



HOW CITY-ISSUED LONG-TERM DEBT IS MARGINALIZING VOTERS

San Francisco voters have lost control over what, when, where, and how our City spends its borrowed money on. Only 57.9% of San Francisco's \$2.6 billion long-term obligations have been approved by the voters through General Obligation Bonds (GOBs) and parcel taxes.

The balance of the City's long-term debt is dedicated to Certificates of Participation (COPs), which are currently 28.5% of owed long-term debt and Revenue Bonds, which represent 14.6% of San Francisco's current long-term debt load.

COPs are actually called "non-voter-approved debt," while the City maintains that revenue bonds — which are bonds tied to the revenue actually generated or given to a City department through set-asides — are voter approved. In truth, the voters gave permission for City departments such as the PUC, libraries, Muni and the Recreation and Park Department (RPD) to issue revenue bonds, but voters have absolutely no say as to how these revenue bonds will be spent by each City agency.

For example, your monthly water/sewage bill rate will increase by 11.4%, effective July 1 for single-family homes. This staggering rate increase has little to do with your water usage. Conserve all you want, but you are actually paying for the PUC's revenue bond debt to repair our Hetch Hetchy water system. The Hetch Hetchy rebuild was originally supposed to cost \$3.6 billion and is now \$900 million over budget (\$4.5 billion). The PUC will soon start their sewage repair program called the SSIP, which was originally estimated to cost \$1 billion and is now expected to cost over \$5 billion. Our water and wastewater bills will increase astronomically and voters will have absolutely no say in any of this. Basically, revenue bonds mean "just shut up and pay up."

The new COPs that will be issued without voter approval for the seismic upgrade of the Veterans War Memorial Building, Moscone West Convention Center upgrades, and the Hall of Justice rebuild — coupled with the revenue bonds which voters have no control over — will soon mean that San Francisco voters will have input on over less than 50% of San Francisco's long-term debt decisions.

San Francisco's politicians seems very content to have little or no public transparency, accountability, or input into long-term public financing decisions. Watch how easy it was to issue the seismic upgrade COPs for the Veteran's War Memorial Building: On June 9 a COP report was issued by the Controller's Office. On June 13 the COP was reviewed by the Capital Planning Committee. The Board of Supervisors Finance Committee will soon approve the COP for over \$170 million in principle, and the Board of Supervisors will then approve the COP issuance before December 2011.

Just one small problem: In November 2002, voters rejected a \$123 million ballot proposal to seismically retrofit the Veterans War Memorial Building. Does Board President David Chui, who is the

driving force behind this retrofit, have any respect for the voters' decision in 2002?

Apparently "Big Brother" always knows better than we voters, and is actively trying to shove San Francisco voter decisions aside. City Hall wants our money, but they don't seem to want us. Witness the audacity of Supervisor Scott Wiener's attempt to amend or appeal voter-approved ballot measures after only three years following passage, using a Board of Supervisors override vote. Wiener's proposed City Charter change headed for the November ballot shows great contempt for the judgment of voters.

Take a good look at the new PUC headquarters located at 525 Golden Gate Avenue. This eco-palace was designed to be a symbol of the City's commitment to being "green." The project has been financially responsible, but did the voters really need a Taj Mahal of solar panels, wastewater treatment centers, special furniture, and of course no parking because cars are bad? The six-figure-salary public employees who will work at this eco-shrine will park their cars a block away at the Civic Center garage. Counting the COP fees, principal, and interest — plus \$17 million in PUC asset sales and \$26.6 million in unappropriated Hetch Hetchy funds — the new PUC headquarters was expected to cost \$430.6 million dollars. Project cost overruns are adding millions to the final total.

The green design of the PUC headquarters now in construction is supposed to save at least \$118 million dollars over the next 75 years. A regular office building would have been less imaginative, but much cheaper. Why should City employees enjoy such a high-level work environment? The voters would never have approved a project of this magnitude during such bad financial times.

With the addition of waterfalls in the lobby, LED "fireflies" on the building's exterior, and sound-based artwork on the "grand stairway," voters are being told that this project is saving money.

This is no different than my wife spending \$300 at Nordstrom Rack and then telling me that she "saved" \$200 because her purchases were marked down. I'm still stuck paying her \$300 gambit. Likewise, the City frequently claims it is saving the taxpayer money — yet we are constantly asked to pay for more services or cost overruns and are stuck with the bill.

The PUC's General Manager Ed Harrington states, "It was actually the right time to build it [525 Golden Gate]. We had held off for some time because the costs were quite high. We took that time to scale back some of the more expensive items that didn't provide much return. When the economy turned around, it gave us the chance to get better bids and give the go-ahead to build it."

Prior to 1979 and the passage of Proposition 13, almost 100% of the long-term debt owed by San Francisco was either approved by the voters through General Obligation Bonds (GOBs), parcel taxes,

or increases in property tax assessments, which were based on increased home valuations. With the passage of Proposition 13, all GOBs and parcel taxes suddenly had to be approved by a two-thirds super-majority vote. Homeowners were the big winners, since property tax payments were then based on the acquisition value of a house rather than on its assessed value.

Proposition 13, officially named "The Peoples Initiative to Limit Property Taxation," not only liberated homeowners from ever-increasing property taxes, but the proposition also empowered homeowners to have a much greater say in the long-term debt that they were asked to pay. The new two-thirds majority voting laws (super majorities) allowed formerly disenfranchised homeowner groups to have a much greater say in which long-term revenue bonds were passed or not passed.

This was a very big deal in a city like San Francisco, where approximately 65% of voters are renters. Not only are tenants more transient, renter interests do not always coincide with homeowner interests and the burden of debt repayment was often the primary responsibility of homeowners not renters. For the first time in years, Proposition 13 allowed City homeowners to effectively represent their own financial interests.

The empowerment of homeowners was a terrible financial blow to San Francisco. Property tax collections were limited and revenues were on the decline. California municipalities had to turn to creative financing to off-set lost revenue.

In the very early 1980s, a local San Francisco law firm, Orrick, Herrington & Sutcliffe devised a financing scheme called Certificates of Participation (COPs) that required no voter approval, needing only approval of the Board of Supervisors Finance Committee and a subsequent Board of Supervisors vote to pass issuing COPs.

Desperate to replace lost revenue, municipalities and their complicit lawyers and judges almost immediately declared that COPs were legal.

This is the legal definition from the San Francisco City Attorney's office on how GOBs are different from COPs. Take a very careful look at the legal differences and see if you can find any:

"COPs: Are a contract that says if we need a \$100 of goods/

services next fiscal year, and if you provide it, we will pay you \$100. This would not be a 'debt' for constitutional purposes.

Why? This obligation would be a 'contingent obligation', and the contingency has not occurred yet."

"GOBs: However, a definite undertaking today to pay \$100 next fiscal year, would be a debt for constitutional purposes. The triggering event is that we have incurred a definite obligation that would be paid out over a future year's revenues."

Although COPs are not considered to be debt under the state constitution, both COPs and GOBs are long-term commitments to pay back debt and both utilize rigid payment schedules over time. They are identical with the one exception that the state considers COPs to be a "contingent obligation" repayment in the future. How many angels can you fit on the head of a pin?

Bottom line: COPs are just a state sponsored, financial instrument that allows San Francisco to create long-term, non-voter-approved debt at its pleasure and call this debt a lease/rental payment.

San Francisco now owes approximately \$1.3 billion in COP principal and interest. This amount will soon double with the upcoming Veterans War Memorial Building COPs, the Moscone West Convention Center upgrades, and the Hall of Justice rebuild that will all increase COP principal and interest payments out of San Francisco's discretionary General Fund by over \$50 million per year.

All of this debt and interest eventually clogs San Francisco's General Fund, causing discretionary funds available to fix potholes (among other infrastructure problems), to hire park gardeners, or to fund police academy classes, to vanish.

In financial matters, San Francisco voters are being marginalized by our politicians and City department heads who use financial instruments that do not require public accountability. Our City government officials would rather quietly issue "non-voter-approved" long-term debt than discuss the merits of these projects with the citizens or risk voter rejection of GOBs at the ballot box.

It is long past time that voters place limits on the amount of COP debt that can be issued and how COP debt can be spent. Let the voters decide, not the politicians.

...George Wooding (MTHA)

Why Our Parks Need to be Protected

Over the last few weeks, much ink has been expended by the local press on the subject of parks in general and Golden Gate Park in particular. It amazes me that some of our civic leaders don't think that special legislation is needed to protect Golden Gate Park. The Recreation and Parks Department (RPD) gives the impression that they consider making Golden Gate Park a historic district too onerous. Is this really a controversial idea — to protect our prime parkland and ensure that we can preserve its legacy for future generations?

Often we don't notice what is being lost until it is gone. Golden Gate Park's wooded parkland has been chipped away at (no pun intended) for years. The current movement to protect Golden Gate Park as a historic district was inspired by public outrage at plans to develop the western end of the park — the 40,000 square foot water treatment plant and the seven acre-plus artificial turf fields with one-quarter million watts of stadium lighting.

Last year at a minor local meeting, an RPD spokesperson said that they were considering building a miniature golf course in Golden Gate Park. The speaker saw the looks of astonishment on the audience faces and changed the location to "maybe McLaren Park." (Park lovers take

note — McLaren Park now has its own Friends group and will probably bounce this idea back to RPD — watch out for your neighborhood park!) When I told people this story, they found it hard to believe. But just last week, an *SF Chronicle* story on the Parks for the Public ballot initiative quoted RPD officials as saying, "Approval could prevent the Recreation and Park Department from pursuing such ideas as...operating a miniature golf course on park property..." Do we have so much parkland that we can sacrifice it to something so obviously artificial and commercial?

CSFN members will recall the RPD proposal a few years ago to cut down the historic 100-year-old trees in the Music Concourse Bowl. Thanks to the strong advocacy of CSFN these trees were saved and remain an important part of the heritage for future generations.

Development interests will always view open parkland as a place for their favorite building projects, disguised as "meeting community needs." That is why our parklands must be protected, and Golden Gate Park in particular must become a Historic District.

...Katherine Howard, SPEAK
Open Space Committee

CSFN Draft Minutes: General Assembly Meeting June 21

1. **Call to Order.** President Judith Berkowitz brought the meeting to order at 7:00 at Northern Police Station.
 - a. *Quorum declared.* Delegates and alternates represented 22 CSFN member organizations. 5 guests signed in.
 - b. *Agenda approved.*
 - c. *Introductions.* Delegates and guests introduced themselves. Hosts Karen Crommie (Cole Valley Improvement Association, CVIA) and Judy Berkowitz (East Mission Improvement Association, EMIA) described their organization's objectives, history, and current issues.
2. **Minutes.** The May General Assembly draft minutes were approved as printed on p 3 of the June newsletter
3. **Officers' Reports.**
 - a. **President Berkowitz** (EMIA) Parkmerced Update: There is a possibility of a lawsuit regarding the proposed project; also the Tenants Union is gathering signatures to get a ballot measure regarding demolition of sound housing at Parkmerced. • The 2009 Housing Element was passed at the BoS on June 14. • Also AB485, SB310 are proposed bills that would get money for infrastructure without going to the voters for approval. • Supervisor Wiener BOS File #110401 was amended for a third time; it would allow Board of Supervisors to repeal voter-approved legislation after a minimum of 3 years. It will be heard again on June 25 in committee. • Gerry Crowley was presented the "Woman of the Year" award by the Eleanor Roosevelt Democratic Club. • The AT&T "Big Box" hearing at the Board of Supervisors is scheduled for June 28th. • She attended, along with approximately 125 other people, the San Francisco Tomorrow Dinner. The subject was "Considerate Planning," and the main award recipient was Allan Jacobs. Other award winners were Planning Commissioners Kathrin Moore, Bill Sugaya, and Christina Olague. • Berkowitz' letter to the editor of the *SF Weekly* was published. It was to correct inaccuracies in a recent Matt Smith column. • Redistricting Task Force: BoS has chosen its three representatives. It appears that they have a *very* poor voting record.
 - b. **1st VP Clark** (RHN)
 - c. **2nd VP Mahan** (EDIA)
 - d. **Recording Secretary Mahan** (EDIA)
 - e. **Corresponding Secretary Millet** (PBNA)
 - f. **Treasurer Lew** (NBN) submitted a written report.

4. **Committee Reports**
 - a. *Open Space:* Kathy Howard (SPEAK)
 - b. *Transportation:* Chair Gary Noguera (MPIC)
 - c. *Bylaws:* Evelyn Wilson (SPEAK)
 - d. *Land Use & Housing:* Chair Hiroshi Fukuda (RCA) noted committee report on pg 4 of newsletter.
 - e. *Water Task Force:* Chair Joan Girardot (MCIPOA) again reported the cost of recycling water will cost 4 times the amount that Hetch Hetchy water costs. Urban Water Management hearing is scheduled for June 18th 2011. There will also be workshop regarding the Eastside Recycling Project. Contact Suzanne Gateaux 554-3204.
5. **New Business.**
6. **Program:** Mayor Edwin Lee and Department heads Mohammed Nuru and Presentation Regarding Proposed Pension Reform Ballot Measure, and Proposed Street Repairs Bond Measures for November Ballot.
7. **Adjournment.** The March CSFN General Assembly meeting was adjourned at 9:30PM.

...Angelique Mahan (EDIA)
Acting Recording Secretary



Mayor Ed Lee and Department heads explain upcoming ballot measures at the June General Assembly.



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Land Use & Housing Committee Report

June 13, 2011

The Regular Meeting of the CSFN Land Use & Housing Committee was convened by Rose Hilson on Monday, July 11, 2011 at 5:42 P.M. in the Community Room of the Northern Police Station at Turk and Fillmore Streets.

The Committee considered the following items

1. Housing Element update.
2. Parkmerced. Update: legal action has been initiated. Funds will be needed. Contact Bernie Choden.
3. San Francisco Health Facilities Master Plan. The LU&H Committee voted to recommend the following resolution to the CSFN General Assembly:
Resolved, The Coalition for San Francisco Neighborhoods urges that the Planning Commission not approve any building permit for the expansion of existing health facilities in San Francisco until a comprehensive San Francisco Health Facilities Master Plan has been completed and adopted describing the projected health facilities and health equipment needed to serve the health needs of the people of San Francisco.
4. Revised Draft of the *Recreation and Open Space Element (ROSE)*
Refer to CSFN Open Space Committee for review and comments.
ROSE is “repurposing underutilized City-owned properties” but as OPEN SPACE (e.g. school yards, SFPUC sites). Policy 2.8 of ROSE states that some sites may be underutilized, and therefore available for purchase or swap, reviewed for their potential to be transferred to RPD... offer opportunities for joint use (private-public). Some public building rooftops can be greened e.g. Look at ROSE on the Planning website and send feedback, errors/omissions to Susan Exline. **Initiation at the Planning Commission Date: June 23, 2011** City Hall, Room 400 at noon.
Informational Presentation at the Rec. and Park Commission Full Commission, July 21, 2011, City Hall, Rm. 416, at 10:00 am. **Adoption Hearing, Planning Commission Date: August 4, 2011** City Hall Rm 400, noon.

5. Planning Commission

Item #8. – Staff will report on data from the Census Bureau, focusing on the 2005–2009 American Community Survey (ACS). The annual ACS replaced the decennial Census “long form” and includes detailed socio-economic statistics such as household composition, income, poverty, educational attainment, occupation, and commute to work. Annual ACS data is aggregated into five-year estimates to replicate Census sampling. The 2005–2009 ACS is the first five-year estimate released and provides the most current socio-economic profile of the country. Changes since the 2000 Census for select demographic and housing characteristics will be presented for San Francisco overall and by supervisorial districts; employment and commute to work will also be discussed. Census 2010 data will be used when available. Preliminary Recommendation: Informational presentation only. No action required

Item #9. – Consideration of Inclusionary Affordable Housing Program policy to authorize the Zoning Administrator to

Executive Committee Report

June 29, 2011

The meeting was called to order at 5:44PM; there was a quorum. Present were Judy Berkowitz, Penelope Clark, Angelique Mahan, Dick Millet, Lorraine Lucas, Rose Hillson, Sue Cauthen and Evelyn Wilson. Excused was Jim Lew.

Officers’ Reports

President Berkowitz reported that the Board of Supervisors Rules Committee voted to forward Supervisor Wiener’s charter amendment on allowing the Board to amend or repeal ordinances and statements of policy passed by the voters — now much amended itself and limited to future ordinances or policy statements initiated by the Board or the Mayor — for the approval of the Full Board. She noted that Supervisor Wiener had declined to discuss his charter amendment in public settings. She noted that the Supervisors will take public comment at its meeting on July 12 regarding the proposed ATT utility sidewalk boxes, and that the Urban Tree Council was concerned about the effect of these large sidewalk boxes on street trees. And she reported that the Full Board had unanimously approved the new North Beach Library. She referred an invitation to join with the Minetta Institute in presenting a forum at the Commonwealth Club on immediate improvements to transit on Stockton Street to Transportation Committee Chair Gary Noguera.

Second Vice President Clark reported that the Supervisors’ Rules Committee also heard a presentation on the Mayor’s proposal for pension reform which was very similar to the presentation given at the last CSFN General Assembly meeting. The presentation again pointed out that it was arrived at through a general consensus of stakeholders and so would not be held up by lawsuits. However, judging from the spirited objections presented by both present and retired city employees at the Rules Committee presentation, that is by no means certain.

Second Vice President Mahan reported that her neighborhood group, EDIA, has a new group of officers.

Parliamentarian Evelyn Wilson suggested that the Excom report should be subject to approval by the members, but, after a discussion, it was decided that since it was a report rather than minutes, that it was not necessary. In another discussion, it was decided to publish information in the newsletter on what is expected of the designated hosts at the General Assembly meetings. Typically a total of \$120 to \$130 is spent for food and beverages for an expected attendance of approximately thirty-five to forty attendees.

The program for the upcoming General Assembly meeting will be selected by the Government and Election Committee from issues that will be part of the November election.

The meeting was adjourned at 7:07PM..

...Penelope Clark (RHN) 1st VP, Chair

AGENDA	
General Assembly Meeting	
July 19, 2011	
6:30	I. Sign In and Refreshments
7:00	II. Call to Order/Ascertain Quorum A. Introduction of Delegates and Guests / Short Announcements B. Hosts 1. Cathedral Hill Neighborhood Assn — CHNA 2. Dolores Heights Improvement Club — DHIC
7:15	III. Approval of June 2011 Minutes
7:20	IV. Officers' Reports A. President B. Vice Presidents C. Secretaries D. Treasurer
7:25	V. Committee Action Items — written reports in Newsletter A. Water Task Force B. Transportation C. Open Space D. Land Use & Housing E. Government & Elections F. Bylaws
7:40	VI. New Business: Reso regarding SF Health Facilities Master Plan and new permits. p.4. Reso regarding AB485 and SB310. p.5. Reso regarding Commonwealth Club forum. p.5.
7:45	VI. Program:
	VII. Adjournment

CSFN meets the *third Tuesday of each month except for December at Northern Police Station, Turk & Fillmore Streets (Parking in rear off Turk)*
Public Transit: Muni #22 Fillmore, 31 Balboa & 38 Geary Lines

Visitors: Please Sign the Register

Neighborhood Views is published monthly, the official voice of the Coalition for SF Neighborhoods, Inc., a 501(c)(4) organization.
 To Submit Articles: Email articles by the 5th of the month to sfjberk@mac.com
 Either inline text or an attached document can be used.
 Articles reflect the opinions of the submitter, not necessarily the opinion of the CSFN. We invite material from member organizations as well as rebuttal to articles already printed. We reserve the right to edit where necessary. Member organizations may receive two copies of the newsletter without charge. Subscription: Members/\$10, Nonmembers/\$15.

Coalition for SF Neighborhoods
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Action Items:
 Resolution regarding SF Health Facilities Master Plan and new permits. p.4.
 Reso regarding AB485 and SB310. p.5.
 Reso regarding Commonwealth Club forum. p.5.

Next Meeting
 Tuesday
 July 19

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