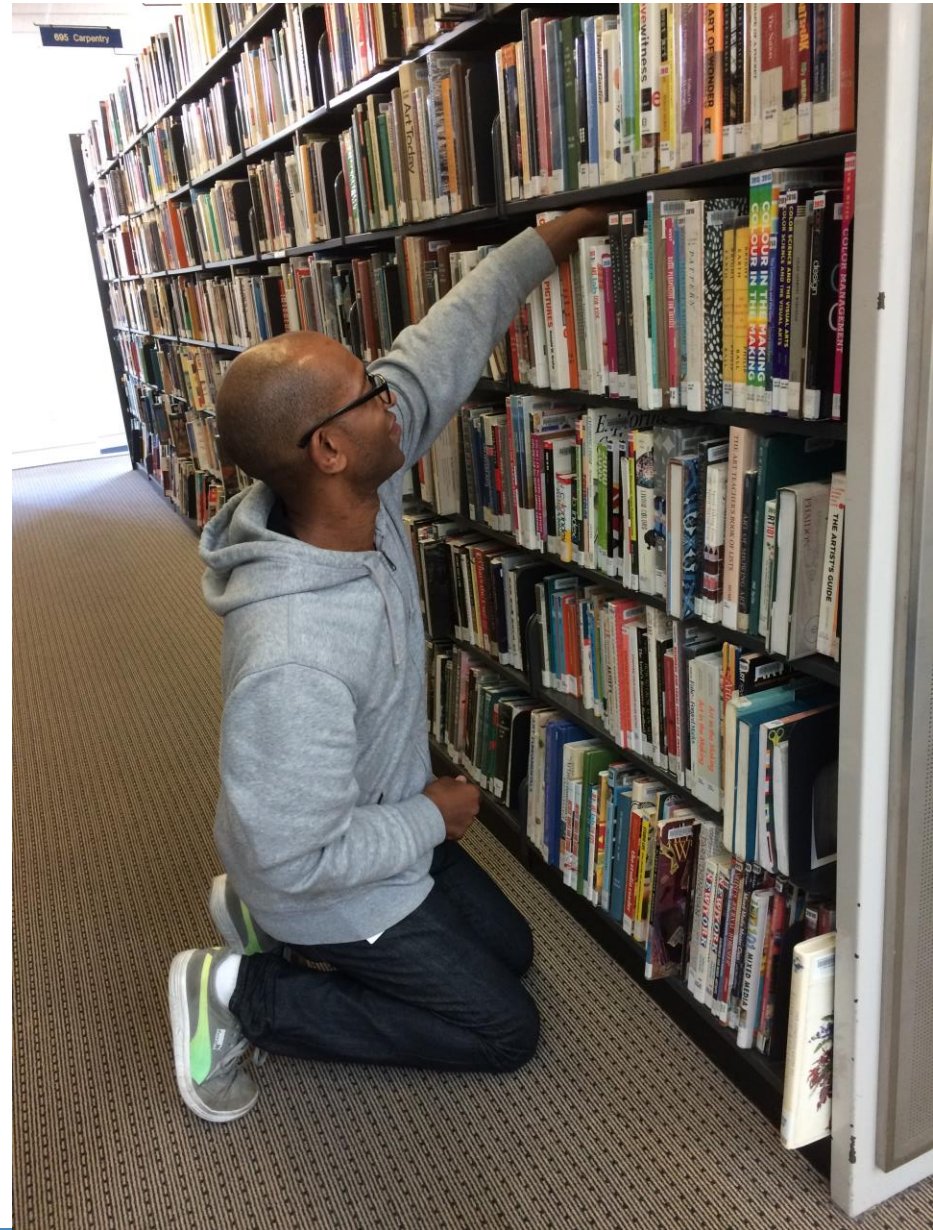
Tasks	October	November	December	January	February	March	April	May	June	July	August
Budget Development											
Departmental Budget Proposal Development											
Commission Budget Priority Discussion											
City Work Order Development											
Commission Budget Proposal Discussions											
Commission Budget Proposal Approval											
Budget Submittal to Controller											
Budget Negotiations											
Mayor's Budget Office Negotiations											
Board of Supervisors Budget Negotiations											
Budget Finalization											
Board of Supervisors Budget Adoption											
Mayor Signs Budget											
Fund Availability											

Budget Background & Climate

- City budget shortfall:
 - FY 19: \$88.22M
 - FY 20: \$85.18M (\$173.4M cumulatively)
- Mayor's budget instructions:
 - General Fund (GF) departments should propose on-going reductions & revenue equal to 2.5% of GF support annually
 - Departments should not increase funded FTEs
 - Enterprise/Self-Supporting departments must absorb all cost increases
- Current budget unknowns:
 - Federal risks: tax reform and budget estimates
 - State's budget estimates
 - Baseline & set-aside reform legislation
 - Arts & families fund ordinance proposal
 - Departmental Work Order Agreement changes

Budget Background & Climate

- Library Preservation Fund (LPF) estimates:
 - FY 19: \$144.98M
 - \$5.54M > FY 19 approved LPF of \$139.44
 - FY 20: \$149.41M
- LPF Fund Balance estimate: \$31.9M



Budget Background & Climate

- Baseline & set-aside reform legislation (pending):
 - City currently has 19 baseline & set-aside requirements
 - Voter approval required (June 2018)
 - Charter amendment provisions:
 - Require all unspent monies at yearend revert to the City's General Fund
 - Currently SFPL retains unspent property tax set-aside monies
 - Suspend baseline & set-aside increases if City deficit is \$200M or greater

Attachment I includes the Controller's April 2017 Voter-Required Spending Baselines Board of Supervisors presentation and the proposed baseline & set-aside reform legislation

Budget Background & Climate

- Arts & families fund ordinance (pending):
 - Voter approval required (June 2018)
 - Approval threshold as voter-led initiative: 50% + 1
 - Provisions:
 - Amends the administrative, business, and tax codes
 - Dedicates a portion of Hotel Tax currently part of City's General Fund, therefore reduces funding for baselines
 - SFPL fiscal impact estimates:
 - FY 19 \$1.5M
 - FY 20 \$1.7M

Attachment II is the Controller's estimated fiscal impact on baseline departments

SFPL Strategic & Budget Priorities



Strategic Priorities: Premier Urban Library

Proposal Title	Summary Description	One-time or On-going	FY 19 Base Budget Amt	FY 19 Proposed Investment Amt	FY 19 Proposed Bgt Amt	FY 20 Proposed Investment Amt	FY 20 Proposed Bgt Amt
Support engaging programs system wide	Enhance the allocation for materials used system wide for the growing number of public programs	on-going	\$ 51,520	\$ 75,000	\$ 126,520	\$ -	\$ 126,520
Grand Total			\$ 51,520	\$ 75,000	\$126,520	\$ -	\$126,520

Notes: (1) The budget proposals are additive to the baseline budget or new one-time investments; (2) If a FY 19 proposal is on-going the cost is assumed in the FY 20 proposed budget amount.



Strategic Priorities: Literacy & Learning

Proposal Title	Summary Description	One-time or On-going	FY 19 Base Budget Amt	FY 19 Proposed Investment Amt	FY 19 Proposed Bgt Amt	FY 20 Proposed Investment Amt	FY 20 Proposed Bgt Amt
Enhance eCollections	Shift \$300,000 in FY19 from the Fuhrman Bequest eCollections allocation to the Library Preservation Fund eCollections allocation, and increase the eCollections by another 25% in FY 20 to meet growing demand	on-going	\$ 6,077,585	\$ 300,000	\$ 6,377,585	\$ 1,594,396	\$ 7,971,981
Enhance youth collections	4% increase for children's materials to maintain strong children's print allocations and have sufficient funds for outreach and collaborative projects with the Mayor's Office of Children and Youth, SFUSD, Project HOPE and other youth-serving local organizations	on-going	\$ 2,708,148	\$ -	\$ 2,708,148	\$ 108,326	\$ 2,816,474
Grand Total			\$8,785,733	\$ 300,000	\$9,085,733	\$ 1,702,722	\$10,788,455

Notes: (1) When the Controller's added \$0.15M to the FY 18 eCollections budget in May 2018 during the Mayor's phase of the budget that amount erroneously did not carry that increase into the FY 19 budget. The FY 19 baseline budget includes that correction; (2) The base FY 19 budget already included enhancements to the collections budget, totaling \$1.14M vs. FY 18



Strategic Priorities: Literacy & Learning



Proposed LPF Library Collections Budget Allocations

Item	FY 19 Base Bgt Amt	FY 19 Proposed Investment Amt	FY 19 Proposed Bgt Amt	% Change from FY 19 Base Bgt Amt	FY 20 Proposed Investment Amt	FY 20 Proposed Bgt Amt	% Change from FY 19 Proposed Bgt Amt
Adult Physical Budget	\$ 6,663,054	\$ -	\$ 6,663,054	0%	\$ -	\$ 6,663,054	0%
Youth Physical Budget	\$ 2,708,148	\$ -	\$ 2,708,148	0%	\$ 108,326	\$ 2,816,474	4%
eCollections All Ages ⁽¹⁾	\$ 6,077,585	\$ 300,000	\$ 6,377,585	5%	\$ 1,594,396	\$ 7,971,981	25%
Digitization	\$ 50,000	\$ -	\$ 50,000	0%	\$ -	\$ 50,000	0%
Total	\$15,498,787	\$ 300,000	\$ 15,798,787	2%	\$ 1,702,722	\$ 17,501,509	11%
Notes:							

(1) When the Controller's added \$0.15M to the FY 18 eCollections budget in May 2018 during the Mayor's phase of the budget that amount erroneously did not carry that increase into the FY 19 budget. The FY 19 base budget includes that correction; (2) The additional \$0.30M to the eCollections LPF budget for FY 19 is due to a shift of costs from Fuhrman monies to LPF; and, (3) budget above does not include \$0.10M in Fuhrman or \$0.02M in other gift monies for the Collections budget.

Library Collections



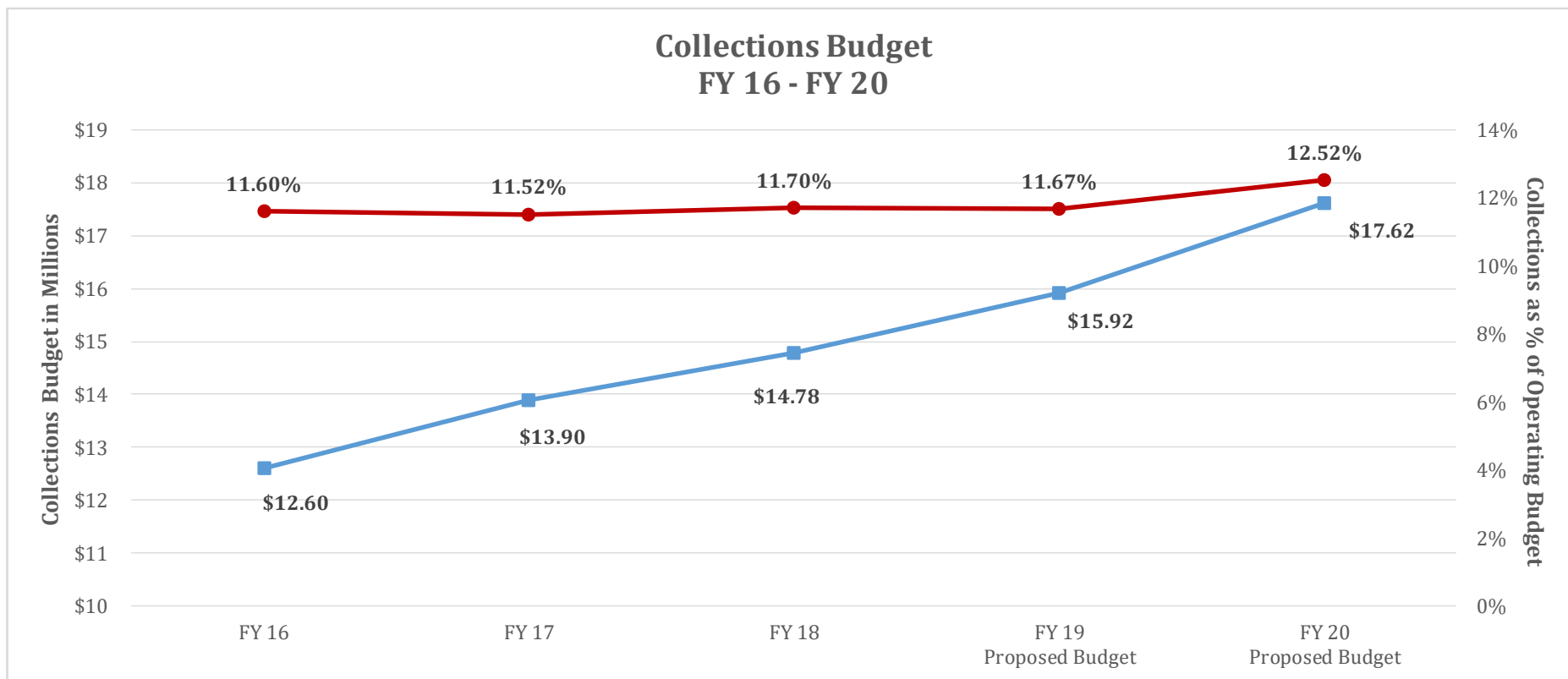
Physical Collections

- Robust children's collections
- Outreach: Collaborative projects with Mayor's Office of Children & Youth, SFUSD, Project Hope and more

eCollections

- Popular Demand: eBook & eMedia usage increased 24% in FY17
- eLearning: Meet demand for Lynda & Treehouse
- International Languages: License popular eMagazines in Chinese and Japanese
- Newspaper Digitization: Budget for full page scans of San Francisco Examiner
- Fuhrman Funds: Replacement of funds as income from oil phases out

Literacy & Learning: Collections Budget



Strategic Priorities: Youth Engagement

Proposal Title	Summary Description	One-time or On-going	FY 19 Base Budget Amt	FY 19 Proposed Investment Amt	FY 19 Proposed Bgt Amt	FY 20 Proposed Investment Amt	FY 20 Proposed Bgt Amt
Support learning & leadership opportunities for youth	Creating learning and work experience pathways for youths from toddlers through teens all year long, via expanded STEM programming, sustaining the Scholar Card that connects SFUSD students to library resources, and supporting and expanding Summer Stride resources and stipends for the teen leadership experience summer project.	on-going	\$ 65,000	\$ 100,000	\$ 165,000	\$ -	\$ 165,000
Create an after school Digital Club House at Main's Fisher Center	Technology support for hands-on 21st century digital literacy skills building experiences for ages 8-13	one-time	\$ 56,214	\$ 25,000	\$ 81,214	\$ -	\$ 56,214
		on-going	\$ -	\$ 10,000	\$ 10,000	\$ -	\$ 10,000
Grand Total			\$ 121,214	\$ 135,000	\$256,214	\$ -	\$231,214



Strategic Priorities: Digital Strategies

Proposal Title	Summary Description	One-time or On-going	FY 19 Base Budget Amt	FY 19 Proposed Investment Amt	FY 19 Proposed Bgt Amt	FY 20 Proposed Investment Amt	FY 20 Proposed Bgt Amt
Implement RFID collections inventory project	Transition the Library's collections management system to a radio frequency identification (RFID) system to enhance the patron's experience and improve operational efficiencies for the library staff. RFID will modernize how the Library maintains and circulates its collections. Costs include upgrading equipment, new software, tagging collections, and temporary salaries during the project implementation in FYs 19 & 20. Upgrading to RFID will generate additional on-going costs which are estimated to begin in FY 20	one-time	\$ -	\$ 2,992,772	\$ 2,992,772	\$ 384,984	\$ 384,984
Maintain RFID collections inventory system	Allocate additional monies to maintaining the RFID collections inventory system, including new software costs, additional license renewal costs, and additional material & supply costs	on-going	\$ -	\$ -	\$ -	\$ 194,651	\$ 194,651
Expand Tech'd Out mobile wireless lending program in the branches	Expand the Tech'd Out lending program to provide 170 MiFi devices per fiscal year system wide	one-time	\$ 60,000	\$ 3,400	\$ 63,400	\$ 39,600	\$ 99,600
		on-going	\$ 67,064	\$ 87,700	\$ 154,764	\$ -	\$ 154,764
Expand laptop lending kiosks program	Continue the expansion of the lending kiosk program by adding two kiosks annually system wide for a total system allocation of seventeen in FY 19 and nineteen in FY 20	one-time	\$ -	\$ 135,300	\$ 135,300	\$ 135,300	\$ 135,300
Upgrade the Integrated Library System server	Innovative Interface Inc. recommends upgrading Sierra ILS server every 3 to 4 years and we are on year 4-5 of current server	one-time	\$ -	\$ 385,000	\$ 385,000	\$ -	\$ -
Grand Total			\$ 127,064	\$ 3,604,172	\$3,731,236	\$ 754,535	\$969,299



Strategic Priorities: Digital Strategies

Key focus: RFID collections inventory project

- **Project purpose:** Improve patron experience, increase operational efficiencies, and inventory control
- **Project description:** Add RFID tags to SFPL's entire collection and upgrade check-out machines and security gates
- **Project goal alignment:** Investment is consistent with Mayor's Budget Office guidance for funding strategic one-time investments
- **Project timeline:** FY 19 - 20
- **Project cost categories:**
 - Hardware: one-time costs
 - Software: one-time costs and maintenance cost variation
 - Materials & supplies: one-time and on-going
 - Labor:
 - Project Management: SFPL staff management and oversight of project implementation
 - Project implementation: temporary salaries to backfill permanent staff redirected to RFID tasks

Attachment III includes background information on RFID: (a) the December 2016 Commission discussion on RFID, (b) communications with the Electronic Frontier and ACLU, and (c) the estimated return on investment for RFID

RFID Demonstration Video

RFID SELF CHECKOUT
Tacoma Public Library

Strategic Priorities: Digital Strategies

RFID budget details:

RFID Collections Management Modernization Project Budget Estimate as of 1.2.18			
	QTY	Unit Cost	Total
3M Self-Checkout Stations:			
RFID Wedge - Drop in replacement V1 or V2 to R upgrade Classic	77	\$ 3,013	\$ 232,001
Legacy V-series Self-Check PC upgrade	77	\$ 2,193	\$ 168,857
22" Monitor widescreen upgrade kit V.R series Self-Check	77	\$ 1,878	\$ 144,602
quickConnect NoveList (Recommended Reads at Self-Check)	1	\$ 5,000	\$ 5,000
libraryConnect annual license renewal ₁	119	\$ 325	\$ 38,675
3M Self-Checkout Stations Total			\$ 589,135
Barcode Scanner:			
Mounted optical CCD scanner up Scan. Upgrade kit - like Ctr Mt (allows patrons smart phone for barcode read)	77	\$ 1,353	\$ 104,177
Barcode Scanner Total			\$ 104,177
Security Gates (all new with RFID model):			
2 aisle RFID gate 9100 buried cable, does not include network cabling	23	\$ 15,571	\$ 358,134
1 aisle RFID gate 9100 buried cable, does not include network cabling	19	\$ 13,150	\$ 249,858
Wiring for adding data to security gates	1	\$ 64,956	\$ 64,956
staffConnect annual gate license renewal ₂	42	\$ 499	\$ 20,958
Security Gates (all new with RFID model) Total			\$ 693,906
RFID tags:			
RFID tag sull disc CD (1,000/roll)	450	\$ 773	\$ 347,625
RFID tag square (2,000/roll, 3 rolls/box)	400	\$ 1,245	\$ 497,840
RFID manual Tag Dispenser (non-stock item)	20	\$ 150	\$ 3,000
RFID conversion station rental monthly, 4 carts x \$949 per cart per month = \$3,796 per month for 18 months	18	\$ 3,796	\$ 68,328
RFID tags Total			\$ 916,793
Staff Workstations:			
RFID staff workstations (Cir. Desk & Ref at Main)	69	\$ 1,792	\$ 123,625
RFID staff workstations (Cir. Desk & Info Desk at Branches)	110	\$ 1,792	\$ 197,083
RFID staff workstations (Processing)	14	\$ 1,792	\$ 25,083
Staff Workstations Total			\$ 345,790
Hand-Held Inventory device:			
3M mobile DLA inventory	9	\$ 8,244	\$ 74,196
Hand-Held Inventory device Total			\$ 74,196
Freight:			
Shipping and handling , estimated on one receiving location	1	\$ 76,283	\$ 76,283
Freight Total			\$ 76,283
Temporary salaries & fringe benefit increase:			
FY 19			\$ 192,492
FY 20			\$ 384,984
Temporary salaries increase Total			\$ 577,476
RFID Project Grand Total			\$ 3,377,756
NOTES:			
(1) libraryConnect is a new license cost and would be annualized beginning in FY 20 as an operating cost, the first year's cost is captured in the RFID project cost above.			
(2) staffConnect is a new license cost and would be annualized beginning in FY 20 as an operating cost, the first year's cost is captured in the RFID project cost above.			
(3) SFPL annual maintenance costs for self-check will increase by \$14,322/year with the upgraded equipment and is captured as an operating cost beginning in FY 20.			
(4) SFPL annual maintenance costs for security gates will increase by \$110,696/year with the upgraded equipment and is captured as an operating cost beginning in FY 20.			
(5) SFPL annual processing supplies for new material will increase by \$10,000/year with the addition of RFID tags, while still needing barcodes and is captured as an operating cost beginning in FY 20.			
(6) Estimated SFPL Project Management costs over FY 19 & FY 20 total \$391,545. This is not an additional cost but represents staff time spent on this project. This staff time will not be backfilled.			

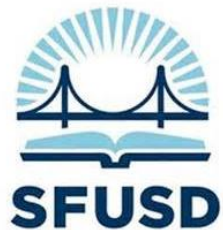
Strategic Priorities: Partnerships for Excellence

Proposal Title	Summary Description	One-time or On-going	FY 19 Base Budget Amt	FY 19 Proposed Investment Amt	FY 19 Proposed Bgt Amt	FY 20 Proposed Investment Amt	FY 20 Proposed Bgt Amt
Invest in a safety work order with Sheriff's Department	Invest in a safety work order with the Sheriff's Department for one deputy and one cadet for additional security at the Main Library	on-going	\$ -	\$ 500,000	\$ 500,000	\$ -	\$ 500,000
Grand Total			\$ -	\$ 500,000	\$500,000	\$ -	\$500,000



Work Orders:

- Budget established by:
 - SFPL requests, or
 - Usage estimates, or
 - Formulas
- FY 19 baseline budget allocation is \$11.37M
- Top three largest work orders:
 - Public Utilities Commission - Light, heat and power @ ~\$1.89M
 - Department of Technology - Infrastructure @ ~\$1.3M
 - Workers' compensation @ ~\$1.1M



Strategic Priorities: Organizational Excellence

Proposal Title	Summary Description	One-time or On-going	FY 19 Base Budget Amt	FY 19 Proposed Investment Amt	FY 19 Proposed Bgt Amt	FY 20 Proposed Investment Amt	FY 20 Proposed Bgt Amt
Enhance system wide print services for marketing and informational materials	Increase the allocation for system wide printing services to support the growing number of marketing and informational materials about our culturally diverse programming themes, dedicated classes and services to specific audiences, learning opportunities for youth and adults, Summer Stride and Scholar Card collateral, and general information that increases awareness of library resources.	on-going	\$ 55,000	\$ 25,000	\$ 80,000	\$ -	\$ 80,000
Refresh public affairs graphic design equipment	Improve the design of library marketing materials, displays and exhibitions by updating to state-of-the-art graphic design equipment and refreshing tools for the Library's graphic design team whose work is seen both inside all San Francisco Public Libraries and in citywide advertising campaigns	one-time	\$ 30,000	\$ 16,331	\$ 46,331	\$ -	\$ 30,000
Grand Total			\$ 85,000	\$ 41,331	\$126,331	\$ -	\$110,000



Strategic Priorities: Facilities Maintenance & Infrastructure

Capital Planning Program's five funding principles:

1. **Addresses legal or regulatory *mandate*:** improvement is necessary to comply with a federal, state, or local legal or regulatory mandate
2. **Protects life, *safety*, and enhances resilience:** improvement provides for the imminent life, health, safety, and/or security of occupants and/or public or prevents the loss of use of an asset
3. **Ensures asset *preservation* and sustainability:** asset preservation projects ensure timely maintenance and renewal of existing infrastructure
4. **Serves *programmatic* or planned needs:** projects support formal programs or objectives of an adopted plan or action
5. **Promotes *economic* development:** projects enhance the City's economic vitality by stimulating the local economy, increasing revenue, improving government effectiveness, or reducing operating costs

Additional funding principles: applied to Facilities budget proposals

- **Urgency:** how time-sensitive is the project
- **Importance:** how important is the project to SFPL operations

Strategic Priorities: Facilities Maintenance & Infrastructure

Funding Principles:										
1. Mandate										
2. Safety										
3. Preservation										
4. Programmatic										
5. Economic										
	Urgency Scale 1 (less urgent) to 5 (urgent)	Importance Scale 1 (less important) to 5 (important)	Proposal Title	Summary Description	One-time or On-going	FY 19 Proposed Investment Amt	FY 19 Proposed Bgt Amt	FY 20 Proposed Investment Amt	FY 20 Proposed Bgt Amt	
2. Safety	5	5	Install security cameras across system	Enhance safety by installing additional security cameras system wide over a three-year period, beginning in FY 19	one-time	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	
			Install Automated External Defibrillator (AED) devices system wide	Install AED's system wide to improve the Library's safety for the public and staff. The proposal provides 42 AEDs allocated as follows: seven at Main, two at the Support Services Facility, one at 750 Brannan, and twenty-eight in the branches (Chinatown will have two AEDs given its size)	one-time	\$ 100,000	\$ 100,000	\$ -	\$ -	
			Install lift gates on two delivery services truck	Install lift gates on two delivery services trucks to promote ergonomic health for staff and align with the loading dock height at 750 Brannan.						
	4	5	Install lift gates on two delivery services truck	Note: a request to replace 1 of 5 delivery trucks is included in this budget cycle; the replacement vehicle	one-time	\$ 22,500	\$ 22,500	\$ -	\$ -	
			4	Install exterior lighting at Main	Fund installation of new security and building lighting on the exterior of Main Library	one-time	\$ 2,000,000	\$ 2,000,000	\$ -	\$ -
2. Safety Total						\$ 2,172,500	\$2,172,500	\$ 50,000	\$ 50,000	

Strategic Priorities: Facilities Maintenance & Infrastructure

Funding Principles: 1. Mandate 2. Safety 3. Preservation 4. Programmatic 5. Economic										
	Urgency Scale 1 (less urgent) to 5 (urgent)	Importance Scale 1 (less important) to 5 (important)	Proposal Title	Summary Description	One-time or On-going	FY 19 Proposed Investment Amt	FY 19 Proposed Bgt Amt	FY 20 Proposed Investment Amt	FY 20 Proposed Bgt Amt	
3. Preservation	5	5	Generate a branch facilities master plan	Create a branch system facilities master plan to inform future capital plans	one-time	\$ 250,000	\$ 250,000	\$ -	\$ -	
			Replace Main Library air conditioning systems	Replace local air conditioning systems in the History Center, and Jewett Gallery to meet LEED requirement and because units are obsolete	one-time	\$ 250,000	\$ 250,000	\$ -	\$ -	
			Refresh sewage grinder units at the Main Library	Refresh one sewage grinder (aka Muffin Monster) unit at the Main Library based on life cycle (two years) and usage needs on a regular refresh cycle. There are a total of three active units and one unit in reserve	one-time	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	
			Refresh sewage ejection tank pump units at the Main Library	Purchase two sewage ejection tank pump units per fiscal year that work in tandem with the Muffin Monster unit based on life cycle (two-three years) and usage needs on a regular refresh cycle. There are a total of four active units and no pumps in reserve	one-time	\$ 29,000	\$ 29,000	\$ 29,000	\$ 29,000	
	4	5	Increase roofing program budget	Increase the roofing program budget to mitigate rising construction costs allowing the Library to complete the Main Library roof replacement program and allocate monies system wide based on roof life cycle	one-time	\$ 2,500,000	\$ 2,500,000	\$ -	\$ -	
			Replace heating & ventilation controls at Main Library	Replace 300+ electronic variable air volume controllers in the Main's Heating, Ventilation & Air Condition system over a three-year period beginning in FY 19	one-time	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	
			Replace two vehicles that are at the end of their lifecycle	Replace one of the five Delivery Services trucks (14 yrs. old in FY 19) @ \$75K and the Electrician's truck (23 yr. old in FY 19) @ \$50K with fuel efficient vehicles	one-time	\$ 125,000	\$ 125,000	\$ -	\$ -	
	3	5	Purchase cooling tower replacements for the Main Library	Purchase three replacement cooling tower units at the Main Library, which are currently 21 years old	one-time	\$ -	\$ -	\$ 250,000	\$ 250,000	
Repair water leaks system wide			Water-proof the following branch libraries: (1) Marina in FY 19; and, (2) Park in FY 20	one-time	\$ 500,000	\$ 500,000	\$ 800,000	\$ 800,000		
			Phase in capital improvements to the Civic Center Campus based on a facilities master plan	Allocate monies to begin capital improvements to the Civic Center Campus (Main Library & Support Services Facility) based on a pending facilities master plan to be started in FY 18	one-time	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000	
3. Preservation Total						\$ 3,934,000	\$3,934,000	\$ 2,359,000	\$2,359,000	

Strategic Priorities: Facilities Maintenance & Infrastructure

Funding Principles:									
1. Mandate									
2. Safety									
3. Preservation									
4. Programmatic	Urgency Scale	Importance Scale	Proposal Title	Summary Description	One-time or	FY 19	FY 19	FY 20	FY 20
5. Economic	1 (less urgent) to 5 (urgent)	1 (less important) to 5 (important)				Proposed Investment Amt	Proposed Bgt Amt	Proposed Investment Amt	Proposed Bgt Amt
4. Programmatic	5	5	Increase 750 Brannan shelving budget	Supplement Compact Shelving Project above the current \$2M budget by \$0.6M in FY 19 and \$1.8M in FY 20 to complete the compact shelving program	one-time	\$ 600,000	\$ 600,000	\$ 1,800,000	\$ 1,800,000
			Fund annual maintenance costs for visitor counters	Fund the annual maintenance costs for a total of 117 visitor counters system wide, which will provide real-time door traffic data that could be used for various data analyses	on-going	\$ 50,000	\$ 50,000	\$ -	\$ 50,000
	2	4	Refresh furniture, fixture & equipment (FF&E) system wide	Increase the FF&E allocation by the consumer price index to address inflation for FF&E system wide	one-time	\$ 100,000	\$ 100,000	\$ -	\$ -
			4. Programmatic Total					\$ 750,000	\$ 750,000
5. Economic	5	5	Install Automated Materials Handling (AMH) System	Replace the AMH system on the first floor and install a new AMH system lower level of Main Library to sort branch materials and capture materials processing efficiencies	one-time	\$ 3,000,000	\$ 3,000,000	\$ -	\$ -
			Generate a furniture, fixture & equipment (FF&E) master plan	Hire consultant to create a FF&E master plan to track FF&E conditions and develop a maintenance program	one-time	\$ -	\$ -	\$ 500,000	\$ 500,000
5. Economic Total						\$ 3,000,000	\$ 3,000,000	\$ 500,000	\$ 500,000
Grand Total						\$ 9,856,500	\$ 9,856,500	\$ 4,709,000	\$ 4,759,000

Additional facilities considerations:

- Branch library renovations: Mission, Chinatown, and Ocean View
 - Public Works feasibility study phase cost estimates pending
 - Project sequencing
 - Budget allocations:
 - \$0.9M in FY 17
 - \$4.9M in FY 18
 - \$6.5M in FY 19 base budget
 - \$5.3M as placeholder in FY 20 budget proposal

Strategic Priorities: Summary of Proposed Investments

Strategic Priority Category	One-time or On-going	FY 19 Proposed Investment Amt	FY 20 Proposed Investment Amt
Premier Urban Library	on-going	75,000	-
Premier Urban Library Total		75,000	-
Literacy & Learning	on-going	300,000	1,702,722
Literacy & Learning Total		300,000	1,702,722
Youth Engagement	one-time	25,000	-
	on-going	110,000	-
Youth Engagement Total		135,000	-
Digital Strategies	one-time	3,516,472	559,884
	on-going	87,700	194,651
Digital Strategies Total		3,604,172	754,535
Partnerships for Excellence	on-going	500,000	-
Partnerships for Excellence Total		500,000	-
Organizational Excellence	one-time	16,331	-
	on-going	25,000	-
Organizational Excellence Total		41,331	-
Facilities Maintenance & Infrastructure	one-time	9,806,500	4,709,000
	on-going	50,000	-
Facilities Maintenance & Infrastructure Total		9,856,500	4,709,000
Grand Total		14,512,003	7,166,257

On-going Investment Totals by FY:

- FY 19: \$1.15M
- FY 20: \$1.90M

One-time Investment Totals by FY:

- FY 19: \$13.36M
- FY 20: \$5.27M

Other investment considerations pending:

- Branch renovation project

FY 19 & 20 Proposed Budgets

Item: as of January 5, 2018	FY 18 Approved Budget	FY 19 Base Budget	FY 19 Proposed Budget (as of Jan 5, 2018)	Variance FY 19 Proposed Budget to FY 18 Budget	Variance FY 19 Proposed Budget to FY 19 Base Budget	FY 20 Proposed Budget (as of Jan 5, 2018)	Variance FY 20 Proposed Budget to FY 19 Proposed Budget
SOURCES							
Property Tax Setaside	57.58	61.90	61.90	4.32	-	64.10	2.20
General Fund Baseline	77.98	83.08	83.08	5.10	-	85.31	2.23
Total LPF	135.56	144.98	144.98	9.42	-	149.41	4.43
Misc. Annual Sources	1.02	1.08	1.08	0.05	-	0.93	(0.15)
State Grants	0.22	0.22	0.22	-	-	0.22	-
Fuhrman Trust	0.40	0.40	0.10	(0.30)	(0.30)	0.10	-
LPF Fund Balance	0.65	-	-	(0.65)	-	-	-
Total Other Sources	2.29	1.70	1.40	(0.89)	(0.30)	1.25	(0.15)
Grand Total Sources	137.85	146.67	146.37	8.52	(0.30)	150.65	4.28
USES							
Salaries	56.94	58.63	58.76	1.82	0.13	61.24	2.48
Benefits	25.61	27.43	27.50	1.89	0.07	29.03	1.53
Retiree Health	4.89	5.39	5.39	0.51	-	5.88	0.49
Total Labor	87.44	91.46	91.65	4.21	0.19	96.14	4.50
Collections	14.78	15.92	15.92	1.14	-	17.62	1.70
Services of Other Depts.	11.09	11.37	11.99	0.90	0.62	12.05	0.06
Non-Personnel Services	5.74	5.83	6.44	0.70	0.61	6.54	0.10
Reserves	-	0.71	-	-	(0.71)	-	-
Materials & Supplies	3.31	3.23	5.86	2.55	2.63	5.00	(0.86)
BLIP Debt Service	2.54	2.54	2.54	0.00	-	2.54	-
Capital	11.55	9.75	19.10	7.55	9.35	9.93	(9.17)
Equipment	1.41	0.76	2.05	0.64	1.29	0.83	(1.22)
Total Non-Labor	50.41	50.10	63.90	13.48	13.79	54.51	(9.39)
Grand Total Uses	137.85	141.56	155.54	17.69	13.99	150.65	(4.89)
Surplus / (Shortfall)	-	5.12	(9.17)	(9.17)		-	

Note: table above is an estimate and will be adjusted based on branch renovation project sequencing.

Next Steps

- February: Library Commission budget approval
- February: budget submittal to Controller & Mayor

Questions?





Voter-Required Spending Baselines in San Francisco and California

Controller's Office
City and County of San Francisco
April, 2017

Executive Summary

- This report is in response to a request from Supervisors Tang and Peskin to provide a history and trajectory of voter-adopted spending requirements, commonly referred to as baselines or set-asides.
- Voter-adopted baseline spending in San Francisco has increased from approximately \$200 million in fiscal year (FY) 1994-95 to \$1.2 billion in the current fiscal year budget and a projected \$1.6 billion by FY 2021-22. The portion of the budget mandated by voter-action has more than doubled during this period, from 15% to 30% of the General Fund.
- The prevalence of these requirements is unique to San Francisco. San Francisco voters have adopted 19 different baseline requirements. For comparison to other cities, Los Angeles has two adopted requirements, San Diego has one, and San Jose has none. Our research of ballot questions, financial statements, and other information have identified only ten similar requirements in all other local governments throughout the state.

Background

- In California, voters in Charter cities are uniquely able to adopt initiatives that direct their government to appropriate spending in future years on specific programs. We often refer to these spending obligations as “baselines,” “set-asides,” or “maintenance of effort” requirements.
- Voters can adopt requirements that are either binding (which elected policymakers are required to include in the annual budget) or non-binding (which elected officials may choose to deviate from in the annual budget process). The former must be adopted as amendments to the City Charter, while the latter can be adopted as ordinances, resolutions, or declarations of policy. We have limited our review to binding Charter requirements.

San Francisco's Mandatory Charter Baselines

Est	Baseline	Code Authorization
2016	Recreation & Park Maintenance of Effort	Charter Sec.16.107 (Est Prop B, Jun 16)
2016	Dignity Fund	Charter Sec.16-128-3 (Est by Prop I, Nov 16)
2016	Street Trees Maintenance Fund	Charter Sec.16.129 (g) (Est by Prop E, Nov 16)
2014	MTA - Population Adjustment	Charter Sec.8A.105 (Est by Prop B, Nov 14)
2014	Transitional Aged Youth Baseline - 0.580% ADR	Charter Sec.16.108 (Est by Prop C, Nov 14)
2012	Housing Trust Fund	Charter Sec.16.110 (Est by Prop C, Nov 12)
2007	MTA - 80% Parking Tax In-Lieu	Charter Sec.8A.105 (Formalized Prop A, Nov 07)
2004	Public Education Services Baseline: 0.290% ADR	Charter Sec.16.123-2(b) (Est by Prop H, Mar 04; Updated Prop C, Nov 14)
2004	Public Education Enrichment Fund: 3.057% ADR	Charter Sec.16.123-2(b) (Est by Prop H, Mar 04; Updated Prop C, Nov 14)
2003	City Services Auditor: 0.2% of Citywide Budget	Charter Appendix F1.113 (Est by Prop C, Nov 03)
2000	Children's Services Baseline - 4.830% ADR	Charter Sec.16.108 (Est by Prop D, Nov 00; Updated by Prop C Nov 14)
1999	MTA - Municipal Railway Baseline: 6.686% ADR	Charter Sec.8A.105 (Est by Prop E, Nov 99; Updated by Prop A, Nov 07)
1999	MTA - Parking & Traffic Baseline: 2.507% ADR	Charter Sec.8A.105 (Est by Prop E, Nov 99; Updated by Prop A, Nov 07)
1994	Library - Baseline: 2.286% ADR	Charter Sec.16.109 (Est by Prop E, Jun 94; Updated Prop D, Nov 07)
1994	Library - Property Tax: \$0.025 per \$100 NAV	Charter Sec.16.109 (Est by Prop E, Jun 94. Updated Prop D, Nov 07)
1994	Police Minimum Staffing	Charter Sec.4.127, Amend by Charter Sec. 16.123 (Est Prop D, Jun 94; Amend by Prop C, Mar 04)
1991	Children's Fund Property Tax Set-Aside: \$0.03 per \$100 NAV	Charter Sec.16.108 (Est by Prop J, Nov 91; Updated by Prop D, Nov 00 and Prop C, Nov 14)
1974	Open Space Property Tax Set-Aside: \$0.025 per \$100 NAV	Charter Sec.16.107 (Est by Prop J, Nov 74; Renew Prop C, Mar 00; Renew Prop B, Jun 16)
1935	Municipal Symphony Baseline: \$0.00125 per \$100 NAV	Charter Sec. 16.106 (1)

- All of these mandatory Charter baselines were placed on the ballot by the Board of Supervisors except for the Library Preservation Fund and Children's Fund, which were placed on the ballot by initiative petition.

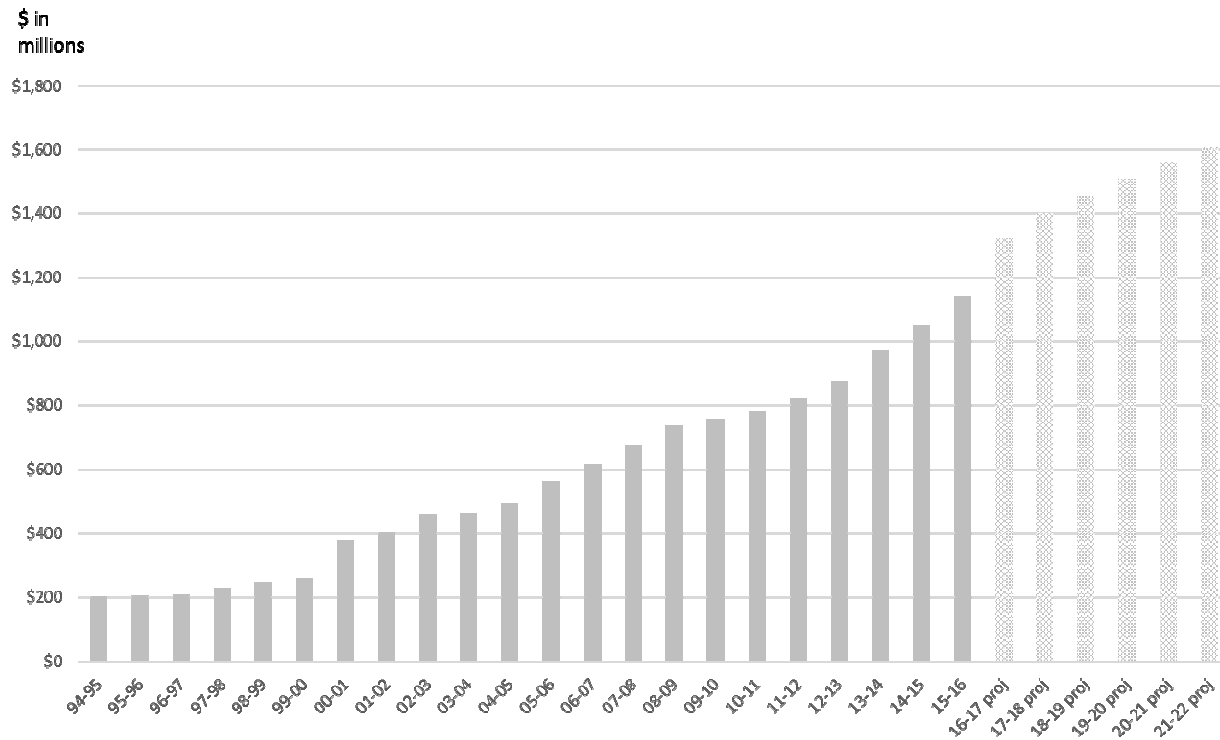
Key Non-Binding Budget Requirements

Est	Baseline	Code Authorization
2008	Treatment on Demand Baseline	Administrative Code Sec. 19A.23 (Est by Prop T, Nov 08)
2005	Neighborhood Firehouse Baseline	Administrative Code Sec. 2A.97 (Est by Prop F, Nov 05)
2004	Office of Economic Analysis Staffing	Administrative Code Sec. 10.31 (Est by Prop I, Nov 04)
2002	Homelessness and Supportive Housing Fund	Administrative Code Sec. 10.100-77 (Est by Prop N, Nov 02)

Baseline Structures

- In San Francisco, these spending mandates typically define a guaranteed level of funding for a given service. A defined base level of funding then fluctuates given a defined index over time, typically linked to overall revenue growth. Other measures define a required programmatic output, such as the number of police officers, which must then be funded regardless of cost.
- By ensuring a mandated funding level or output, baselines serve to create more certainty and predictability for a given covered service. These funds are not subject to change by the Mayor or Board of Supervisors through the budget process, tending to increase certainty regarding year to year funding levels.
- However, baselines also limit the financial flexibility of elected policymakers to make choices between service areas. As voter-mandated spending requirements have grown, financial pressures – whether to respond to a new service need or an economic slowdown – fall on a smaller portion of the budget. Over time, this will serve to concentrate the effects of service reductions on those programs not protected by baselines.

Baseline spending has grown dramatically, from \$200 million in FY94-95 to a projected \$1.6 billion in FY21-22.



In FY94-95, 6 baselines totaled ~\$200 million.

FY00-01 was the first year of baseline operating support for SFMTA's Municipal Railway.

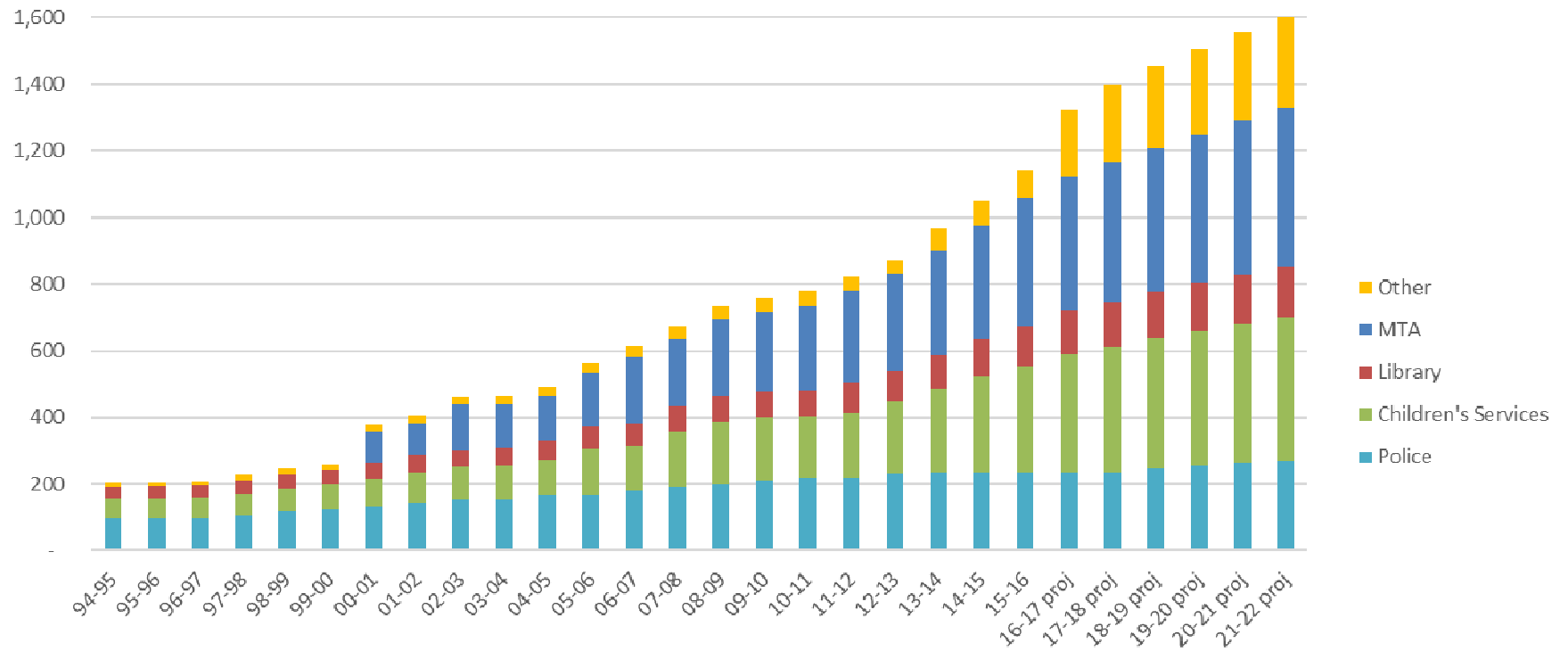
By FY15-16, there were 16 baseline spending requirements, totaling \$1.14 billion.

In 2016, voters adopted 3 more baselines:

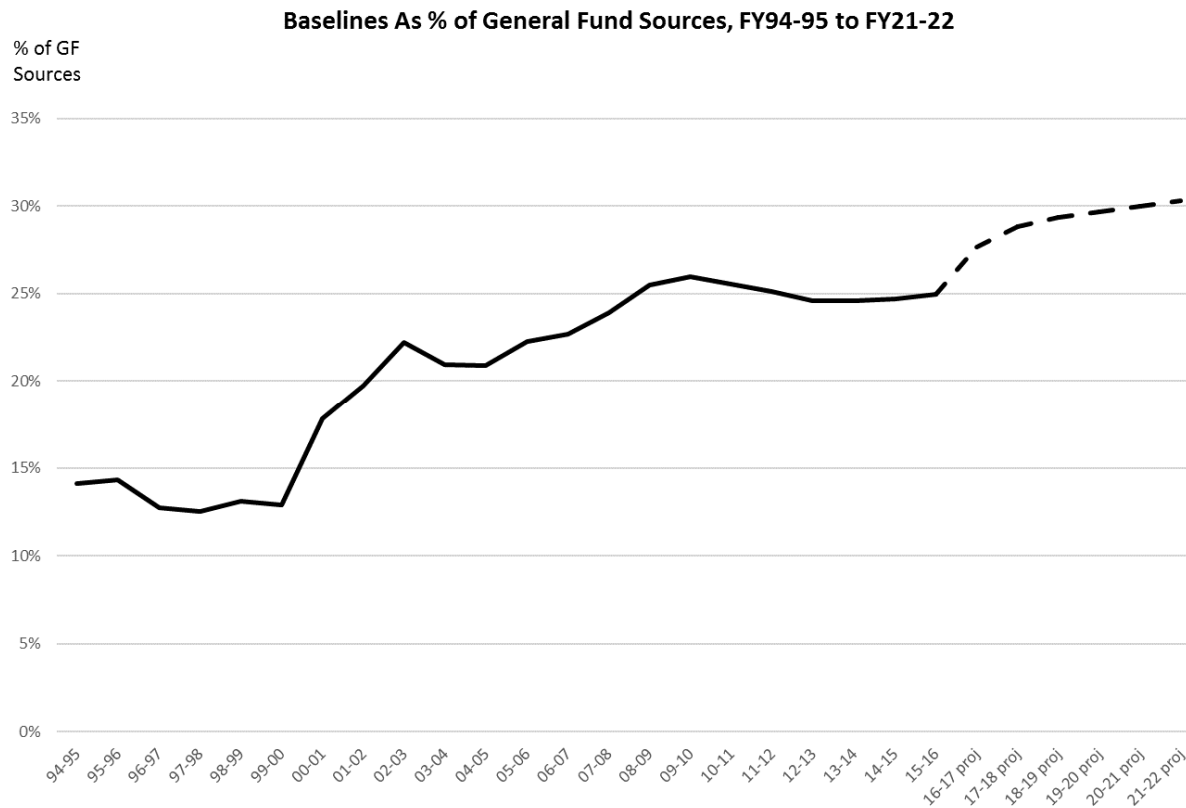
- Rec Park MOE (Jun, Prop B)
- Street Trees (Nov, Prop E)
- Dignity Fund (Nov, Prop I)

Based on the FY16-17 6-Month Report and March 2017 Update of the Five-Year Financial Plan, baseline levels are projected to grow to \$1.6 billion by FY21-22.

Baseline spending levels by category FY 94-95 to FY 21-22



As a share of the General Fund sources, baseline spending has grown from 14% to a projected 30%.



Another way to think about this: In FY94-95, 86% of General Fund revenues were available to be allocated for any purpose. By FY21-22, only 70% of General Fund revenues will be available for any purpose.

As the proportion of baseline spending grows, policymakers have fewer financial choices to make.

San Francisco baselines FY 15-16



Current baselines requirements have varying features to provide limited flexibility in some circumstances.

Baselines	Expiration	General Fund Return	Suspension Triggers
Municipal Transportation Agency (MTA)			
MTA - Municipal Railway Baseline: 6.686% ADR	✗	✗	✗
MTA - Parking & Traffic Baseline: 2.507% ADR	✗	✗	✗
MTA - Population Adjustment	✗	✗	✗
MTA - 80% Parking Tax In-Lieu	✗	✗	✗
Library Preservation Fund			
Library - Baseline: 2.286% ADR	FY 2023-24	✓	✗
Library - Property Tax: \$0.025 per \$100 NAV	✗	✗	✗
Children's Services			
Children's Services Baseline - Requirement: 4.830% ADR	FY 2040-41	✗	✗
Transitional Aged Youth Baseline - Requirement: 0.580% ADR	FY 2040-41	✗	✗
Children's Fund Property Tax Set-Aside: \$0.03 per \$100 NAV	FY 2040-41	✗	✗
Public Education Services Baseline: 0.290% ADR	FY 2040-41	✗	✗
Public Education Enrichment Fund: 3.057% ADR	FY 2040-41	✗	✗
Other			
Open Space Property Tax Set-Aside: \$0.025 per \$100 NAV	FY 2045-46	✗	✗
Recreation & Park Maintenance of Effort	FY 2045-46	✓	✓
Housing Trust Fund	FY 2042-43	✗	✗
Municipal Symphony Baseline: \$0.00125 per \$100 NAV	✗	✗	✗
City Services Auditor: 0.2% of Citywide Budget	✗	✓	✗
Dignity Fund	FY 2036-37	✗	✓
Street Trees Maintenance Fund	✗	✗	✓
Police Minimum Staffing	✗	✗	✗

Expiration

- Half of baselines have a sunset date.
- Most recently, in November 2014, voters chose to renew and expand funding for Children's Services through Prop C.
- Next sunset is the Library baseline in FY23-24.

General Fund Return

- Most baselines retain unspent funds, allowing them to build a balance.
- Library, Recreation & Park MOE, and City Services Auditor baselines have provisions to return unspent monies to the General Fund at the end of the fiscal year.

Suspension Triggers

- The City may suspend contributions to Street Tree Maintenance, Dignity Fund, and Recreation & Park MOE if the deficit projected in the Joint Report (March) is greater than \$200 million.

The prevalence of voter-adopted spending requirements is unique to San Francisco

- For ten jurisdictions comparable to San Francisco, we reviewed ballot measures, budgets, comprehensive annual financial reports (CAFRs), news articles, and academic research to determine whether voters have adopted mandatory baselines.
- For every city and county in California, we reviewed all ballot questions from 1996 to 2016 to find any measures that appeared to be set asides based on the question.
- Our research identified 10 voter-adopted baselines in California outside San Francisco. San Francisco has 19.
- Voters in Charter cities can amend their Charters to adopt binding baseline initiatives because a Charter derives authority over its "municipal affairs" from the California Constitution, which includes the rules and procedures for a city's budget.
- In contrast, the budgetary authority of General Law cities and counties is governed by California's Government Code, which empowers the governing body to adopt a budget each year. But city councils and boards of supervisors may not in one year tie the hands of future councils and boards by dictating future spending. Voters in General Law cities and counties through initiative have the same law making power as the governing body. Thus, voters in General Law jurisdictions and counties can require certain spending by ordinance for the specific year in which they adopt the initiative ordinance to the same extent their city council may do so. Since the voters' power of initiative to adopt ordinances is no greater than the council's or board's, voters may not require future spending like a baseline requirement.

Peer jurisdictions have few or no baseline requirements, versus 19 in San Francisco

Baselines in Ten Jurisdictions Comparable to San Francisco

Jurisdiction	Supported Services	Year Approved by Voters	Spending Obligation	Fiscal Impact in Current Budget (millions)
Oakland	Children's Services	2009 (First Passed in 1996)	3% of unrestricted general fund	\$14.5
Los Angeles (City)	Library Services	2011	0.03% of the assessed value of all property.	\$157.9
	Recreation and Parks	Included as part of the new 1999 Charter	0.0325% of the assessed value of all property.	\$171.0
San Diego (City)	Infrastructure	2016	Pension savings + share of increase in major taxes	Estimated \$4 billion over 25 years
Santa Clara County	County Parks	2016 (First Passed in 1972)	0.015% of the assessed value of all property.	\$57.0
No Voter Approved Baselines Found: Alameda County, Fresno County, Fresno, Los Angeles County, San Diego County, San Jose				

Outside of our peer jurisdictions, our research has identified few baselines in other local governments

Baselines Found in a Review of All Ballot Questions in California 1996-2016

Jurisdiction	Supported Services	Year	Spending Obligation
Huntington Beach	Infrastructure Fund	2002	15% of General Fund
East Palo Alto	Youth, Family, and Senior Services	2002	10% of Transient Occupancy Tax Revenue
East Palo Alto	Affordable Housing	2002	10% of Transient Occupancy Tax Revenue
Rancho Mirage	Tourism Promotion	2003	10% of Transient Occupancy Tax Revenue
Healdsburg	Community Services	2002	100% of Transient Occupancy Tax Revenue

Comments and Questions?

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Appendix A:

Table of San Francisco's baselines

General Fund Supported Baselines

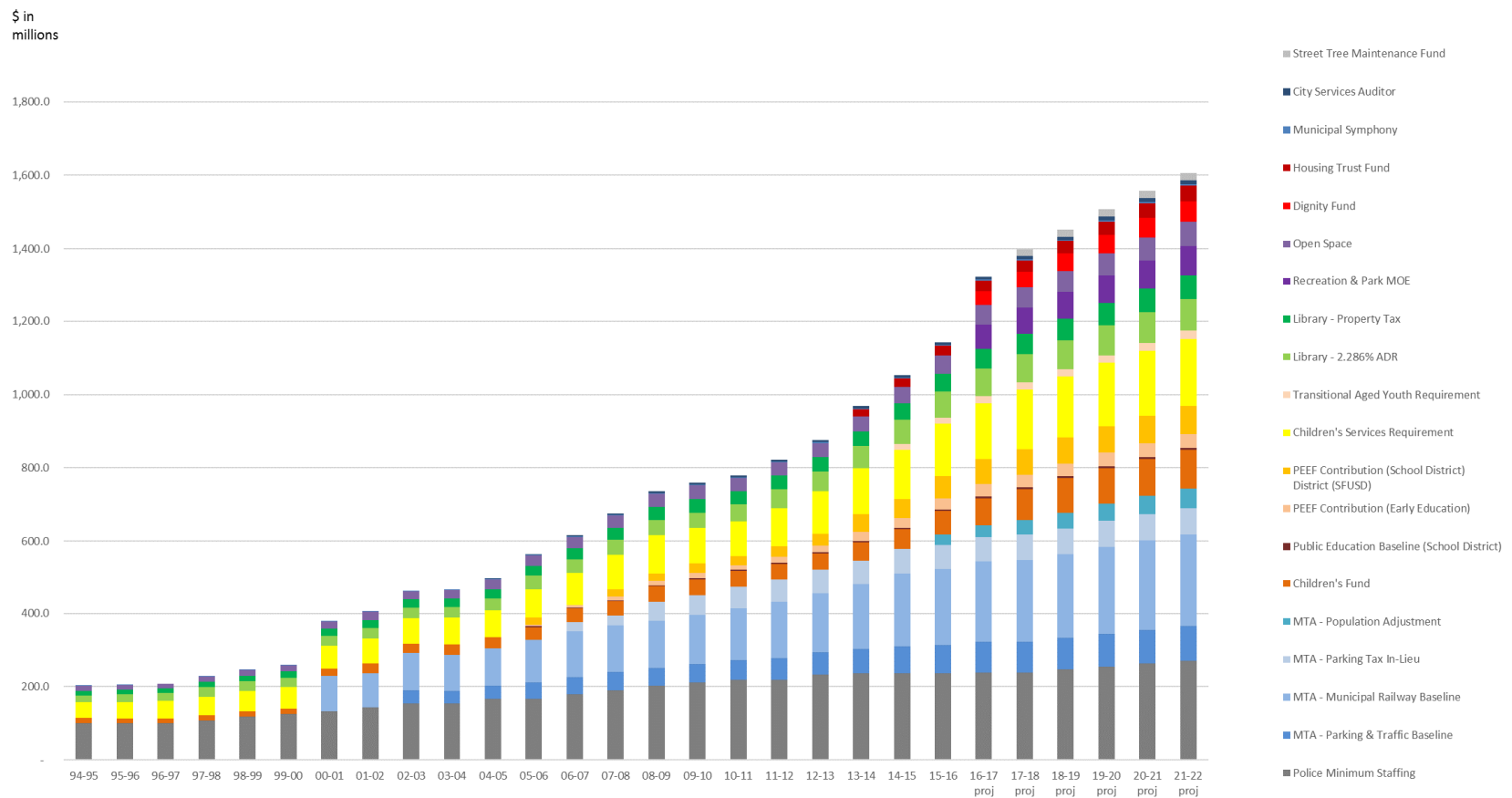
Actuals FY94-95 – FY15-16, Projected FY16-17 – FY21-22

(\$ in millions)

	Actuals 94-95	Actuals 95-96	Actuals 96-97	Actuals 97-98	Actuals 98-99	Actuals 99-00	Actuals 00-01	Actuals 01-02	Actuals 02-03	Actuals 03-04	Actuals 04-05	Actuals 05-06	Actuals 06-07	Actuals 07-08	Actuals 08-09	Actuals 09-10	Actuals 10-11	Actuals 11-12	Actuals 12-13	Actuals 13-14	Actuals 14-15	Actuals 15-16	Project 16-17	Project 17-18	Project 18-19	Project 19-20	Project 20-21	Project 21-22
Municipal Transportation Agency (MTA)																												
MTA - Municipal Railway Baseline: 6.686% ADR	-	-	-	-	-	-	97.3	94.3	100.8	99.3	101.3	117.8	123.9	127.3	129.2	133.4	141.5	154.7	161.7	177.4	198.1	207.1	222.0	224.7	229.8	237.7	244.8	251.4
MTA - Parking & Traffic Baseline: 2.507% ADR	-	-	-	-	-	-	-	-	36.3	33.6	36.1	43.4	47.2	49.4	48.7	50.3	53.1	58.0	60.7	66.5	74.3	77.7	83.3	84.3	86.2	89.1	91.8	94.3
MTA - Population Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33.5	40.5	44.7	50.0	57.0	60.8
MTA - 80% Parking Tax In-Lieu	-	-	-	-	-	-	-	-	-	-	-	-	25.9	26.9	51.6	53.2	58.2	61.3	65.3	66.8	69.8	68.8	67.8	68.8	70.1	71.4	72.1	72.5
Subtotal Municipal Transportation Agency	-	-	-	-	-	-	97.3	94.3	137.1	132.9	137.4	161.3	197.0	203.5	229.5	236.9	252.8	274.0	287.7	310.7	342.1	381.3	406.5	418.3	430.8	448.3	465.6	478.9
Library Preservation Fund																												
Library - Baseline: 2.286% ADR	17.6	20.9	21.6	26.1	26.7	25.2	26.1	28.8	28.8	29.4	31.9	38.7	39.6	40.9	42.1	41.7	45.1	52.9	55.3	60.7	67.7	70.8	75.9	76.8	78.6	81.3	83.7	86.0
Library - Property Tax: \$0.025 per \$100 NAV	13.7	12.9	13.0	14.4	15.7	17.1	19.8	22.0	21.8	23.5	25.8	28.1	30.8	32.9	35.8	37.1	36.5	36.5	38.4	40.8	44.5	49.9	53.0	56.9	59.2	61.1	63.2	65.4
Subtotal Library	31.3	33.8	34.6	40.6	42.4	42.3	45.9	50.8	50.5	52.9	57.7	66.8	70.5	73.8	78.0	78.7	81.6	89.4	93.7	101.4	112.2	120.7	128.9	133.7	137.8	142.4	146.9	151.3
Children's Services																												
Children's Services Baseline - 4.830% ADR	43.5	44.9	47.2	50.0	55.3	59.1	63.6	68.5	70.1	72.8	73.3	77.2	86.7	96.2	106.3	96.9	95.4	103.2	115.2	125.5	134.6	142.9	153.1	162.4	166.0	171.7	176.8	181.6
Transitional Aged Youth Baseline - 0.580% ADR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15.6	17.2	18.4	19.5	19.9	20.6	21.2	21.8
Public Education Services Baseline: 0.290% ADR	-	-	-	-	-	-	-	-	-	-	-	2.7	3.0	3.0	3.0	2.9	3.1	3.4	3.5	3.8	4.3	4.5	4.8	4.9	5.0	5.2	5.3	5.5
Children's Fund: \$0.03 per \$100 NAV	13.3	12.9	12.9	14.5	14.0	15.6	19.8	25.9	26.2	28.1	31.0	33.7	37.0	39.5	43.0	44.5	43.8	43.8	46.1	48.9	53.4	64.5	74.2	85.3	94.7	97.8	101.2	104.6
Public Education Enrichment Fund: 1/2 3.057% ADR	-	-	-	-	-	-	-	-	-	-	-	3.3	6.7	10.0	11.3	15.0	14.7	15.9	17.7	25.7	27.5	30.1	33.8	34.3	35.0	36.2	37.3	38.3
PEEF Contribution - 1/3 - PFA	-	-	-	-	-	-	-	-	-	-	-	20.0	-	20.0	20.8	27.7	25.3	29.4	32.7	47.5	50.7	60.3	67.7	68.5	70.1	72.5	74.6	76.6
PEEF Contribution - 2/3 - SFUSD	-	-	-	-	-	-	-	-	-	-	-	23.3	6.7	30.0	32.0	42.7	39.9	45.2	50.4	73.2	78.2	90.4	101.5	102.8	105.1	108.7	111.9	115.0
Total PEEF Contribution	-	-	-	-	-	-	-	-	-	-	-	23.3	6.7	30.0	32.0	42.7	39.9	45.2	50.4	73.2	78.2	90.4	101.5	102.8	105.1	108.7	111.9	115.0
Subtotal Children's Services	56.8	57.8	60.1	64.5	69.3	74.7	83.4	94.5	96.2	100.9	104.3	136.9	133.4	168.6	184.3	186.9	182.1	195.6	215.2	251.4	286.1	319.4	352.0	374.8	390.7	404.0	416.4	428.4
Other Baselines																												
Open Space: \$0.025 per \$100 NAV	13.3	12.9	12.9	14.5	15.7	16.8	19.8	22.0	21.8	23.5	25.8	28.1	30.6	33.2	35.8	37.1	36.5	36.5	38.4	40.8	44.5	49.9	53.0	56.9	59.2	61.1	63.2	65.4
Recreation & Park Maintenance of Effort	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	67.4	70.4	73.4	76.4	79.4	82.4
Housing Trust Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20.0	22.8	25.6	28.4	31.2	34.0	36.8	39.6	42.4
Municipal Symphony: \$0.00125 per \$100 NAV	0.7	0.7	-	0.8	0.8	0.9	0.9	1.1	1.2	1.2	1.3	1.4	1.5	1.6	1.8	1.9	2.0	2.0	2.0	2.1	2.3	2.4	2.6	2.8	3.0	3.1	3.3	3.4
City Services Auditor: 0.2% of Citywide Budget	-	-	-	-	-	-	-	-	-	-	1.3	2.3	4.7	5.1	5.1	5.4	5.5	5.1	5.4	5.6	6.7	7.0	8.0	8.3	9.1	9.6	10.2	10.7
Dignity Fund for Seniors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38.0	44.0	47.0	50.0	53.0	56.0
Street Trees Maintenance Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19.0	19.4	20.1	20.7	21.3
Subtotal Other Baselines	14.0	13.6	12.9	15.3	16.5	17.7	20.7	23.1	22.9	24.8	28.5	31.8	36.8	39.9	42.7	44.3	43.9	43.6	45.9	68.5	76.2	84.8	197.4	232.6	245.1	257.2	269.3	281.5
Police Minimum Staffing (Est. Cost of 1,971 Officers)	101	101	101	108	118	125	132	143	154	154	167	167	179	190	202	212	220	220	233	236	236	236	239	239	247	255	263	271
Total Baselines	203	206	208	228	247	260	379	405	461	466	495	564	617	676	736	759	780	822	875	968	1,053	1,142	1,323	1,398	1,451	1,507	1,562	1,611
Total General Fund Sources	1,436	1,438	1,637	1,824	1,879	2,017	2,126	2,056	2,075	2,221	2,368	2,533	2,721	2,830	2,885	2,923	3,052	3,270	3,555	3,935	4,261	4,572	4,782	4,850	4,940	5,067	5,180	5,288
Total Financial Baselines as % of GF Sources	14%	14%	13%	13%	13%	13%	18%	20%	22%	21%	21%	22%	23%	24%	26%	26%	26%	25%	25%	25%	25%	25%	28%	29%	29%	30%	30%	30%

Appendix B:

A detailed look at the composition of baseline spending levels over time.



[Charter Amendment - Budget Set-Asides and Baselines]

Describing and setting forth a proposal to the voters at an election to be held on June 5, 2018, to amend the Charter of the City and County of San Francisco to provide that whenever the City's projected budget deficit for the upcoming fiscal year exceeds \$200 million, the City is not required to increase funding for the Municipal Transportation Fund, the Park, Recreation and Open Space Fund, the Children and Youth Fund, the Library Preservation Fund, the Housing Trust Fund, the Public Education Enrichment Fund, the Dignity Fund, the Street Tree Maintenance Fund, the Controller's Audit Fund, the Asian Art Museum, the California Academy of Sciences, the Fine Arts Museums, the War Memorial and Performing Arts Center, the Library, the Recreation and Park Commission, or community cultural centers; to provide that money in these funds in future years that remain unspent or uncommitted at the end of the fiscal year will be returned to the City's General Fund; and to eliminate the requirement that the City provide funding to maintain a symphony orchestra.

Section 1. The Board of Supervisors hereby submits to the qualified voters of the City and County, at an election to be held on June 5, 2018, a proposal to amend the Charter of the City and County by revising Sections 8A.105, 16.106, 16.107, 16.108, 16.109, 16.110, 16.123-2, 16.128-3, 16.129, and F1.113, to read as follows:

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

SEC. 8A.105. MUNICIPAL TRANSPORTATION FUND.

1 (a) There is hereby established a fund to provide a predictable, stable, and adequate
2 level of funding for the Agency, which shall be called the Municipal Transportation Fund. The
3 fund shall be maintained separate and apart from all other City and County funds. Monies therein
4 shall be appropriated, expended, or used by the Agency solely and exclusively for the operation
5 including, without limitation, capital improvements, management, supervision, maintenance,
6 extension, and day-to-day operation of the Agency, including any division subsequently created
7 or incorporated into the Agency and performing transportation-related functions. Monies in the
8 Fund may not be used for any other purposes than those identified in this Section.

9 (b) Beginning with the fiscal year 2000-2001 and in each fiscal year thereafter, there is
10 hereby set aside to the Municipal Transportation Fund the following:

11 1. An amount (the "Base Amount") which shall be no less than the amount of all
12 appropriations from the General Fund, including all supplemental appropriations, for the fiscal
13 year 1998-1999 or the fiscal year 1999-2000, whichever is higher (the "Base Year"), adjusted as
14 provided in subsection (c), below, for (1) the Municipal Railway; and (2) all other City and
15 County commissions, departments and agencies providing services to the Municipal Railway,
16 including the Department of Human Resources and the Purchasing Department, for the provision
17 of those services. The Base Amount for the Department of Parking and Traffic and the Parking
18 Authority shall be established in the same fashion but using fiscal years 2000-2001 and 2001-
19 2002 for the services being incorporated into the Agency.

20 2. Subject to the limitations and exclusions in Sections 4.113, the revenues of the
21 Municipal Railway, and, upon their incorporation into the Agency, the revenues of the
22 Department of Parking and Traffic, and the Parking Authority; and

23 3. All other funds received by the City and County from any source, including
24 state and federal sources, for the support of the Agency.
25

(c) The Base Amount shall initially be determined by the Controller. Adjustments to the Base Amount shall be made as follows:

1. The Base Amount shall be adjusted for each year after fiscal year 2000-2001 by the Controller based on calculations consistent from year to year, by the percentage increase or decrease in aggregate City and County discretionary revenues, except as provided in subsection (g) of this Section 8A.105. In determining aggregate City and County discretionary revenues, the Controller shall only include revenues received by the City which are unrestricted and may be used at the option of the Mayor and the Board of Supervisors for any lawful City purpose. Errors in the Controller's estimate of discretionary revenues for a fiscal year shall be corrected by adjustment in the next year's estimate.

2. An adjustment shall also be made for any increases in General Fund appropriations to the Agency in subsequent years to provide continuing services not provided in the Base Year, but excluding additional appropriations for one-time expenditures such as capital expenditures or litigation judgments and settlements.

3. Commencing with the fiscal year beginning on July 1, 2015, except as provided in subsection (g) of this Section 8A.105, the Controller shall also adjust the Base Amount annually by the percentage increase in the San Francisco population based on data from the source(s) the Controller, in his or her sole discretion, finds most reliable for the most recent available calendar year. The Controller's population growth adjustment shall be based on the greater of the increase in daytime or night-time population. For any year in which the Controller determines that neither the daytime nor night-time population has increased, the Controller shall make no adjustment under this subparagraph 3 to the Base Amount. For purposes of the initial adjustment for the year commencing July 1, 2015, the Controller shall adjust the Base Amount based on the increase in City daytime or night-time population for the most recent ten-year period for which data are available instead of the most recent available calendar year. The

1 Agency shall use the amount of any increase in the Base Amount resulting from the adjustment
2 required by this subparagraph 3 exclusively as follows: 75 per cent shall be used to make transit
3 system improvements to the Municipal Railway to improve the system's reliability, frequency of
4 service, capacity, and state of good repair, and 25 per cent shall be used for transportation capital
5 expenditures to improve street safety for all users.

6 (d) The Treasurer shall set aside and maintain the amounts required to be set aside by
7 this Section, together with any interest earned thereon, in the Municipal Transportation Fund,
8 and, except as provided in subsection (h) of this Section 8A.105, any amounts unspent or
9 uncommitted at the end of any fiscal year shall be carried forward, together with interest thereon,
10 to the next fiscal year for the purposes specified in this Article.

11 * * * *

12 (f) In addition, there is hereby set aside from the general revenues of the City and
13 County and deposited in the Municipal Transportation Fund to support the Agency's transit
14 services an amount equivalent to 80 percent of the revenues received from the City's tax on
15 occupation of parking spaces, except as provided in subsection (g) of this Section 8A.105.
16 Additional amounts appropriated as a result of this subsection after July 1, 2008 which were not
17 previously available to support transit service shall be used exclusively to:

18 1. support implementation of the transit service improvements recommended by
19 the Transit Effectiveness Project or any subsequent system-wide route and service evaluation,
20 with first priority given to the hiring of full time on-going staff and expansion of training for
21 Agency employees, supervisors and managers; and

22 2. support the creation of a Labor-Management Implementation and Service
23 Improvement Committee consisting of the Director of Transportation and a designated
24 representative of each union representing Agency employees. This committee shall meet
25 quarterly to discuss implementation of this Section and ongoing system challenges.

1 (g) Notwithstanding any other provision in this Section 8A.105, the City may freeze the
 2 City's annual contribution to the Municipal Transportation Fund for any fiscal year after fiscal
 3 year 2017-2018 at the then-current amount when the City's projected budget deficit for the
 4 upcoming fiscal year at the time of the Joint Report or Update to the Five Year Financial Plan as
 5 prepared jointly by the Controller, the Mayor's Budget Director, and the Board of Supervisors'
 6 Budget Analyst exceeds \$200 million, adjusted annually beginning with fiscal year 2017-2018 by
 7 the percentage increase or decrease in aggregate City discretionary revenues, as determined by
 8 the Controller, based on calculations consistent from year to year. In determining aggregate
 9 City discretionary revenues, the Controller shall include only revenues received by the City that
 10 are unrestricted and may be used at the option of the Mayor and the Board of Supervisors for
 11 any lawful City purpose.

12 In calculating adjustments to the Base Amount in subsection (c) for any fiscal year
 13 following such a freeze, the City shall base the adjustments on increases or decreases to
 14 discretionary revenue or population in that fiscal year only and shall disregard any increases or
 15 decreases in the previous fiscal year in which the City froze contributions under this subsection
 16 (g).

17 (h) Beginning in fiscal year 2018-2019, for any fiscal year, any monies that the City is
 18 required under this Section 8A.105 to deposit in the Municipal Transportation Fund during that
 19 fiscal year, and that are not expended or encumbered by the end of the fiscal year, shall revert to
 20 the City's General Fund or to any other fund to which reversion is legally required.

21
 22 **SEC. 16.106. CULTURAL, EDUCATIONAL AND RECREATIONAL**
 23 **APPROPRIATIONS.**

24 The Board of Supervisors shall annually appropriate:
 25

~~1. To the Arts Commission, the revenue from a tax of one eighth of one cent (\$0.00125) per one hundred dollars (\$100) of taxable assessed valuation in the City and County for maintaining a symphony orchestra;~~

12. To the Asian Art Commission, an amount sufficient for the purpose of maintaining, displaying, and providing for the security of the City and County's collection of Asian art;

23. To the California Academy of Sciences, funds necessary for the maintenance, operation and continuance of the Steinhart Aquarium; the Board of Supervisors shall have the power to furnish to the California Academy of Sciences such funds as the Board shall deem proper for the maintenance, operation and continuance of any or all other of the buildings and improvements placed under the control of the California Academy of Sciences;

34. To the Fine Arts Museums Board of Trustees, an amount sufficient for the purpose of maintaining, operating, providing for the security of, expanding and superintending the fine arts museums and for the purchase of objects of art, literary productions and other personal property;

45. To the War Memorial and Performing Arts Center Board of Trustees, an amount sufficient to defray the cost of maintaining, operating and caring for the War Memorial and Performing Arts Center;

56. To the Library Commission, the revenue from a minimum tax of one cent (\$0.01) per hundred dollars (\$100) of taxable assessed valuation for constructing, maintaining and improving the library system of the City and County;

67. To the Recreation and Park Commission, the revenue from a minimum tax of two and one-half cents (\$0.025) per one hundred dollars (\$100) of taxable assessed valuation for constructing, maintaining and improving parks and squares, and the revenue from a minimum tax of one and three quarter cents (\$0.0175) per one hundred dollars (\$100) of taxable assessed valuation for constructing, maintaining and improving playgrounds; and

1 78. To the Arts Commission, for the City and County-owned Community Cultural
 2 Centers, an amount sufficient for the purpose of maintaining, operating, providing for the
 3 security and superintending of their facilities and grounds, and for the purchase of objects of art,
 4 literary productions, and other property, and for their expansion and continuance in the City and
 5 County of San Francisco.

6 Notwithstanding any other provision in this Section 16.106, the City may freeze the City's
 7 contribution to the funds listed in this Section for any fiscal year after fiscal year 2017-2018 at
 8 the then-current amount when the City's projected budget deficit for the upcoming fiscal year at
 9 the time of the Joint Report or Update to the Five Year Financial Plan as prepared jointly by the
 10 Controller, the Mayor's Budget Director, and the Board of Supervisors' Budget Analyst exceeds
 11 \$200 million, adjusted annually beginning with fiscal year 2017-2018 by the percentage increase
 12 or decrease in aggregate City discretionary revenues, as determined by the Controller, based on
 13 calculations consistent from year to year. In determining aggregate City discretionary revenues,
 14 the Controller shall include only revenues received by the City that are unrestricted and may be
 15 used at the option of the Mayor and the Board of Supervisors for any lawful City purpose.

16 Beginning in fiscal year 2018-2019, for any fiscal year, any monies that the City is
 17 required to contribute to these departments during that fiscal year under this Section 16.106, and
 18 that are not expended or encumbered by the end of the fiscal year, shall revert to the City's
 19 General Fund or to any other fund to which reversion is legally required.

21 **SEC. 16.107. PARK, RECREATION AND OPEN SPACE FUND.**

22 (a) **Establishment of Fund.** There is hereby established the Park, Recreation and Open
 23 Space Fund ("Fund") to be administered by the Recreation and Park Department ("Department")
 24 as directed by the Recreation and Park Commission ("Commission"). Monies in the Fund shall
 25 be expended or used solely by the Department, subject to the budgetary and fiscal provisions of

the Charter, to provide park and recreational services and facilities. The Department embraces socio-economic and geographic equity as a guiding principle and commits to expending the funds across its open space and recreational programs to provide park and recreational access to all of San Francisco's diverse neighborhoods and communities.

(b) **Annual Set-aside.** The City will continue to set aside from the annual tax levy, for a period of forty-five years starting with the fiscal year 2000-2001 and through and including fiscal year 2045-2046, an amount equivalent to an annual tax of two and one-half cents (\$0.025) for each \$100 assessed valuation. Beginning in fiscal year 2016-2017, revenues from the set-aside, together with interest, shall be deposited into the Park, Recreation and Open Space Fund. Revenues from the set-aside shall be in addition to the baseline appropriation required by subsection (c).

The Controller shall set aside and maintain such an amount, together with any interest earned thereon, in the Fund, and, except as provided in this paragraph, any amount unspent or uncommitted at the end of the fiscal year shall be carried forward to the next fiscal year and, subject to the budgetary and fiscal limitations of this Charter, shall be appropriated then or thereafter for the purposes specified in this Section 16.107. Beginning in fiscal year 2018-2019, for any fiscal year, any monies that the City is required to deposit in the Fund during that fiscal year under this subsection (b) of Section 16.107, and that are not expended or encumbered by the end of the fiscal year, shall revert to the City's General Fund or to any other fund to which reversion is legally required.

Notwithstanding any other provision in this Section 16.107, the City may freeze the City's Annual Set-Aside for any fiscal year after fiscal year 2017-2018 at the then-current amount when the City's projected budget deficit for the upcoming fiscal year at the time of the Joint Report or Update to the Five Year Financial Plan as prepared jointly by the Controller, the Mayor's Budget Director, and the Board of Supervisors' Budget Analyst exceeds \$200 million, adjusted

annually beginning with fiscal year 2017-2018 by the percentage increase or decrease in aggregate City discretionary revenues, as determined by the Controller, based on calculations consistent from year to year. In determining aggregate City discretionary revenues, the Controller shall include only revenues received by the City that are unrestricted and may be used at the option of the Mayor and the Board of Supervisors for any lawful City purpose.

(c) **Baseline Maintenance of Effort.** The annual set-aside shall be used exclusively to increase the aggregate City appropriations to and expenditures by the Recreation and Park Department for Department purposes. To this end, beginning in fiscal year 2016-2017 and thereafter through fiscal year 2045-2046, the City shall not reduce the baseline general fund support amount appropriated to the Department below the amount appropriated in fiscal year 2015-2016, as calculated by the Controller, except that the baseline amount shall be adjusted as follows:

(1) Each year in fiscal years 2016-2017 through 2025-2026, the City shall increase the baseline appropriation by \$3 million over the prior year, except as provided in subsection (c)(3).

(2) Each year in fiscal years 2026-2027 through 2045-2046, the City shall adjust the baseline by the percentage increase or decrease in aggregate City discretionary revenues, as determined by the Controller, based on calculations consistent from year to year. In determining aggregate City discretionary revenues, the Controller shall ~~only~~ include only revenues received by the City which are unrestricted and may be used at the option of the Mayor and the Board of Supervisors for any lawful City purpose. The Controller is authorized to increase or reduce budgetary appropriations as required by this subsection (c) to align the baseline amount to the amount required by formula based on actual revenues received during the fiscal year.

(3) ~~The City may suspend growth in the baseline funding pursuant to subsection (c)(1) in fiscal year 2016-2017 if the City's projected budget deficit for that year at the time of~~

~~the Joint Report or Update to the Five Year Financial Plan as prepared jointly by the Controller,~~
~~the Mayor's Budget Director, and the Board of Supervisors' Budget Analyst exceeds 200 million.~~
~~For fiscal year 2017-2018 through fiscal year 2045-2046, the City may suspend growth in~~
~~baseline funding pursuant to subsections (c)(1) and (c)(2) when the projected budget deficit for~~
~~the upcoming fiscal year at the time of the Joint Report or Update to the Five Year Financial~~
~~Plan as prepared jointly by the Controller, the Mayor's Budget Director, and the Board of~~
~~Supervisors' Budget Analyst exceeds \$200 million adjusted annually by changes in aggregate~~
~~City discretionary revenues. Notwithstanding any other provision in this Section 16.107, the City~~
~~may freeze the City's baseline funding under subsection (c) for any fiscal year after fiscal year~~
~~2017-2018 at the then-current amount when the City's projected budget deficit for the upcoming~~
~~fiscal year at the time of the Joint Report or Update to the Five Year Financial Plan as prepared~~
~~jointly by the Controller, the Mayor's Budget Director, and the Board of Supervisors' Budget~~
~~Analyst exceeds \$200 million, adjusted annually beginning with fiscal year 2017-2018 by the~~
~~percentage increase or decrease in aggregate City discretionary revenues, as determined by the~~
~~Controller, based on calculations consistent from year to year. In determining aggregate City~~
~~discretionary revenues, the Controller shall include only revenues received by the City that are~~
~~unrestricted and may be used at the option of the Mayor and the Board of Supervisors for any~~
~~lawful City purpose.~~

In calculating adjustments to the baseline amount in this subsection (c) for any fiscal
year following such a freeze, the City shall base the adjustments on increases or decreases
required under subsections (c)(1) and (c)(2) for that fiscal year only and shall disregard any
increases or decreases in the previous fiscal year in which the City froze contributions under this
subsection (c)(3).

(4) Monies from the baseline appropriation required by this subsection (c) shall
 not be appropriated or expended for services provided to the Recreation and Park Department by

other City departments and agencies unless: (A) the City department or agency charged the Recreation and Park Department for that service in fiscal year 2015-2016 and the amount the Recreation and Park Department paid the City department or agency for that service was included in the baseline amount for fiscal year 2015-2016, although increases in the cost of such services may be paid out of the baseline appropriation, or (B) the Recreation and Park Department requests or agrees to a new service from a City department or agency.

(5) At the end of the fiscal year 2015-2016 and every year thereafter, any excess general fund Departmental revenue, including any Department expenditure savings or revenue surpluses deposited prior to fiscal year 2015-2016, shall be reserved to be used for one-time Departmental expenditures. "General fund Departmental revenue" is defined as all revenues credited to the Department's general fund budget other than the baseline contribution defined in subsection (c).

* * * *

SEC. 16.108. CHILDREN AND YOUTH FUND.

* * * *

(b) **Fund for Children and Youth Services.** Operative July 1, 2001, there is hereby established a fund to expand children's services, which shall be called the Children and Youth Fund ("Fund"). Monies in the Fund shall be expended or used only to provide services for children and youth as provided in this ~~§~~Section 16.108.

* * * *

(d) **Amount.** ~~There is hereby set aside for the Fund, from the revenues of the property tax levy, revenues in an amount equivalent to an annual tax of three cents (\$.03) per one hundred dollars (\$100) of assessed valuation for each fiscal year beginning with July 1, 2001-June 30, 2002, and ending with July 1, 2014-June 30, 2015.~~

1 ~~For Fiscal Year 2015-2016, there is hereby set aside for the Fund, from the revenues of~~
2 ~~the property tax levy, revenues in an amount equivalent to an annual tax of three and one-~~
3 ~~quarter cents (\$.0325) per one hundred dollars (\$100) of assessed valuation for each fiscal year.~~

4 ~~For Fiscal Year 2016-2017, there is hereby set aside for the Fund, from the revenues of~~
5 ~~the property tax levy, revenues in an amount equivalent to an annual tax of three and one half~~
6 ~~cents (\$.0350) per one hundred dollars (\$100) of assessed valuation for each fiscal year.~~

7 ~~For Fiscal Year 2017-2018, there is hereby set aside for the Fund, from the revenues of~~
8 ~~the property tax levy, revenues in an amount equivalent to an annual tax of three and three~~
9 ~~quarters cents (\$.0375) per one hundred dollars (\$100) of assessed valuation for each fiscal~~
10 ~~year.~~

11 For Fiscal Year 2018-2019, and every fiscal year thereafter through Fiscal Year 2040-
12 2041, there is hereby set aside for the Fund, from the revenues of the property tax levy, revenues
13 in an amount equivalent to an annual tax of four cents (\$.04) per one hundred dollars (\$100) of
14 assessed valuation for each fiscal year.

15 Notwithstanding any other provision in this Section 16.108, the City may freeze the City's
16 annual contribution to the Fund for any fiscal year after fiscal year 2017-2018 at the then-
17 current amount when the City's projected budget deficit for the upcoming fiscal year at the time
18 of the Joint Report or Update to the Five Year Financial Plan as prepared jointly by the
19 Controller, the Mayor's Budget Director, and the Board of Supervisors' Budget Analyst exceeds
20 \$200 million, adjusted annually beginning with fiscal year 2017-2018 by the percentage increase
21 or decrease in aggregate City discretionary revenues, as determined by the Controller, based on
22 calculations consistent from year to year. In determining aggregate City discretionary revenues,
23 the Controller shall include only revenues received by the City that are unrestricted and may be
24 used at the option of the Mayor and the Board of Supervisors for any lawful City purpose.
25

1 Beginning in fiscal year 2018-2019, for any fiscal year, any monies that the City is
2 required to deposit in the Fund during that fiscal year under this subsection (d) of Section
3 16.108, and that are not expended or encumbered by the end of the fiscal year, shall revert to the
4 City's General Fund or to any other fund to which reversion is legally required.

5 The Fund shall be maintained separate and apart from all other City and County funds
6 and appropriated by annual or supplemental appropriation.

7 * * * *

8 (h) **Baseline.** The Fund shall be used exclusively to increase the aggregate City
9 appropriations and expenditures for those services for children and Disconnected Transitional-
10 Aged Youth that are eligible to be paid from the Fund (exclusive of expenditures mandated by
11 state or federal law). To this end, the City shall not reduce the amount of such City
12 appropriations for eligible services (not including appropriations from the Fund and exclusive of
13 expenditures mandated by state or federal law) under this section below the amount so
14 appropriated for the fiscal year 2000-2001 ("the base year") as set forth in the Controller's
15 baseline budget, as adjusted ("the base amount").

16 The Controller shall calculate City appropriations made in fiscal year 2013-2014 for
17 services for Disconnected Transitional-Aged Youth aged 18 through 24 years. Beginning with
18 fiscal year 2014-2015, that amount shall be added to the base amount and adjusted as provided
19 below. The City shall not reduce the amount of such City appropriations for services for
20 Disconnected Transitional-Aged Youth (not including appropriations from the Fund and
21 exclusive of expenditures mandated by state or federal law) under this section below the amount
22 so appropriated for fiscal year 2013-2014, as adjusted.

23 The base amount shall be adjusted for each year after the base year by the Controller
24 based on calculations consistent from year to year by the percentage increase or decrease in
25 aggregate City and County discretionary revenues. In determining aggregate City and County

1 discretionary revenue, the Controller shall only include revenues received by the City and
2 County that are unrestricted and may be used at the option of the Mayor and the Board of
3 Supervisors for any lawful City purpose. The method used by the Controller to determine
4 discretionary revenues shall be consistent with method used by the Controller to determine the
5 Library and Children's Baseline Calculations dated June 20, 2000, which the Controller shall
6 place on file with the Clerk of the Board in File No. 000952. Errors in the Controller's estimate
7 of discretionary revenues for a fiscal year shall be corrected by an adjustment in the next year's
8 estimate. Within 90 days following the end of each fiscal year through Fiscal Year 2040-2041,
9 the Controller shall calculate and publish the actual amount of City appropriations for services
10 for children and Disconnected Transitional-Aged Youth that would have been eligible to be paid
11 from the Fund but are paid from other sources, separately identifying expenditures mandated by
12 state or federal law.

13 Notwithstanding any other provision in this Section 16.108, the City may freeze the City's
14 base amount required by this subsection (h) for any fiscal year after fiscal year 2017-2018 at the
15 then-current amount when the City's projected budget deficit for the upcoming fiscal year at the
16 time of the Joint Report or Update to the Five Year Financial Plan as prepared jointly by the
17 Controller, the Mayor's Budget Director, and the Board of Supervisors' Budget Analyst exceeds
18 \$200 million, adjusted annually beginning with fiscal year 2017-2018 by the percentage increase
19 or decrease in aggregate City discretionary revenues, as determined by the Controller, based on
20 calculations consistent from year to year. In determining aggregate City discretionary revenues,
21 the Controller shall include only revenues received by the City that are unrestricted and may be
22 used at the option of the Mayor and the Board of Supervisors for any lawful City purpose.

23 In calculating adjustments to the base amount for any fiscal year following such a freeze,
24 the City shall base the adjustments on increases or decreases to discretionary revenue in that
25

fiscal year only and shall disregard any increases or decreases in the previous fiscal year in which the City froze contributions under this subsection (h).

Beginning in fiscal year 2018-2019, for any fiscal year, any monies that the City is required to deposit in the Fund during that fiscal year under this subsection (h) of Section 16.108, and that are not expended or encumbered by the end of the fiscal year, shall revert to the City's General Fund or to any other fund to which reversion is legally required.

* * * *

SEC. 16.109. LIBRARY PRESERVATION FUND.

(a) **Establishment of Fund.** There is hereby established the Library Preservation Fund ("the Fund") to be administered by the Library Department as directed by the Library Commission. Monies therein shall be expended or used solely by the Library Department, subject to the budgetary and fiscal provisions of the Charter, to provide library services and to construct, maintain and operate library facilities.

(b) **Annual Set-Aside.** The City will continue to set aside from the annual property tax levy, for a period of fifteen years starting with the fiscal year 2008-2009 an amount equivalent to an annual tax of two and one-half cents (\$0.025) for each one hundred dollars (\$100) assessed valuation ("Annual Set-Aside"), except as provided in subsection (h) of this Section 16.109.

The Controller shall set aside and maintain such an amount, together with any interest earned thereon, in the Fund, Revenues obtained from the Annual Set-Aside shall be in addition to, and not in place of, any General Fund monies appropriated to the Library pursuant to subsection (c).

Beginning in fiscal year 2018-2019, for any fiscal year, any monies that the City is required to deposit in the Fund during that fiscal year by this subsection (b) of Section 16.109.

1 and that are not expended or encumbered by the end of the fiscal year, shall revert to the City's
 2 General Fund or to any other fund to which reversion is legally required.

3 (c) **Baseline Maintenance of Effort.** The Annual Set-Aside shall be used exclusively to
 4 increase the aggregate City appropriations and expenditures for services, materials, facilities and
 5 equipment that will be operated by the Library for Library purposes. To this end, in any of the
 6 fifteen years during which funds are required to be set aside under this Section, the City shall not
 7 reduce the Baseline for the Library Department below the fiscal year 2006-2007 Required
 8 Baseline Amount (as calculated by the Controller), except that the Baseline shall be adjusted as
 9 provided below.

10 The Baseline shall be adjusted for each year after fiscal year 2006-2007 by the Controller
 11 based on calculations consistent from year to year, by the percentage increase or decrease in
 12 aggregate City and County discretionary revenues, except as provided in subsection (h) of this
 13 Section 16.109. In determining aggregate City and County discretionary revenues, the Controller
 14 shall only include revenues received by the City which are unrestricted and may be used at the
 15 option of the Mayor and the Board of Supervisors for any lawful City purpose. Errors in the
 16 Controller's estimate of discretionary revenues for a fiscal year shall be corrected by adjustment
 17 in the next year's estimate. For purposes of this subsection, (i) aggregate City appropriations
 18 shall not include funds granted to the City by private agencies or appropriated by other public
 19 agencies and received by the City, and (ii) Library Department appropriations shall not include
 20 funds appropriated to the Library Department to pay for services of other City departments or
 21 agencies, except for departments or agencies for whose specific services the Library Department
 22 was appropriated funds in fiscal year 2006-2007. Within 180 days following the end of each
 23 fiscal year through fiscal year 2023-2024, the Controller shall calculate and publish the actual
 24 amount of City appropriations for the Library Department.

1 The Controller shall set aside and maintain such baseline amounts, together with any
2 interest earned thereon, in the Fund.

3 ~~At the end of each fiscal year, the Controller shall pro-rate any monies from the annual~~
4 ~~Baseline and the Annual Set Aside that remain uncommitted in the Fund, and the Baseline~~
5 ~~portion of such amount shall be returned to the General Fund. The Annual Set Aside portion of~~
6 ~~such amount shall be carried forward to the next fiscal year and shall be appropriated then or~~
7 ~~thereafter for the purposes specified in this Section. Beginning in fiscal year 2018-2019, for any~~
8 ~~fiscal year, any monies that the City is required to deposit in the Fund during that fiscal year~~
9 ~~under this subsection (c) of Section 16.109, and that are not expended or encumbered by the end~~
10 ~~of the fiscal year, shall revert to the City's General Fund or to any other fund to which reversion~~
11 ~~is legally required.~~

12 Adjustments in the Controller's estimate of the Baseline, including any baseline changes
13 required from increases or decreases to City revenues after budget adoption, along with
14 adjustments to the Annual Set-Aside for a fiscal year shall be corrected by credits or adjustment
15 to be carried forward and added to the annual City appropriation for next fiscal year and, subject
16 to the budgetary and fiscal limitations of this Charter, shall be appropriated then or thereafter for
17 the purposes specified in this Section.

18 * * * *

19 (h) Notwithstanding any other provision in this Section 16.109, the City may freeze the
20 Baseline and Annual Set-Aside for any fiscal year after fiscal year 2017-2018 at the then-current
21 amounts when the City's projected budget deficit for the upcoming fiscal year at the time of the
22 Joint Report or Update to the Five Year Financial Plan as prepared jointly by the Controller, the
23 Mayor's Budget Director, and the Board of Supervisors' Budget Analyst exceeds \$200 million,
24 adjusted annually beginning with fiscal year 2017-2018 by the percentage increase or decrease
25 in aggregate City discretionary revenues, as determined by the Controller, based on calculations

consistent from year to year. In determining aggregate City discretionary revenues, the Controller shall include only revenues received by the City that are unrestricted and may be used at the option of the Mayor and the Board of Supervisors for any lawful City purpose.

In calculating adjustments to the Baseline under subsection (c) for any fiscal year following such a freeze, the City shall base the adjustments on increases or decreases to discretionary revenue in that fiscal year only and shall disregard any increases or decreases in the previous fiscal year in which the City froze contributions under this subsection (h).

SEC. 16.110. HOUSING TRUST FUND.

(a) **Creation of Fund.** There is hereby established a Housing Trust Fund to support creating, acquiring and rehabilitating affordable housing and promoting affordable home ownership programs in the City, as provided in this Section 16.110.

* * * *

(c) Funding.

(1) In the Fiscal Year 2013-2014 budget, the City shall appropriate to the Housing Trust Fund \$20 million.

(2) Except as provided by subsection (c)(9) of this Section 16.110, Ffor the next 11 fiscal years, in each of the annual budgets for Fiscal Year 2014-2015 through Fiscal Year 2024-2025, the City shall appropriate to the Housing Trust Fund an amount increasing by \$2.8 million per year, until ~~the annual appropriation required by this Section reaches \$50.8 million in~~ the Fiscal Year 2024-2025 budget.

(3) In the annual budgets for Fiscal Year 2025-2026 through Fiscal Year 2042-43, the City shall appropriate to the Housing Trust Fund an amount equal to the prior year's appropriation, adjusted by the percentage increase or decrease in General Fund Discretionary

1 Revenues budgeted for the year compared to the prior year's original budgeted amount of
2 General Fund Discretionary Revenues.

3 (4) Should the City adopt a fixed two-year budget under Charter Section 9.101,
4 the adjustment for the Housing Trust Fund appropriation for the two years of the two-year
5 budget shall be based on the amount of General Fund Discretionary Revenues estimated for the
6 two-year period included in the budget.

7 (5) During Fiscal Years 2025-2026 through 2042-2043, if the Controller submits
8 a revised estimate of General Fund Discretionary Revenues for a given Fiscal Year or two-year
9 budget period that is lower than the amount originally budgeted for that period, then the Board
10 may, by ordinance, reduce the appropriation to the Housing Trust Fund for that budget period in
11 an amount that does not exceed the amount proportionate to the percentage shortfall in the
12 discretionary revenue projection.

13 (6) The Controller's method of calculating the amount of and changes in General
14 Fund Discretionary Revenues shall be consistent from fiscal year to fiscal year and with the
15 Controller's method for calculating those figures under Charter Sections 8A.105, 16.108, and
16 16.109. The Controller shall treat General Fund appropriations to the Housing Trust Fund as
17 reductions in General Fund Discretionary Revenues when calculating other funding allocations
18 that are tied to General Fund Discretionary Revenues, including funding allocations under
19 Charter Sections 8A.105, 16.108, and 16.109. The Controller shall correct errors in the estimate
20 of discretionary revenues for a fiscal year through an adjustment to the next fiscal year's
21 estimate.

22 (7) In any year during the term of this Section, the City may, in its discretion,
23 reduce its annual contribution to the Housing Trust Fund for that year by an amount equal to or
24 less than 56.7% of the annual debt service required to service any SB2113 Affordable Housing
25 Bonds issued after January 1, 2013. "SB2113 Affordable Housing Bonds" are bonds issued by

the City to support the acquisition and creation of replacement affordable housing citywide using property tax increment from former Redevelopment project areas under California Health and Safety Code Section 33333.7

(8) The Controller shall set aside and maintain the amounts appropriated to the Housing Trust Fund under this Section, together with any interest earned thereon, and, except as provided in this subsection (c)(8), any amount unexpended or uncommitted at the end of the fiscal year shall be carried forward to the next fiscal year and, subject to the budgetary and fiscal limitations of this Charter, shall be appropriated for the purposes specified in this Section.

Beginning in fiscal year 2018-2019, for any fiscal year, any monies that the City is required by this Section 16.110 to deposit in the Housing Trust Fund during that fiscal year, and that are not expended or encumbered by the end of the fiscal year, shall revert to the City's General Fund or to any other fund to which reversion is legally required.

(9) Notwithstanding any other provision in this Section 16.110, the City may freeze the City's annual contribution to the Housing Trust Fund for any fiscal year after fiscal year 2017-2018 at the then-current amount when the City's projected budget deficit for the upcoming fiscal year at the time of the Joint Report or Update to the Five Year Financial Plan as prepared jointly by the Controller, the Mayor's Budget Director, and the Board of Supervisors' Budget Analyst exceeds \$200 million, adjusted annually beginning with fiscal year 2017-2018 by the percentage increase or decrease in aggregate City discretionary revenues, as determined by the Controller, based on calculations consistent from year to year. In determining aggregate City discretionary revenues, the Controller shall include only revenues received by the City that are unrestricted and may be used at the option of the Mayor and the Board of Supervisors for any lawful City purpose.

In calculating adjustments required by this subsection (c) for any fiscal year following such a freeze, the City shall base the adjustments on increases or decreases required under

subsection (c) for that fiscal year only and shall disregard any increases or decreases in the previous fiscal year in which the City froze contributions under this subsection (c)(9).

* * * *

SEC. 16.123-2. PUBLIC EDUCATION ENRICHMENT FUND.

(a) **Creating the Fund.** There shall be a Public Education Enrichment Fund. The City shall each year appropriate monies to the Public Education Enrichment Fund according to subsections (b), (c), and (d), below.

(b) **Baseline Appropriations.** The Fund shall be used exclusively to increase the aggregate City appropriations to and expenditures for the San Francisco Unified School District. To this end, the City shall not reduce the amount of such City appropriations (not including appropriations from the Fund and exclusive of expenditures mandated by state or federal law) in any year during which funds are required to be set aside under this Section below the amount so appropriated for Fiscal Year 2002-2003 ("the base year"). These baseline appropriations shall be separate from the City's annual contributions to the Public Education Enrichment Fund under subsection (c), and shall be appropriated by the City to the School District each year through and including Fiscal Year 2040-2041.

The amount of the City's baseline appropriations to the School District shall be adjusted for each year after the base year by the Controller based on calculations consistent from year to year by the percentage increase or decrease in City and County discretionary General Fund revenues, except as provided in subsection (d) of this Section 16.123-2. In determining City and County discretionary General Fund revenues, the Controller shall only include revenues received by the City and County that are unrestricted and may be used at the option of the Mayor and the Board of Supervisors for any lawful City purpose. Errors in the Controller's estimate of discretionary revenues for a fiscal year shall be corrected by an adjustment in the next year's

estimate. Using audited financial results for the prior fiscal year, the Controller shall calculate and publish the actual amount of City appropriations that would have been required under this baseline for the School District.

(c) **Annual Contributions to the Fund ~~FY 2005-2006 through FY 2009-2010~~**. In addition to the annual baseline appropriation provided above, the City shall, for ~~years two through six of this measure~~ Fiscal Year 2009-2010, contribute ~~the following amounts~~ \$60 million to the Public Education Enrichment Fund. ~~÷~~

~~Fiscal Year 2005-06 \$10 million~~

~~Fiscal Year 2006-07 \$20 million~~

~~Fiscal Year 2007-08 \$30 million~~

~~Fiscal Year 2008-09 \$45 million~~

~~Fiscal Year 2009-10 \$60 million~~

(d) ~~Annual Contributions to the Fund—FY 2010-11 and Thereafter~~. For Fiscal Years 2010-11 and thereafter, the City's annual contribution to the Public Education Enrichment Fund shall equal its total contribution for the prior year, beginning with Fiscal Year 2009-2010, adjusted for the estimated increase or decrease in discretionary General Fund revenues for the year, except as provided in subsection (d) of this Section 16.123-2.

(d) Notwithstanding any other provision in this Section 16.123-2, the City may freeze the baseline appropriations and annual contributions to the Public Education Enrichment Fund for any fiscal year after fiscal year 2017-2018 at the then-current amounts when the City's projected budget deficit for the upcoming fiscal year at the time of the Joint Report or Update to the Five Year Financial Plan as prepared jointly by the Controller, the Mayor's Budget Director, and the Board of Supervisors' Budget Analyst exceeds \$200 million, adjusted annually beginning with fiscal year 2017-2018 by the percentage increase or decrease in aggregate City discretionary revenues, as determined by the Controller, based on calculations consistent from year to year. In

determining aggregate City discretionary revenues, the Controller shall include only revenues received by the City that are unrestricted and may be used at the option of the Mayor and the Board of Supervisors for any lawful City purpose.

In calculating adjustments required by subsections (b) and (c) for any fiscal year following such a freeze, the City shall base the adjustments on increases or decreases required under subsections (b) and (c) for that fiscal year only and shall disregard any increases or decreases in the previous fiscal year in which the City froze contributions under this subsection (d).

Beginning in fiscal year 2018-2019, for any fiscal year, any monies that the City is required by this Section 16.123-2 to deposit in the Public Education Enrichment Fund during that fiscal year, and that are not expended or encumbered by the end of the fiscal year, shall revert to the City's General Fund or to any other fund to which reversion is legally required.

* * * *

SEC. 16.128-3. ANNUAL CONTRIBUTIONS TO THE FUND.

(a) **Annual Baseline Contributions to the Fund.** Each year during the term of Charter Sections 16.128-1 et seq., the City shall make an annual baseline contribution to the Fund in the amount of \$38 million, representing the amount the City spent in fiscal year 2016-2017 to provide eligible services as identified in Section 16.128-4 to Seniors and Adults with Disabilities.

(b) **Additional Contributions for FY 2017-2018 through FY 2026-2027.** For fiscal year 2017-2018, the City shall increase its contribution to the Fund over the baseline amount in subsection (a) by \$6 million. For each fiscal year from 2018-2019 through 2026-2027, the City shall increase its additional contribution to the Fund under this subsection (b) by \$3 million over the prior year.

(c) **Projected Budget Deficits.** Notwithstanding the provisions of subsection (b), the City may freeze the City's annual contribution to the Fund for any fiscal year 2017-2018 through 2026-2027 at the then-current amount when the City's projected budget deficit for the upcoming fiscal year at the time of the Joint Report or Update to the Five Year Financial Plan as prepared jointly by the Controller, the Mayor's Budget Director, and the Board of Supervisors' Budget Analyst exceeds \$200 million, adjusted annually beginning with fiscal year 2017-2018 by the percentage increase or decrease in aggregate City discretionary revenues, as determined by the Controller, based on calculations consistent from year to year. In determining aggregate City discretionary revenues, the Controller shall only include revenues received by the City that are unrestricted and may be used at the option of the Mayor and the Board of Supervisors for any lawful City purpose.

In calculating adjustment required by subsection (b) for any fiscal year following such a freeze, the City shall base the adjustments on increases or decreases required under subsection (b) for that fiscal year only and shall disregard any increases that would have been required in the previous fiscal year in which the City froze contributions under this subsection (c).

* * * *

(f) The Controller shall maintain the Fund separate and apart from all other City funds. *Except as provided in this subsection (f), a*Any amount in the Fund unspent or uncommitted at the end of the fiscal year shall be carried forward to the next fiscal year and, subject to the budgetary and fiscal limitations of this Charter, shall be appropriated then or thereafter for the services and purposes specified in Section 16.128-4. *Beginning in fiscal year 2018-2019, for any fiscal year, any monies that the City is required by this Section 16.128-3 to deposit in the Fund during that fiscal year, and that are not expended or encumbered by the end of the fiscal year, shall revert to the City's General Fund or to any other fund to which such reversion is legally required.*

1
2 **SEC. 16.129. STREET TREE MAINTENANCE.**

3 * * * *

4 **(f) Creating the Street Tree Maintenance Fund; Annual City Contributions.** There
5 shall be a Street Tree Maintenance Fund (the “Fund”). Each fiscal year, beginning in fiscal year
6 2017-2018, the City shall contribute \$19 million to the Fund. The Fund shall also include any
7 other monies appropriated or allocated to the Fund. Beginning in fiscal year 2018-2019, the
8 Controller shall adjust the amount of the City’s annual \$19 million contribution to the Fund
9 under this subsection (f) by the percentage increase or decrease in aggregate City discretionary
10 revenues, as determined by the Controller, based on calculations consistent from year to year. In
11 determining aggregate City discretionary revenues, the Controller shall only include revenues
12 received by the City that are unrestricted and may be used at the option of the Mayor and the
13 Board of Supervisors for any lawful City purpose. The method used by the Controller to
14 determine discretionary revenues shall be the same as the method used by the Controller to
15 determine the Library and Children’s Fund Baseline calculations, as provided in Charter Section
16 16.108(h). The change in aggregate discretionary revenues will be adjusted following the end of
17 the fiscal year when final revenues are known. The Controller is authorized to increase or reduce
18 budgetary appropriations as required under this subsection (f) to reflect changes in aggregate
19 discretionary revenues following the end of the fiscal year when final revenues are known. The
20 Controller shall set aside and maintain the above amounts, together with any interest earned
21 thereon, in the Fund, which shall be subject to appropriation. Except as provided in subsection
22 (g) of this Section 16.129, aAny amount unspent or uncommitted at the end of the fiscal year
23 shall be deemed to have been devoted exclusively to a specified purpose within the meaning of
24 Charter Section 9.113(a), shall be carried forward to the next fiscal year, and, subject to the
25

1 budgetary and fiscal limitations of this Charter, shall be appropriated then or thereafter for the
2 purposes set forth in this Section 16.129.

3 ~~(g) Beginning in fiscal year 2018-2019, the City may suspend growth in the City's \$19~~
4 ~~million contribution to the Fund under subsection (f) of this Section 16.129 if the City's projected~~
5 ~~budget deficit for the upcoming fiscal year at the time of the Joint Report or Update to the five-~~
6 ~~year financial plan as prepared jointly by the Controller, the Mayor's Budget Director, and the~~
7 ~~Board of Supervisors' Budget Analyst exceeds \$200 million adjusted annually by changes in~~
8 ~~aggregate discretionary revenues as defined in subsection (f) of this Section 16.129.~~

9 (1) Notwithstanding any other provisions in this Section 16.129, the City may freeze the
10 City's annual contribution to the Fund under subsection (f) of this Section 16.129 for any fiscal
11 year after fiscal year 2017-2018 at the then-current amount when the City's projected budget
12 deficit for the upcoming fiscal year at the time of the Joint Report or Update to the Five Year
13 Financial Plan as prepared jointly by the Controller, the Mayor's Budget Director, and the
14 Board of Supervisors' Budget Analyst exceeds \$200 million, adjusted annually beginning with
15 fiscal year 2017-2018 by the percentage increase or decrease in aggregate City discretionary
16 revenues, as determined by the Controller, based on calculations consistent from year to year. In
17 determining aggregate City discretionary revenues, the Controller shall include only revenues
18 received by the City that are unrestricted and may be used at the option of the Mayor and the
19 Board of Supervisors for any lawful City purpose.

20 In calculating adjustments required by subsection (f) for any fiscal year following such a
21 freeze, the City shall base the adjustments on increases or decreases required under subsection
22 (f) for that fiscal year only and shall disregard any increases or decreases in the previous fiscal
23 year in which the City froze contributions under this subsection (g).

24 (2) In any fiscal year beginning in fiscal year 2018-2019, any monies that the City is
25 required by this Section 16.129 to deposit in the Fund during that fiscal year, and that are not

expended or encumbered by the end of the fiscal year, shall revert to the City's General Fund or to any other fund to which such reversion is legally required.

* * * *

F1.113. CONTROLLER'S AUDIT FUND.

Notwithstanding any other provision of this Charter, the Mayor and Board of Supervisors shall be required to budget an amount equal to at least two-tenths of one percent (0.2%) of the City's overall budget, apportioned by fund and excluding bond related debt, to implement this provision. This amount shall be referred to as the Controller's Audit Fund, and shall be used exclusively to implement the duties and requirements of this Appendix, and shall not be used to displace funding for the non-audit related functions of the Controller's Office existing prior to the date this provision is enacted. If the funds are not expended or encumbered by the end of the fiscal year, the balance in the fund shall revert to the General Fund or the enterprise funds where it originated.

Notwithstanding any other provisions in this Section F1.113, the City may freeze the City's annual contribution to the Controller's Audit Fund for any fiscal year after fiscal year 2017-2018 at the then-current amount when the City's projected budget deficit for the upcoming fiscal year at the time of the Joint Report or Update to the Five Year Financial Plan as prepared jointly by the Controller, the Mayor's Budget Director, and the Board of Supervisors' Budget Analyst exceeds \$200 million, adjusted annually beginning with fiscal year 2017-2018 by the percentage increase or decrease in aggregate City discretionary revenues, as determined by the Controller, based on calculations consistent from year to year. In determining aggregate City discretionary revenues, the Controller shall include only revenues received by the City that are unrestricted and may be used at the option of the Mayor and the Board of Supervisors for any lawful City purpose.

Section 2.

(a) The voters find that it is critical for the City to address the challenges of mandatory dedicated City spending of existing revenues in a comprehensive manner.

(b) This Proposition supplants in its entirety any other City proposition related to the allocation of existing City tax revenues, including allocation of previously authorized transient occupancy tax revenues, that the voters may approve at the June 5, 2018 election. If the voters adopt this Proposition and any other such proposition and this Proposition receives more votes, then the other proposition shall not become operative in any respect.

(c) If another proposition related to allocation of existing City tax revenues receives more votes than this Proposition at the June 5, 2018 election, Section 1 of this Proposition shall nonetheless become operative in all respects.

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

By: _____
JON GIVNER
Deputy City Attorney

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Projected Fiscal Impact of SF Arts and Families Fund Ordinance - 11.17.2017

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Total Amount Set Aside (millions)	66.3	76.1	87.9	100.1
Net New Spending Mandated by the Measure:	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Ending Family Homelessness Fund	8.8	9.9	9.8	10.1
Cultural District Stabilization Funds	5.5	8.0	11.0	14.3
Neighborhood Arts Program	5.5	8.0	11.0	14.3
Cultural Equity Endowment Fund	4.0	6.4	10.1	13.9
Grants for the Arts	0.6	1.4	2.1	2.8
War Memorial Buildings	0.3	0.4	0.4	0.4
Arts Commission, Museums	-	-	-	-
Administration	-	-	-	-
Total Net New Spending Mandated:	24.6	34.1	44.4	55.7

Mandatory Reduction in Spending to fund Arts:	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Municipal Transportation Agency	6.1	7.0	8.1	9.2
Children's Services (including Childcare and TAY)	4.3	4.9	5.6	6.4
SFUSD (Public Education Enrichment Fund)	1.4	1.7	1.9	2.2
Library	1.5	1.7	2.0	2.3
General Reserve	1.7	2.1	2.6	3.0
Other General Fund (currently spent elsewhere)	9.6	16.7	24.1	32.6
Total Reduction in Spending:	24.6	34.1	44.4	55.7

Existing Arts Spending in City Budget (in millions) - all funds	FY 2017-18
Grants for the Arts and Arts Commission	32.1
War Memorial, Asian Art and Fine Arts Museums	60.1
Total	92.2



San Francisco Public Library

100 Larkin Street, San Francisco, CA 94102

MEMORANDUM

DATE: December 12, 2016

TO: San Francisco Library Commission

FROM: Luis Herrera, City Librarian

RE: Library's Consideration of Radio Frequency Identification (RFID) Technology

The San Francisco Public Library is considering future investments to modernize the Library's equipment and systems for circulation functions, materials management and inventory control. Aging circulation equipment throughout the system necessitates SFPL start a refreshment plan. The Library's current circulation systems rely on barcodes and *Tattle-Tape* for security measures, a technology developed in 1970. The age of the system and the fact that many libraries have moved to RFID, makes it difficult and expensive to replace or repair equipment. Through regional benchmarking, SFPL has learned that 75% of Bay Area public libraries have already converted to RFID. An internal staff work group, the RFID Task Force, is exploring a project to modernize the Library's infrastructure with upgraded self-service check-out machines, security gates, and automated materials handling systems that would employ more efficient RFID technology.

Benefits to the Public

The RFID Task Force has reviewed the current landscape in library materials management systems and found that adoption of RFID technology features numerous benefits to library patrons. Investments in the equipment and RFID tags:

- Streamlines the checkout process, speeding up transactions for self-reliant service or public service at circulation desks, since multiple items can be checked out at once.
- Shortens length of time patrons wait in lines, which helps staff focus more on each patron interaction.
- Improves patron access to the collection: Increases accuracy of holdings on shelf through real-time information and more frequent collection inventories. Patrons will experience less disappointment due to the presence of "ghost items" in the catalog.
- Returns materials to circulation faster.
- Eliminates false alarms at security gates, improving patron interactions with staff.
- Reduces check-in errors that may mire patrons in red tape.
- Improves the appearance of the collection, eliminating unsightly placement of barcodes over cover art, since tags can be read through book covers and cases.

- Reduces footprint of materials-handling technology and self-check machines, gaining precious space for additional check-in units (sorely needed at the Main), as well as other space uses/needed equipment and furniture.

Benefits to Staff and Library

The RFID Task Force has also found that investments in RFID technology have tangible benefits for library workers as well:

- Reductions in the rate of repetitive stress injuries by minimizing instances of staff handling materials.
- Improved collection management through streamlining inventory control.
- Enhanced security with gates that have a 360° range.
- Streamlines circulation functions, reducing the time spent on repetitive tasks and increasing overall circulation capacity.

Proposed Revision to Privacy Policy

The Library is committed to protecting patrons' privacy and borrowers' confidentiality through the SFPL Privacy Policy. Through the RFID Task Force's evaluation, staff have confirmed that the use of a combination of library cards without RFID tags and library items bearing passive RFID tags (with a limited range of under one meter) offer increased circulation efficiency while ensuring patron privacy. The Library will be seeking to update the current SFPL Privacy Policy to allow for the adoption of RFID technology as the organization's standard technological application for materials management, inventory control and circulation functions.

Recommendations

In accordance with our strategic goal to be a premier urban library, the Library recommends to modernize collections management and circulation systems with the implementation of RFID technology. Since the technology has been used in libraries for over 10 years, procedures for ensuring patron privacy are well-established and have proven effective. This technology will provide significant benefits to both staff and patrons, helping us meet our goal for service excellence. As part of this process library staff will be gathering additional information in the coming weeks to bring back to the Library Commission for further examination.

Radio Frequency Identification (RFID) Technology

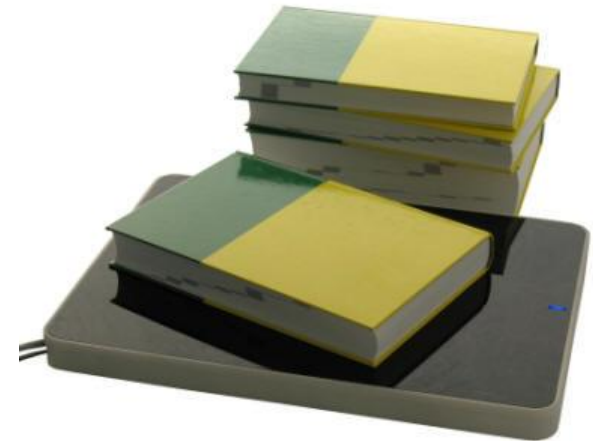
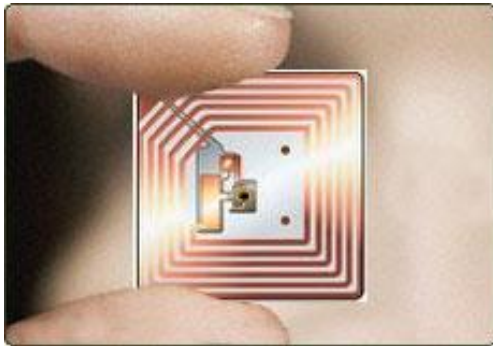
21st Century Collection Management and Inventory
for a Premier Urban Library

Shellie Cocking, Collections and Cataloging Manager
Bill Kolb, First Floor Manager, Main Library

What is RFID?

Two Primary Components

- RFID Tag
- RFID Reader



Benefits to the Public

Efficiency



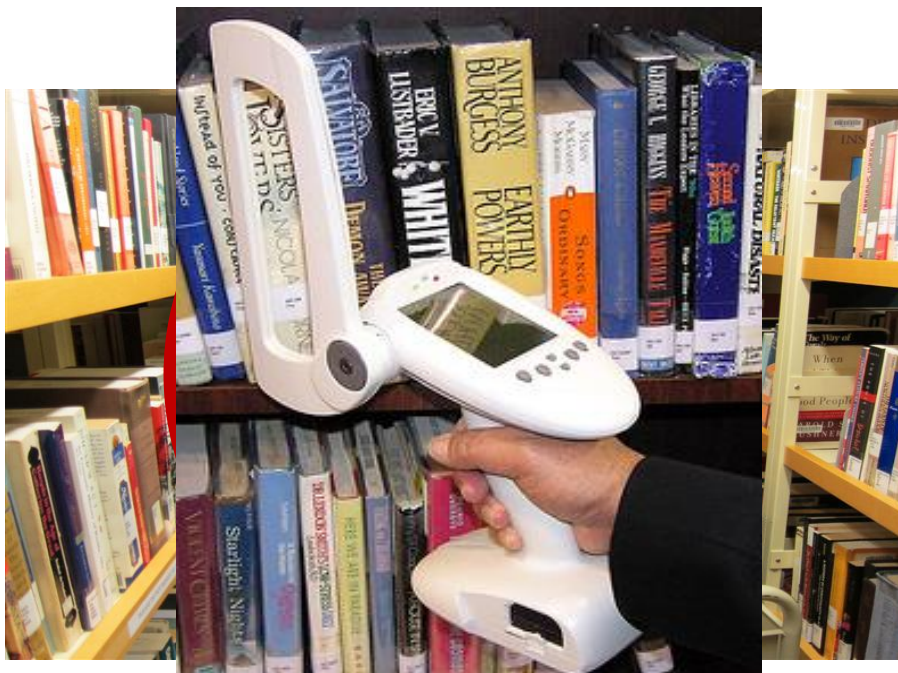
Benefits to the Public

Customer Service

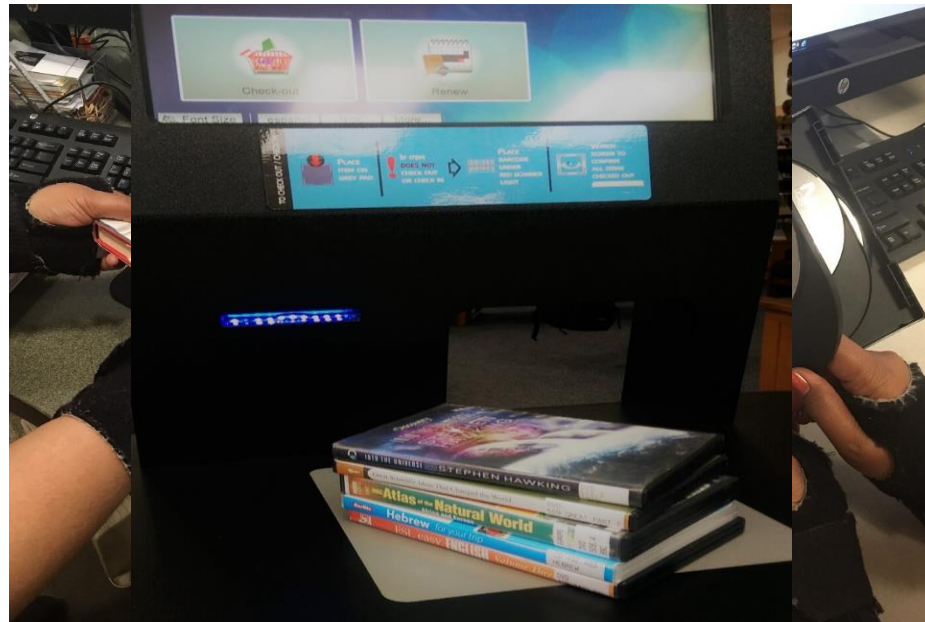


Benefits to the Public, Library, and Staff

Accuracy



Benefits to the Library and Staff



Thank You!

Shellie Cocking, Collections and Cataloging Manager
shellie.cocking@sfpl.org

Bill Kolb, First Floor Manager, Main Library
william.kolb@sfpl.org

Luis Herrera
City Librarian
San Francisco Public Library

February 15, 2017

Dear Mr. Herrera:

The Electronic Frontier Foundation (EFF) and the American Civil Liberties Union of Northern California (ACLU-NC) jointly submit this letter. More than a decade ago, the San Francisco Public Library was wise to reject the use of radio-frequency-identification (RFID) in books and other reading materials.¹ It is our understanding that the Library is once again considering purchasing an RFID system.

Both EFF and ACLU-NC have opposed, and continue to oppose, the use of RFID technology in libraries because of its very significant privacy and free speech concerns. We highlighted the extensive research findings about privacy risks in our previous correspondence with the Library and during our engagement with the RFID advisory committee. The American Library Association Intellectual Freedom Committee has also urged libraries to recognize these risks since 2006.²

We are unaware of any significant changes to library RFID technology systems that would ameliorate these concerns. So we are extremely surprised that the Library is revisiting this issue, particularly in the current political climate. Now is certainly not the time for the Library to be adopting RFID technology – a technology that is built to allow the books in our hands and our bags to be monitored and tracked from a distance without us ever knowing. Rather, the Library should be taking affirmative steps to further safeguard the privacy and free expression of diverse community members.

The EFF and ACLU-NC strongly urge San Francisco to abandon this imprudent plan to consider the use of insecure RFID technology in our libraries.

Lee Tien
Senior Staff Attorney
Electronic Frontier Foundation

Nicole Ozer
Technology & Civil Liberties Policy Director
ACLU of California

¹ San Francisco Public Library Technology and Privacy Advisory Committee, “Radio Frequency Identification and the San Francisco Public Library” (October 2005).

² <http://www.ala.org/advocacy/intfreedom/statementspols/otherpolicies/rfidguidelines>



San Francisco Public Library

August 22, 2017

Lee Tien
Senior Staff Attorney
Electronic Frontier Foundation

Nicole Ozer
Technology & Civil Liberties Policy Director
ACLU of California

Dear Lee Tien and Nicole Ozer,

Thank you for sharing with me your concerns about the prospective use of Radio-Frequency Identification (RFID) at the San Francisco Public Library.

Before I address the points you've raised in your letter, let me first express some small surprise at the objection on behalf of the Electronic Frontier Foundation, in particular, as regards SFPL's exploration of RFID as a viable circulation and collection management solution. On September 29, 2016, a member of the RFID task force at SFPL received communication from an EFF Staff Technologist who expressed the opinion that it was unlikely the EFF would object to our intended implementation as outlined.

To clarify a point from your letter, SFPL did *not* reject the use of RFID more than a decade ago. The library and the Library Commission endorsed RFID implementation, but were unable to acquire the funding necessary to move forward with the project.

Protecting library user privacy is, and always has been, a high priority for the Library. In all of its practices, the Library seeks to safeguard confidential information that identifies individuals or associates individuals with their use of library collections, programs, technology facilities, and/or staff assistance.

In the interest of exploring the possibility of implementing RFID, always with a watchful eye toward its patrons' privacy, the Library recently convened the cross-divisional staff RFID Task Force. After surveying the current state of RFID in libraries, the task force found that 75% of Bay Area libraries already use RFID. In a deeper dive into the experiences of peer libraries surrounding RFID implementation and post-implementation functionality, the task force learned that *none* of the libraries queried fielded any reports of privacy concerns from patrons after implementation.

Given that information, and the fact that RFID has become the industry standard in many public libraries, the task force recommended that SFPL move forward with RFID implementation. The technology offers significant benefits to both staff and patrons, and furthers the library's goal of embodying service excellence. Since the technology has been used in libraries for over 10 years, procedures for ensuring patron privacy are well-established and have proven effective, and established standards will keep use of this technology in alignment with the Library's already robust Privacy Policy.

Following the ALA Guidelines for the use of RFID in libraries, San Francisco Public Library has developed a plan that includes library cards without RFID tags and library items bearing passive RFID tags with limited range of under one

meter, which will offer increased circulation efficiency while maintaining patron privacy. An Electronic Frontier Foundation Staff Technologist has indicated this is a suitable privacy strategy.¹

The National Information Standards Organization (NISO) continues to review the use of RFID in libraries. In their latest report² they have once again reviewed the current state of in RFID technology, its use in libraries and if the ALA guidelines have worked in ensuring patron privacy.

This document states:

The Working Group is of the unanimous opinion that libraries should move forward with the implementation of this technology when funding permits and do so with the full understanding of the benefits and limitations that come with it. (Page 40)

RFID in U.S. Libraries does provide recommendations to enable this technology to be used efficiently and effectively without compromising library privacy and confidentiality. (Page 38)

Given SFPL's intended use and strategy for relying on passive RFID tags, it would be impossible for bad actors with malicious intentions to track or identify the Library's patrons and/or the materials they have borrowed from any distance. The only method by which an individual could violate SFPL patron privacy, identify patrons and/or monitor their borrowing of library materials would be if the Library's patron database was accessed without authorization. Such a scenario, though unlikely, could happen now without regard to the Library's use of RFID tags or the existing barcode technology. Ironically, the use of passive RFID tags may actually support *increased* patron privacy, making it easier for patrons to check out large quantities of library materials at self-service check-out stations. Library staff currently processes a high volume of these transactions, which requires patrons to provide staff access to their library records, thus revealing their borrowing habits and preferences through such interactions.

The San Francisco Public Library's mission is in alignment with the EFF's commitment to user privacy and free expression and the ACLU's defense of individual rights and liberties. The San Francisco Public Library understands the importance of protecting its patrons' privacy in order to allow for intellectual freedom to the fullest extent possible. The San Francisco Public Library views itself as one of the most democratic of institutions and would never pursue an initiative that might jeopardize its trusted position in the City and County of San Francisco.

I hope this information explains the reason SFPL has chosen to once again move forward to secure funding for the implementation of RFID. If you have additional questions, we would be happy to meet with you and discuss the issue further.

Sincerely,



Luis Herrera
City Librarian

¹ SFPL Library Commission minutes, December 15, 2016:

<http://sfpl.org/pdf/about/commission/minutes121516.pdf>

² Recommendation from the National Information Standards Organization:

http://www.niso.org/apps/group_public/download.php/8269/RP-6-2012_RFID-in_US_Libraries.pdf

Radio Frequency Identification (RFID) Costs/Return on Investment																	
Calculations	Actuals					Projections											Projection Subtotals
One-time and Maintenance costs	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	
3M Wedge RFID Upgrade Option ₁							\$ 3,377,756	--	--	--	--	--	--	--	--	--	\$ 3,377,756
Ongoing Annual Increase in Operating Cost							--	\$ 194,651	\$ 194,651	\$ 194,651	\$ 194,651	\$ 194,651	\$ 194,651	\$ 194,651	\$ 194,651	\$ 194,651	\$ 1,751,859
SFPL Project Management Cost, wage + benefits							\$ 192,794	\$ 198,751	--	--	--	--	--	--	--	--	\$ 391,545
Subtotal																	\$ 5,521,160
Check-In (CKI) PROJECTIONS																	
Total CKI ₂				6,464,833	6,097,886	5,823,481	5,561,424	5,311,160	5,098,714	4,920,259	4,772,651	4,653,335	4,560,268	4,491,864	4,446,946	4,446,946	
% change in annual CKI				--	-5.7%	-4.5%	-4.5%	-4.5%	-4.0%	-3.5%	-3.0%	-2.5%	-2.0%	-1.5%	-1.0%	0.0%	
CKI self-service transactions				1,051,371	968,144	931,757	889,828	849,786	815,794	787,241	787,487	767,800	752,444	741,158	733,746	733,746	
CKI transactions with staff ₃				5,413,462	5,129,742	4,891,724	4,671,597	4,461,375	4,282,920	4,133,018	3,985,164	3,885,535	3,807,824	3,750,707	3,713,200	3,713,200	
CKI transactions with staff / Total CKI				83.7%	84.1%	84.0%	84.0%	84.0%	84.0%	84.0%	83.5%	83.5%	83.5%	83.5%	83.5%	83.5%	
Time per CKI transaction (seconds)									8.28	8.28	8.28	8.28	8.28	8.28	8.28	8.28	
Time per RFID transaction									3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	
RFID multiple per CKI transaction (time savings)									5.16	5.16	5.16	5.16	5.16	5.16	5.16	5.16	
Annual hours of work saved (# seconds / 3600)									6,139	5,924	5,712	5,569	5,458	5,376	5,322	5,322	44,823
3602 / 3610 Average hourly wage + benefits ₄						\$ 43.37	\$ 44.78	\$ 46.16	\$ 47.55	\$ 49.01	\$ 50.48	\$ 51.99	\$ 53.55	\$ 55.16	\$ 56.81	\$ 58.52	
Projected Value - annual staffing capacity freed						--	--	--	\$291,919	\$290,322	\$288,334	\$289,560	\$292,281	\$296,534	\$302,376	\$311,447	\$ 2,362,774
Check-Out (CKO) PROJECTIONS																	
Total CKO ₂	10,504,785	9,992,639	9,350,034	8,811,120	8,408,345	8,029,969	7,668,621	7,323,533	7,030,592	6,784,521	6,580,985	6,416,461	6,288,131	6,193,809	6,131,871	6,131,871	
% change in annual CKO	--	-4.9%	-6.4%	-5.8%	-4.6%	-4.5%	-4.5%	-4.5%	-4.0%	-3.5%	-3.0%	-2.5%	-2.0%	-1.5%	-1.0%	0.0%	
CKO self-service transactions	7,814,539	7,352,156	6,896,929	6,432,160	6,012,178	5,701,278	5,444,721	5,199,708	5,132,332	4,986,623	4,869,929	4,780,263	4,716,099	4,645,357	4,598,904	4,598,904	
CKO transactions with staff ₃	2,690,246	2,640,483	2,453,105	2,378,960	2,396,167	2,328,691	2,223,900	2,123,825	1,898,260	1,797,898	1,711,056	1,636,197	1,572,033	1,548,452	1,532,968	1,532,968	
CKO transactions with staff / Total CKO	25.6%	26.4%	26.2%	27.0%	28.5%	29.0%	29.0%	29.0%	27.0%	26.5%	26.0%	25.5%	25.0%	25.0%	25.0%	25.0%	
Time per CKO transaction (seconds)									8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	
Time per RFID transaction									0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	
RFID multiple per CKO transaction (time savings)									7.83	7.83	7.83	7.83	7.83	7.83	7.83	7.83	
Annual hours of work saved (# seconds / 3600)									4,129	3,910	3,722	3,559	3,419	3,368	3,334	3,334	28,775
3602 / 3610 Average hourly wage + benefits ₄						\$ 43.37	\$ 44.78	\$ 46.16	\$ 47.55	\$ 49.01	\$ 50.48	\$ 51.99	\$ 53.55	\$ 55.16	\$ 56.81	\$ 58.52	
Projected Value - annual staffing capacity freed						--	--	--	\$196,332	\$191,642	\$187,857	\$185,027	\$183,104	\$185,768	\$189,428	\$195,111	\$ 1,514,268
TRANSIT Check-In (CKI) PROJECTIONS																	
TRANSIT CKI transactions ₂				3,784,545	3,474,300	3,317,957	3,168,648	3,026,059	2,905,017	2,803,341	2,719,241	2,651,260	2,598,235	2,559,261	2,533,669	2,533,669	
% change in annual TRANSIT CKI					-8.2%	-4.5%	-4.5%	-4.5%	-4.0%	-3.5%	-3.0%	-2.5%	-2.0%	-1.5%	-1.0%	0.0%	
Time per TRANSIT CKI transaction (seconds)									8.28	8.28	8.28	8.28	8.28	8.28	8.28	8.28	
Time per RFID transaction									3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	
RFID multiple per TRANSIT CKI transaction									5.16	5.16	5.16	5.16	5.16	5.16	5.16	5.16	
Annual hours of work saved (# seconds / 3600)									4,164	4,018	3,898	3,800	3,724	3,668	3,632	3,632	30,535
3602 / 3610 Average hourly wage + benefits ₄						\$ 43.37	\$ 44.78	\$ 46.16	\$ 47.55	\$ 49.01	\$ 50.48	\$ 51.99	\$ 53.55	\$ 55.16	\$ 56.81	\$ 58.52	
Projected Value - annual staffing capacity freed						--	--	--	\$198,003	\$196,920	\$196,742	\$197,578	\$199,436	\$202,337	\$206,324	\$212,513	\$ 1,609,853
Total Staff Capacity Freed per Year							--	--	\$686,254	\$678,883	\$672,933	\$672,165	\$674,821	\$684,640	\$698,127	\$719,071	\$ 5,486,894
Projected 10-Year Total							--	--	--	--	--	--	--	--	--	--	\$5,486,894
Net Annual Return on Investment							(\$3,570,550)	(\$3,963,952)	(\$3,472,350)	(\$2,988,118)	(\$2,509,836)	(\$2,032,322)	(\$1,552,152)	(\$1,062,163)	(\$558,686)	(\$34,266)	

1. An upgrade without RFID would be projected as a one-time FY19 cost of \$422,635.

2. Total CKI and CKO are modeled to gradually decrease by 4.5% in FY2018 to 0.0% in FY2028. Decrease rate is based on physical circulation trend data (-5.2% annually for last 5 years), potential circulation increase as a result of CHI/MIS/OVI remodels and other facilities improvements, likelihood of economic recession and SFPL initiatives to increase circulation.

3. CKI transactions with staff are not projected to change substantially, as branch staff will continue to check-in returned materials. Branch CKI accounts for approx 84% of total CKI. Projecting a change to 83.5% in FY2023 and beyond as a result of Civic Center improvements and potential increased usage of Main.

4. Staff CKO has decreased 2.9% annually in the past 5 years, presumably due to decrease in patrons using Self-Charge switching to eMaterials. Projecting a Staff CKO share drop from 29% to 27% by FY2020 as more patrons are directed to RFID use. Gradual decrease to 25% thereafter.

5. Salary + benefits escalations based on Controller's Office 5-yr plan projections in FY2019-22; 3% annually thereafter.