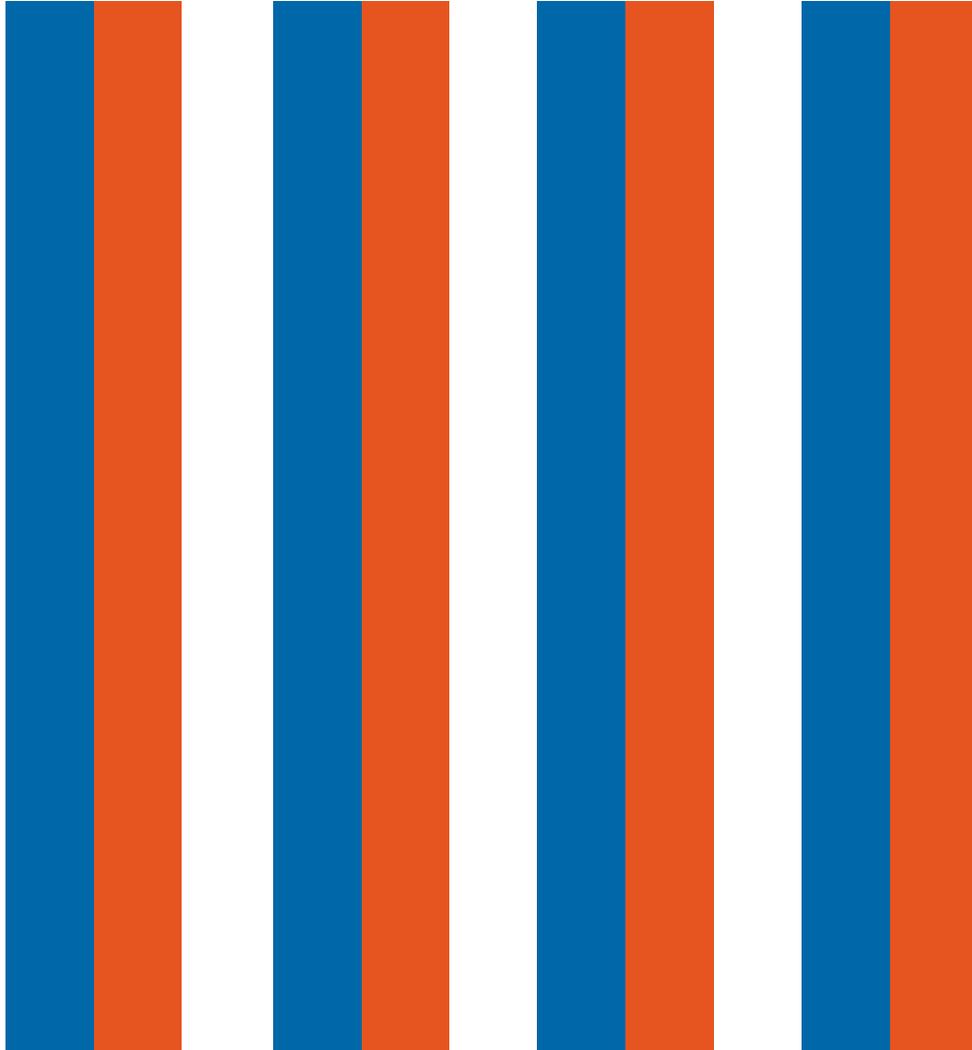


SAN FRANCISCO VOTER GUIDE — NOVEMBER 2014 —

Ballot analysis and recommendations



PROP. A
Transportation Bond
YES

PROP. B
**Transportation
Set-Aside**
NO

PROP. C
**Children's Fund
Renewal**
YES

PROP. D
**Redevelopment
Employee Benefits**
YES

PROP. E
Soda Tax
YES

PROP. F
Pier 70 Project
YES

PROP. G
Housing Resale Tax
No position

PROP. H
**Grass Athletic Fields
in Golden Gate Park**
NO

PROP. I
**Renovation of
Athletic Fields**
YES

PROP. J
**Minimum Wage
Increase**
YES

PROP. K
Affordable Housing
YES

PROP. L
Motorist Policy
NO

GENERAL OBLIGATION BOND



Transportation Bond

San Francisco Transportation and Road Improvement Bond

Authorizes \$500 million in bonds to fund transportation projects.

What it does

Proposition A would provide \$500 million for capital improvements to public transit and street safety, such as street rebuilding, new traffic signals, safer crosswalks, bus-only lanes, accessible platforms and escalators at Muni and BART stops, bike lanes, upgrades to Muni maintenance facilities and upgrades to Caltrain.

If Prop. A passes, the Metropolitan Transportation Commission (MTC) will match a share of the local investment up to \$550 million.

Why it's on the ballot

This bond measure is the first step in a multi-step funding strategy identified by the Mayor's Transportation 2030 Task Force, which was co-chaired by SPUR (see Figure 2).¹ The task force estimated the cost of needed improvements to the city's transportation system, including roads, at \$10.1 billion over the next 15 years. The group identified \$3.8 billion in available transportation funding, which leaves a \$6.3 billion funding gap. The city's General Fund revenue is not adequate to cover the costs of these major capital improvements. Similarly, state and federal funding is not sufficient or reliable enough to meet the city's transportation needs.

Bonds authorized by Prop. A would fund transportation projects and programs that the San Francisco Municipal Transportation Agency has identified through a collection of targeted studies, including:

- A set of investments that would lead to a 20 percent savings in travel times on Muni
- A plan to rehabilitate and reconfigure Muni's facilities; several are more than hundred years old, have substandard working conditions and hinder Muni's ability to keep vehicles in service
- High-priority street improvements to protect pedestrian safety
- Projects and programs that would reduce the stress of cycling and increase bike trips to 10 percent of all transportation trips

Prop. A is part of the city's 10-year capital plan, which identifies, prioritizes and recommends funding for all of San Francisco's

FIGURE 1

Potential Transportation Bond Projects

Transportation Goal	Project Examples ²	Expenditure
Improved Transit		\$358 million
Provide faster and more reliable transit	<ul style="list-style-type: none"> • Add sidewalk bulbs or boarding islands to make boarding transit easier • Add turn lanes and transit-only lanes to speed vehicles • Install traffic calming measures • Upgrade Caltrain signal systems or rail infrastructure 	\$230 million
Improve safety and accessibility at transit stops	<ul style="list-style-type: none"> • Improve escalators and elevators • Construct raised platforms 	\$30 million
Fix Muni maintenance facilities and improve working conditions	<ul style="list-style-type: none"> • Upgrade washing and fueling stations • Update maintenance structures to accommodate larger vehicle and reduce vehicle repair times. 	\$70 million
Plan and design large-scale projects of citywide benefit	<ul style="list-style-type: none"> • Design bus rapid transit services and the extension of Caltrain to downtown 	\$28 million

Source: SFMTA and 2014 Transportation and Road Improvement General Obligation Bond Report. Available at: <http://sftransportation2030.com/wp-content/uploads/2014/06/GOBondReport-June2014-final.pdf>

publicly owned infrastructure. The bond would be financed by local property taxes but would not increase the local property tax rate beyond the 2006 level. Public boards, including the Citizen’s General Obligation Bond Oversight Committee, would oversee the bond.

This measure was placed on the ballot with the support of Mayor Lee and all 11 members of the Board of Supervisors. General obligation bonds require approval by a two-thirds majority of voters. If this measure passes, it will be the first time that Muni has received funding from a general obligation bond.

Pros

- The bond will pay for critical transportation needs, which were identified by a thorough process.
- A bond is the proper financing tool for these long-range capital projects. Cities commonly use general obligation bonds to pay for large capital projects, in order to spread the costs among both current and future residents.

Cons

- While it’s a good start, \$500 million is not enough to get San Francisco’s transportation system on stable financial footing. There are other unfunded capital investment priorities that also need to be addressed, such as replacing Muni’s fleet of vehicles or growing BART’s capacity through San Francisco. This bond does not address those needs.



Heather D. Moran, SFMTA

Prop. A would pay for capital improvements to transit and street safety, such as accessible ramps and platform upgrades that make transit easier to board.

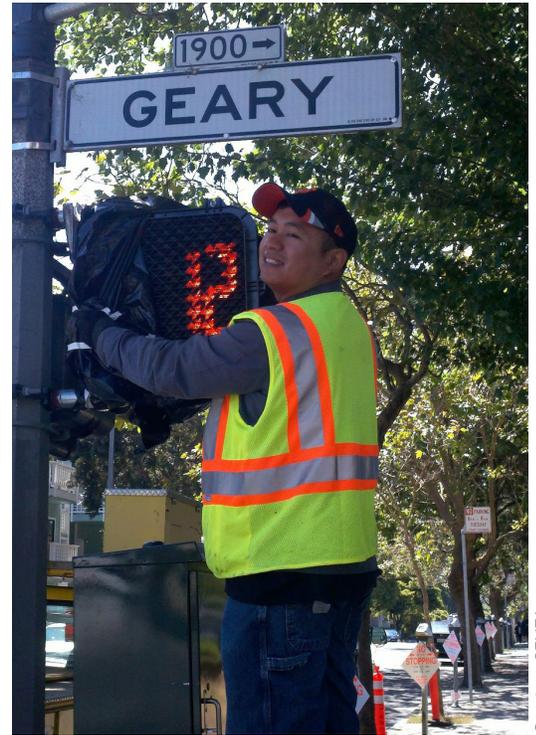
Transportation Goal	Project Examples ²	Expenditure
Safer Streets		\$142 million
Install pedestrian safety infrastructure at high-injury locations	<ul style="list-style-type: none"> • Ease street crossings using refuge islands, bulb-outs or raised crosswalks 	\$68 million
Install modern traffic lights	<ul style="list-style-type: none"> • Replace traffic signals • Install pedestrian countdown signals 	\$22 million
Build “complete streets” that enable safe and convenient travel for all users; build up to 27 miles of bikeways	<ul style="list-style-type: none"> • Enhance crosswalk markings • Improve sidewalks and street corners • Add separated bikeways and bike parking 	\$52 million

¹ The report *Safe Reliable and Affordable Transportation: Mayor’s Transportation Task Force 2030* details existing conditions, proposed investment strategies and funding options for San Francisco’s transportation infrastructure through 2030. Available at: <http://sfcontroller.org/modules/showdocument.aspx?documentid=4912>

² All projects listed are examples only. Depending on the program area, different criteria will be used to choose which projects to fund with the bond. For specific criteria, see *Transportation 2030*, the report on the 2014 general obligation bond, Available at: <http://sftransportation2030.com/wp-content/uploads/2014/06/GOBondReport-June2014-final.pdf>



Courtesy SFMTA



Courtesy SFMTA



Mark Dreger

Among the types of projects Prop. A would fund are rehabilitating transit maintenance facilities (some of which are over 100 years old), adding crosswalk countdown signals and building separated bike lanes.

FIGURE 2**Transportation 2030 Investment Strategy****15-Year Transportation Revenue Plan**

To bridge San Francisco's transportation funding gap, the Mayor's Transportation 2030 Task Force recommends two general obligations bonds (one this year and the second in 2024), a new sales tax and returning the local vehicle license fee to 2 percent.

Revenue Source	15-Year Revenue Total (in 2013 dollars)	Average Revenue Per Year, 2015-2030 (in 2013 dollars)
General obligation bonds	\$829 million	\$55 million
Vehicle license fee increase from 0.65% to 2%	\$1.096 billion	\$73 million
New 0.5% sales tax	\$1.030 billion	\$69 million
Total	\$2.955 billion	\$197 million

Source: *Safe Reliable and Affordable Transportation: Mayor's Transportation Task Force 2030*. Available at: <http://sfcontroller.org/modules/showdocument.aspx?documentid=4912>

SPUR's analysis

San Francisco is a great transportation city, but its systems are facing a make-or-break moment. Muni isn't keeping up with the expectations of today's riders, and it is not providing enough service (or providing it in the right places) to accommodate the city's growth. Muni's capital needs get in the way of its speed and reliability. Similarly, outmoded street designs and conditions are leading to too many accidents. This costs the city greatly — both in the human toll of injuries and death and in the financial impact of vehicle damage.

The city has done the hard work to gather stakeholders, assess needs and prioritize transportation expenditures. A failure to address these needs will result in more hardship for everyone who needs to move through San Francisco. Over time it will create a repair backlog, will make those repairs more costly and will even hinder job growth. For SPUR, not investing in transit and streets is not an option. While it's not enough to meet current needs, this proposed transportation funding is a solid start. Prop. A is a quality plan to reinvest in San Francisco's transportation system.

SPUR recommends a “Yes” vote on Prop. A.

CHARTER AMENDMENT



Transportation Set-Aside

Adjusting Transportation Funding for Population Growth

Increases the voter-approved funding set-aside for Muni in step with a percentage increase in population.

What it does

This charter amendment would affect the annual funding from the city's General Fund that is set aside for the San Francisco Municipal Transportation Agency (SFMTA). Under Proposition B, this funding would increase whenever the city's population increases. Seventy-five percent of the increase in funds would be used for improvements that address the system's reliability, frequency of service, capacity and state of good repair, and 25 percent would be used for capital expenditures to improve street safety for all users.

If Prop. B passes, the first increase to the baseline funding for SFMTA would occur in July 2015. This adjustment would account for the past 10 years in population growth in one lump sum, estimated at about \$22 million.³ In subsequent years, the increase would be based on the previous year's population growth. For example, if population grew by 2 percent, the baseline set-aside amount would grow by 2 percent. Based on the average annual population growth historically, the size of this adjustment would be approximately \$1.5 million each year.⁴ If there were no increase in population during a given year, the SFMTA baseline set-aside would not be adjusted for that year. The adjustments would be based on either the increase in daytime population or nighttime population, whichever was greater. The set-aside would not decrease if the population declined.

³ Since 2000, when voters approved Prop. E (the Emissions Reduction and Transit Reform Act), Muni and the Department of Parking and Traffic have received an annual contribution from the General Fund, tied to revenues. The rate for Muni is 6.686 percent of the General Fund's aggregate discretionary revenue, for an estimated \$180.3 million in the 2014-15 proposed budget. The rate for the Department of Parking and Traffic is 2.507 percent, for an estimated \$67.6 million. Eighty percent of parking revenue is also directed to SFMTA; this amount is estimated at \$69.7 million. Total 2014-15 revenue for SFMTA is estimated at \$315.8 million. See *Controller's Discussion of the Mayor's FY 2014-15 and FY 2015-16 Proposed Budget*. Available at: <http://sfcontroller.org/Modules/ShowDocument.aspx?documentid=5417>

Prop. B would give the mayor the discretion to cancel this population-based appropriation if voters enact a new general tax on vehicles, such as an increased vehicle license fee.

Why it's on the ballot

Prop. B has been put before voters as a temporary measure that would exist until a more stable funding source for SFMTA can be put in place. Specifically, the Mayor's Transportation 2030 Task Force recommends restoring the vehicle license fee from 0.65 percent to 2 percent of vehicle value. The mayor and Board of Supervisors decided to put the vehicle license fee before voters in 2016 rather than this year; this set-aside would increase SFMTA funding during the intervening years, until the voters (hopefully) approve restoring the vehicle license fee.

Anticipated SFMTA revenue for the next two years has diminished by \$11 million due to the cancellation of parking meters on Sunday and by \$8 million⁵ due to the Free Muni for Youth program.

Prop. B would help fill this funding gap and pay for immediate needs, including new transit vehicles, which cannot be paid for with funds from Prop. A, the transportation bond measure on this year's ballot. The existing set-aside, which SPUR helped create in 1999, has been insufficient to meet the promised level of service.

Prop. B was placed on the ballot by six members of the Board of Supervisors

Pros

- Transit remains underfunded relative to what San Francisco needs. In order for people to get where they need to be without getting stuck in traffic, the city simply has to increase its investment in the public transit system.
- Allocating discretionary funds for transportation through the annual budget process, which is very political, has been difficult; this charter amendment provides a way to channel General Fund support to the transportation system.

⁴ Office of the Controller memo. Available at: <https://sfgov.legistar.com/View.ashx?M=F&ID=3146966&GUID=FCF28400-1A0D-4FB2-AFC3-44F8785D51AD>

⁵ Google recently agreed to pay \$6.8 million for two years to support this program, which may help to bridge this budget gap.

⁶ See the SPUR report *Setting Aside Differences*. Available at: <http://www.spur.org/publications/spur-report/2008-01-16/setting-aside-differences>

⁷ See the SPUR report *Reversing Muni's Downward Spiral*. Available at: <http://www.spur.org/publications/spur-report/2005-05-18/reversing-munis-downward-spiral>

Cons

- Set-asides tie the hands of policy-makers and limit their ability to make strategic decisions about the city budget as needs evolve over time.
- The cost to provide each Muni trip has been escalating in the last few years. The measure does not address this root problem with the city's transportation system.
- Using population growth, rather than revenue growth, to determine the increase means that the measure is not connected to the city's ability to pay.
- The set-aside would go up when population increases but would not go down when population declines. This is not a good precedent.

SPUR's analysis

Transit is essential to San Francisco. It is the most sustainable and accessible transportation solution for the city's narrow streets and compact neighborhoods. And when the city's population grows, the need for transit funding grows at a somewhat higher rate than the population. SPUR agrees that new, reliable funding sources for Muni are necessary, particularly to fund operating costs.

However, this increase to the baseline set-aside does not conform to any of SPUR's recommendations for how to structure General Fund set-asides. Specifically, it is not tied to available revenue, it is not funded by a new revenue source, it does not expire and it is not tied to a specific, measurable performance standard or outcome.⁶ Nor does Prop. B conform with SPUR's recommendation to find new sources of funding for Muni that also accomplish other long-term policy goals like reducing auto congestion.⁷

We are pleased that San Francisco leaders have committed to put restoring the vehicle license fee on the 2016 ballot, something the city has resisted for many years. We also support more conversation about how the city can better fund transit. We struggled with this measure, but due to our concerns with the way this set-aside is structured, SPUR does not recommend it as a piece of the solution.

SPUR recommends a "No" vote on Prop. B.

CHARTER AMENDMENT



Children's Fund Renewal

Children's Fund, Public Education Enrichment Fund, Children and Families Council, Rainy Day Reserve

Renews and increases the Children's Fund, extends the Public Education Enrichment Fund and changes the school district's access to funding from the city's Rainy Day Reserve.

What it does

Proposition C is a charter amendment that would affect how the city funds services for children, youth, families and public education. It would make changes to the city's charter in four main areas:

- Extend the Children's Fund, a property tax set-aside originally authorized by voters in 1991, for 25 years and increase the set-aside from 3 to 4 cents per \$100 in assessed property value over four years. It would also allow Children's Fund dollars to be used to serve "disconnected transitional aged youth" from 18 to 24 years old. Over time, the increase would raise the current fund from \$49 million a year to about \$65 million a year.
- Extend the Public Education Enrichment Fund (PEEF), created by voters in 2004 as a set-aside of the city's General Fund, for 26 years and expand age eligibility for its preschool program to include 0- to 5-year-olds (while continuing to prioritize 4-year-olds). The fund currently receives \$77 million a year from the city's General Fund.
- Creates a Children and Families Council to coordinate children's services across city departments and the school district, and to develop a plan every five years to prioritize goals, policies and programs.
- Establish a School Rainy Day Reserve by appropriating 25 percent of future contributions to the city's existing Rainy Day Reserve; give the Board of Education the power to withdraw funds; and divide the existing Rainy Day Reserve (approximately \$33 million), with 50 percent going to the city reserve and 50 percent to the school reserve.

The Children's Fund and PEEF have provided services and support to tens of thousands of youth and K-12 public school students in San Francisco. Children's Fund services include

child care, job training, health services, recreational programs, and violence and delinquency prevention; PEEF services include arts, music, sports, libraries, counseling, health services and other school programs, along with a universal preschool program for 4-year-olds.

Prop. C would make some changes to the administration of the Children's Fund and PEEF. It would require the Department of Children, Youth and Their Families (DCYF) to conduct a five-year planning process to increase transparency, improve effectiveness and ensure stability for the programs it funds. DCYF would have to create a Community Needs Assessment and a Services and Allocation Plan, both of which must be approved by the Board of Supervisors. DCYF would also need to establish a new committee to oversee administration of the fund, with members appointed by the Board of Supervisors and the mayor. The measure would eliminate the city's option to count in-kind donations and other financial support to the San Francisco Unified School District (SFUSD) in setting its annual contributions to PEEF. It would also end the city's ability to defer contributions to PEEF when the city projects a budgetary shortfall of more than \$100 million.

Why it's on the ballot

Charter amendments must be approved by voters, and existing authorization for both the Children's Fund and PEEF will otherwise expire by June 2016 and June 2015, respectively. The measure was placed on the ballot by all 11 members of the Board of Supervisors.

The new Children and Families Council would strive to align and coordinate services provided by various city departments, SFUSD and many community-based organizations. Chaired by the mayor, it is also an effort to respond to the steady decline of the number of children in the city, especially children from low- and moderate-income families, by making the city more supportive of children and families. As of 2010, San Francisco had the lowest percentage of children in its population of any major city in the country.

Prop. C's proposed division of the city's existing Rainy Day Reserve into a city reserve and a school reserve would give the Board of Education access to funds during times when other sources of per-pupil funding decline. Currently, the Board of Supervisors may authorize such an expenditure (and has done so in each of the past seven years), but it doesn't have to. This change could provide stability for schools when state resources — which provide the majority of funding for public schools — decline. California's per-pupil spending has decreased by about 14 percent since 2008,⁸ and San Francisco's per-pupil spending, at around \$9,800, is very low compared to other large urban school districts nationwide.⁹ For example, New York spends about \$20,000 per pupil; Washington, D.C., \$17,000; Chicago, \$12,000; and Los Angeles, \$11,000.

Pros

- This measure would reauthorize critical funds for programs and schools that currently support more than 56,000 children a year. Not reauthorizing these funds could be very disruptive for families and children who participate in and depend on the programs they support, with a disproportionate impact on low-income families.
- Preschool for All, a program supported by PEEF, has served more than 18,000 4-year-olds in the city through preschool subsidies. Studies show that preschool investment pays off in the long run, saving between \$3 and \$7 (in special education, welfare and the criminal justice system) for every dollar spent. Evidence shows that access to high-quality preschool has an especially positive impact on the language, literacy and math skills of the poorest children. The expansion of San Francisco's program would support preschool enrollment for young children and especially help low-income families.
- This measure would expand Children's Fund services to youth over 18 — specifically, those who are at risk of homelessness, have dropped out of high school, have disabilities, are undocumented, are gay or transgender or are leaving foster care or the juvenile justice system. These youth need support to make a safe transition to adulthood and independence, and making more services available to them would benefit them and society at large.

Cons

- Prop. C contains a property tax set-aside and a General Fund set-aside. Set-asides tie the hands of policy-makers and limit their ability to make strategic decisions about the city budget as needs evolve over time. Because the charter amendment does not identify any new revenue sources for these set-asides, it is out of compliance with nonbinding, voter-adopted city policy (Prop. S in 2008), which states that any new set-aside shall identify adequate new revenue sources to cover its costs and shall expire after 10 years.
- The unmet need for children and family services in San Francisco has not been quantified, so it's not clear how much difference an additional \$15 million would make.
- The measure would transfer responsibility for decisions about a portion of the Rainy Day Reserve to the Board of

⁸ Center on Budget and Policy Priorities. *Most States Funding Schools Less Than Before the Recession*, May 2014. Available at: <http://www.cbpp.org/cms/?fa=view&id=4011>

⁹ Badger, Emily. "The Dramatic Inequality of Public-School Spending in America." *Washington Post*, May 23, 2014. Available at: <http://www.washingtonpost.com/blogs/wonkblog/wp/2014/05/23/the-dramatic-inequality-of-public-school-spending-in-america>

Education, which would reduce the amount of the reserve subject to the city's policy and budgetary discretion.

- This measure would delete language from the city charter that originally created the Taxi Commission, which by ordinance was dissolved and merged with the San Francisco Municipal Transportation Agency in 2008. Because the Taxi Commission was originally approved by voters, voters must approve its removal from the city's charter. But attaching something completely unrelated to the essential purpose of this measure could be seen as sloppy or deceptive and might invite the attachment of random riders to future charter amendments.

SPUR's analysis

Prop. C is a big commitment to funding services for children, youth and their families in San Francisco. Although it does not increase taxes, it does reauthorize two set-asides — one of the General Fund and one of property tax revenue — without identifying new sources of revenue to fund them. Dividing the Rainy Day Reserve into two portions could be viewed as creating a new set-aside within the Rainy Day Reserve. And we would have liked for the school district and DCYF to have quantified the unmet need for children's and youth services before asking the voters to approve multiple set-asides for the next 25 years and beyond.

But children and transitional-aged youth do not compete well in the budget process. Eliminating the existing sources of funding for services that the Children's Fund and PEEF currently support would very suddenly diminish the quality of life for many children in the city and their families. Children can't vote, and the programs and institutions that serve them deserve public funding and support.

SPUR recommends a "Yes" vote on Prop. C.

CHARTER AMENDMENT



Redevelopment Employee Benefits

Retiree Health Benefits for Former Redevelopment Agency and Successor Agency Employees

Allows former employees of the San Francisco Redevelopment Agency to count time spent working there toward their eligibility for City of San Francisco retiree health benefits.

What it does

This amendment would resolve an unintended consequence of the statewide elimination of redevelopment agencies in 2012. After the San Francisco Redevelopment Agency closed, some employees transitioned into jobs with the city in order to carry out ongoing projects. Redevelopment agencies were state — not municipal — entities, so they generally made use of the California Public Employee Retirement System (CalPERS) to administer retirement benefits. While some local jurisdictions also use CalPERS, San Francisco has its own health service system for retired public employees. The handful of redevelopment agency employees who moved into local agencies (including the "successor agency" the city formed in order to complete redevelopment projects) lost credit for their service and had to start at year one, even if they were nearing retirement age. This has potentially devastating consequences to the retirement benefits of a small number of people: It can apply to no more than 50 employees.

Under Proposition D, employees would have a one-time choice between staying in CalPERS (if their benefits had vested, for example) or moving into the city system, which would use the date of their initial employment at the redevelopment agency as their effective starting date for the purposes of determining retirement eligibility.

This charter amendment would apply to employees who:

- Were hired by the redevelopment agency on or before January 9, 2009, and transitioned without a break in service to city agencies between February 1, 2012, and February 28, 2015, generally to carry out the city's obligations to ongoing redevelopment projects

- Started working for the redevelopment agency after January 9, 2009 but before the agency was dissolved on March 1, 2010; these employees would have different payment requirements and a different vesting schedule

Expressly excluded are employees who left the redevelopment agency voluntarily before its dissolution but are working elsewhere in the city.

The cost impact of Prop. D would likely be modest, since few employees would be affected. Furthermore, because employee benefits constitute an obligation of the redevelopment agency, at least a portion of the costs (pending ongoing negotiations) would likely be paid for by tax increment revenues generated by existing redevelopment projects. However, those funds will sunset over time and may leave some portion of the liability to be paid by the city's health service system.

Similar charter revisions have addressed other CalPERS entities (such as the sheriff's department) transitioning into the municipal system.

Why it's on the ballot

The City Charter defines how employees become eligible for San Francisco's Health Service System, and a charter amendment is required to change the rules. To pass, a charter amendment must be approved by a majority of the voters. This measure was placed on the ballot by 10 members of the Board of Supervisors.

Pros

- This measure would correct an unintended consequence of the elimination of the San Francisco Redevelopment Agency.
- It would prevent serious impacts to a small number of employees and their families.
- It would help retain experienced managers of complex and significant redevelopment legacy projects, including Hunters Point Shipyard, Mission Bay and Treasure Island.

Cons

- Prop. D would entail an unknown cost for the city's retirement fund, to be determined by how many people choose to use the benefits, whether tax increment funds can be applied (currently under negotiation) and how adequate those funds will be over time.
- This measure would add another amendment to San Francisco's already byzantine City Charter.

SPUR's analysis

The eligibility of a few dozen employees for retiree health benefits may seem like a small matter to take to the voters. However, because eligibility for these benefits is defined in the City Charter, there is no other way to modify it. While a small issue and a minor expense for the city as a whole, this is a matter of enormous consequence for the affected employees and their families. The statewide elimination of redevelopment agencies was a very blunt instrument with far-reaching consequences, most of which are beyond the control of local jurisdictions. This is one that San Francisco has the power to correct.

SPUR recommends a "Yes" vote on Prop. D.

ORDINANCE



Soda Tax

Tax on Sugar-Sweetened Beverages to Fund Food and Health Programs

Levies a tax of 2 cents per ounce on soda and other sweetened drinks, generating approximately \$31 million to \$54 million annually for school food, active recreation programs and other health-related initiatives.

What it does

Proposition E imposes a tax of 2 cents per ounce on drinks that have added sweeteners and contain more than 25 calories per 12 ounces. The tax would cover most non-diet sodas, sports drinks and energy drinks distributed in San Francisco.

The following beverages are exempt from the tax:

- Milk and milk alternatives (soy, almond, etc.)
- One-hundred percent fruit and vegetable juice
- Infant formula, medical food and meal replacements (e.g., Ensure)
- Alcohol (which is already taxed separately)
- Drinks that are sweetened by hand during preparation (e.g. coffee drinks)

The tax is estimated to generate \$31 million to \$54 million in revenue annually.¹⁰ Prop. E requires that the revenue be distributed in the following manner:

- Forty percent to the San Francisco Unified School District
- Twenty-five percent to the Department of Public Health and the Public Utilities Commission
- Twenty-five percent to the Recreation and Park Department
- Ten percent to fund grants, administered by the Department of Public Health, for community-based organizations

Revenue would be used to support programs such as school meals, nutritional and oral health education, active recreation, chronic disease prevention and food access initiatives.¹¹ The measure would give special consideration to spending that benefits communities disproportionately affected by diet-related disease.

Prop. E would require the controller to certify that this revenue would be used to expand or create programs — not to replace existing funding streams. Specifically, the measure would require the city to maintain a certain level of spending on the categories of programs listed above in order to access the soda tax revenue. It would also create a 15-member oversight committee to develop a five-year strategic plan and make annual recommendations for how the funds should be spent.

Why it's on the ballot

San Francisco, like the nation generally, is suffering from historically high rates of obesity and diet-related disease. Recent studies show that 42 percent of adults and teenagers in San Francisco are either overweight or obese, and nearly one in 15 San Franciscans are living with diabetes.¹² Sweetened drinks are the single largest source of sugar for American adults and children, and research shows that these beverages are associated with diet-related disease.¹³ Proponents want to tax sugary drinks in order to increase their price and thereby reduce their consumption.

Prop. E was placed on the ballot by six members of the Board of Supervisors. As a tax with specifically dedicated revenue, it requires a two-thirds majority of voters to pass.

¹⁰ The Yale Rudd Center for Food Policy and Obesity estimates \$31 million in revenue annually. See "Revenue Calculator for Sugar-Sweetened Beverage Taxes." Available at: http://www.yaleruddcenter.org/sodatax_archive.aspx. The San Francisco Controller's Office of Economic Analysis estimates the tax would generate \$35 million to \$54 million in revenue annually. See Office of Economic Analysis. *Tax on Sugar-Sweetened Beverages to Fund Food and Health Programs*, July 14, 2014. Available at: <http://openbook.sfgov.org/webreports/details3.aspx?id=1770>

¹¹ See the ballot measure text for the complete list of programs eligible to receive funding: http://sfgov2.org/ftp/uploadedfiles/elections/candidates/Nov2014/Nov2014_SugarSweetenedBeverages.pdf

¹² UCLA Center for Health Policy Research. *California Health Interview Survey, 2011–2012*. Available at: <http://ask.chis.ucla.edu>; Centers for Disease Control. "Diagnosed Diabetes Prevalence." Available at: http://www.cdc.gov/diabetes/atlas/countydata/County_EXCELstatelistDM.html

¹³ Babey, Susan H. et. al. *Still Bubbling Over: California Adolescents Drinking More Soda and Other Sugar-Sweetened Beverages*. UCLA Center for Health Policy Research, October 2013. Available at: <http://publichealthadvocacy.org/stillbubblingover.html>

Pros

- San Francisco is facing a public health crisis with substantial public costs. The San Francisco Budget and Legislative Analyst estimates that each year sugary drinks cost San Franciscans \$41 million to \$61 million — including \$6 million to \$28 million incurred by city agencies — in public and private health care treatment.¹⁴ An analysis by the San Francisco Controller's Office estimates that a tax of 2 cents per ounce could decrease consumption of sugary drinks by up to 31 percent.¹⁵
- Revenue from the measure would fund programs and initiatives to reduce diet-related disease. City agencies would give the communities most affected by diet-related disease special consideration when developing their spending plans.

Cons

- By taxing sugary drinks, the government is intervening on personal choice. Some argue that instead of using taxes to change the price of a product, we should influence people's dietary choices with education campaigns.
- Prop. E is a regressive tax: Because it would be applied uniformly, it would hit lower-income soda drinkers harder than those with higher incomes.
- Because this tax would only apply to San Francisco, it might lead customers to shop outside the city for lower-priced drinks, which would undercut its intended effect and reduce revenue for San Francisco businesses.
- Since the tax would only affect merchants who sell sweetened drinks in cans or bottles or from drink dispensers, not those who prepare sugary drinks on-site, it could create an unfair advantage for some vendors.

SPUR's analysis

A tax on sugar-sweetened drinks would reduce consumption of beverages that are closely linked with the costly public health crises of obesity, diabetes and diet-related disease. Meanwhile, it would generate revenue to further support complementary public health efforts. While many other factors influence public health, there is convincing evidence that liquid sugar is especially pernicious and merits policy intervention. Education

campaigns are important — and would be funded by this initiative — but they have proven insufficient in addressing this public health problem. Though the measure is a regressive tax, the revenue is progressively targeted to serve communities that are disproportionately affected by diet-related disease.

A tax of this nature would be better implemented at the state level, but after a decade of failed attempts to pass such legislation in Sacramento, we cannot continue waiting for a state-level tax. The proposed tax is a reasonable and targeted policy tool that would help reverse the trend toward rising rates of obesity and diabetes and increases in public health costs. Given the severity of our public health problems, it deserves support.

SPUR recommends a “Yes” vote on Prop. E.

¹⁴ Budget and Legislative Analyst, City and County of San Francisco. *Updated Study of the Health and Financial Impacts Caused by High Consumption of Sugar Sweetened Beverages*, December 12, 2013. Available at: <http://www.sfbos.org/Modules/ShowDocument.aspx?documentid=47337>

¹⁵ Office of the Controller, Office of Economic Analysis, City and County of San Francisco. *Tax on Sugar-Sweetened Beverages to Fund Food and Health Programs*, July 14, 2014, p. 21. Available at: <http://openbook.sfgov.org/webreports/details3.aspx?id=1770>

ORDINANCE



Pier 70 Project

Union Iron Works Historic Housing, Waterfront Parks, Jobs and Preservation Initiative

Approves a change in building height limits for a portion of Pier 70 in order to build a mixed-used development that includes parks, housing, cultural space and jobs.

What it does

Proposition F would make it city policy to encourage a mixed-use development that would include parks, housing, cultural space and jobs on a 28-acre portion of Pier 70. Prop. F would change building height limits from 40 feet to 90 feet, the height of the tallest existing historic structure on the property.

Pier 70 is owned by the Port of San Francisco and located on the Central Waterfront in the Dogpatch neighborhood. It is surrounded by the Dogpatch and Potrero Hill to the west, the San Francisco Bay to the east and Mission Bay to the north.

Prop. F supports the revitalization of Pier 70, which currently consists of vacant buildings and waterfront land that are not accessible to the public. The proposed project would rehabilitate three deteriorating historic buildings on the site, as well as construct new structures. The site's historic Building 2 is slightly more than 90 feet at its high point, which provides a rationale for returning the height limit to 90 feet. (The current height limit of 40 feet was put in place in the early 1970s, when it was assumed the site would continue to be used for light industrial and storage purposes.)

The Port of San Francisco chose Forest City as the developer for this portion of the historic Pier 70 site through a competitive process in 2011. Forest City, the port and neighboring community organizations have developed the project proposal through an intensive three-year public process and will continue to work with neighbors and stakeholders to address community needs. This process grew out of the Preferred Master Plan that the port developed between 2007 and 2010. In June 2013, the Port Commission and the Board of Supervisors unanimously endorsed parameters for this project that are consistent with the project components outlined in Prop. F.

Forest City proposes a mix of arts/cultural, residential, light industrial, office, local retail and recreational and open space

for the site. The ballot measure specifically identifies several major project features and public benefits, including:

- Public access to the waterfront
- Nine acres of parks, playgrounds and recreational facilities
- Approximately 1,000 to 2,000 units of housing, of which 30 percent would be affordable to low- and middle-income households and more than 50 percent would be rental housing
- The preservation of the artist community currently located in the Noonan Building
- More than \$200 million in infrastructure and transportation improvements
- Up to 10,000 permanent jobs and 11,000 temporary construction jobs
- A mechanism to generate funding for public housing revitalization

Why it's on the ballot

In June 2014, voters passed Prop. B, the Waterfront Height Limit Right to Vote Act. This new law requires that all height limit changes on port property go before the voters. The proponents of the Pier 70 project put this measure on the ballot through petition signatures.

The one binding portion of this initiative is the change in height limit, which would only take effect if and when the Port Commission, Planning Commission and Board of Supervisors approve a development plan. However, the measure specifically states that in approving such a plan, the mayor and Board of Supervisors should confirm that the plan is consistent with the public benefits described in the measure. Prop. F states that the initiative would adhere to the environmental review process under CEQA and all necessary planning and design review.

Pros

- This project would include a dynamic mix of uses and provide strong public benefits to meet community needs, which were identified by a thorough process. The commitment to 30 percent affordable housing is significantly higher than the city's 12 percent requirement.
- The proposed 90-foot maximum building height is appropriate at this location. It corresponds to previous height limits and to existing buildings in the area.

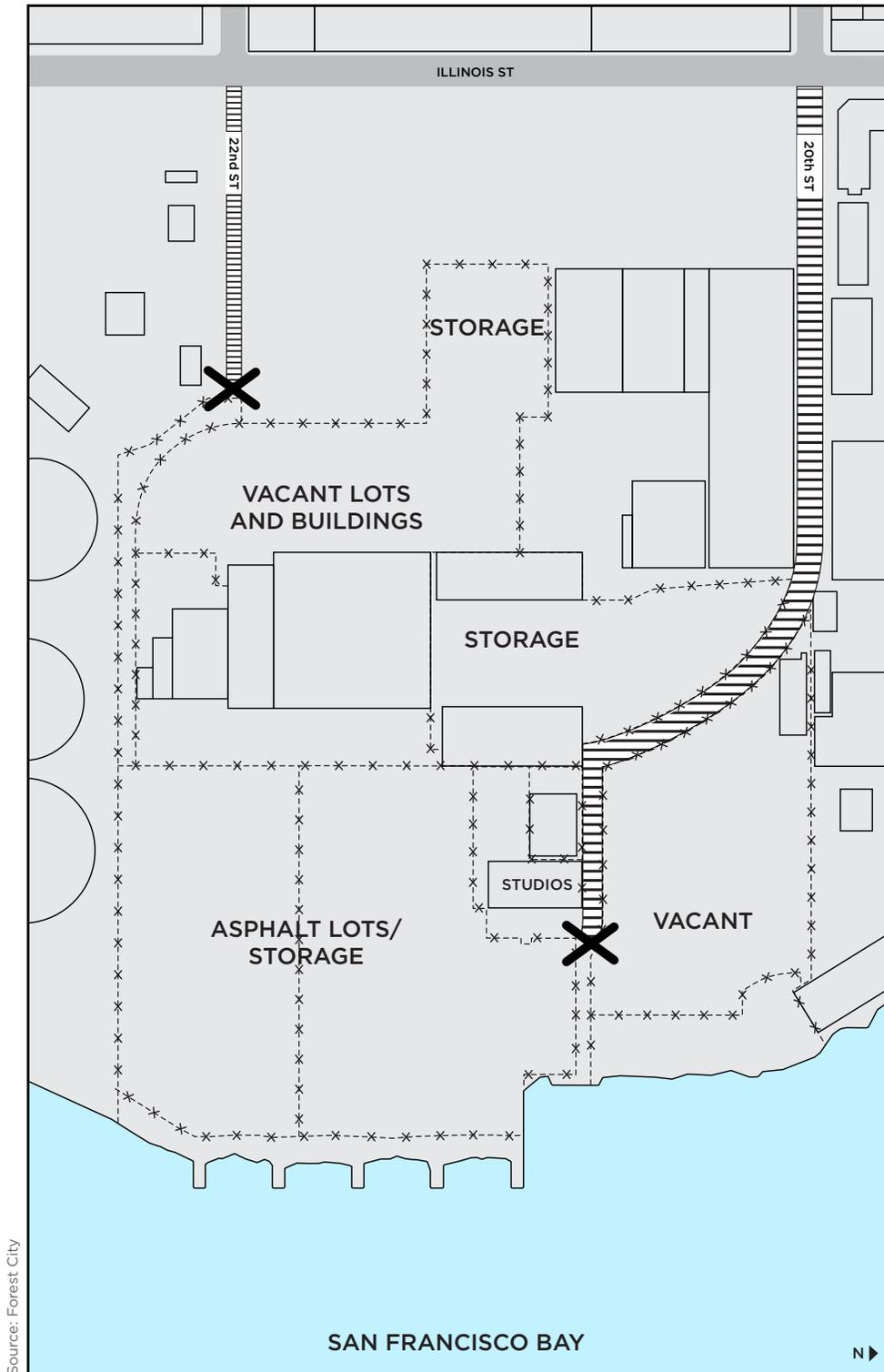


FIGURE 3

Pier 70 Current Conditions

The existing Pier 70 site houses vacant buildings and asphalt lots. Chain link fences prevent access to the waterfront.

-x-x- CHAIN LINK FENCES
 |||| CURRENT EXTENT OF PUBLIC ACCESS

Source: Forest City



FIGURE 4
Pier 70 Proposed Revitalization

Prop. F would allow new waterfront parks, playgrounds and recreation space; new housing; restoration and reuse of historic structures; and space for local retail, arts and cultural uses.

Source: Forest City

FIGURE 5

Proposed Pier 70 Buildings Compared to Nearby Structures

Prop. F would allow for taller buildings on Pier 70, increasing the height limit from 40 feet to 90 feet. The new limit would match historic buildings on the site and would be shorter than other existing features along the waterfront.

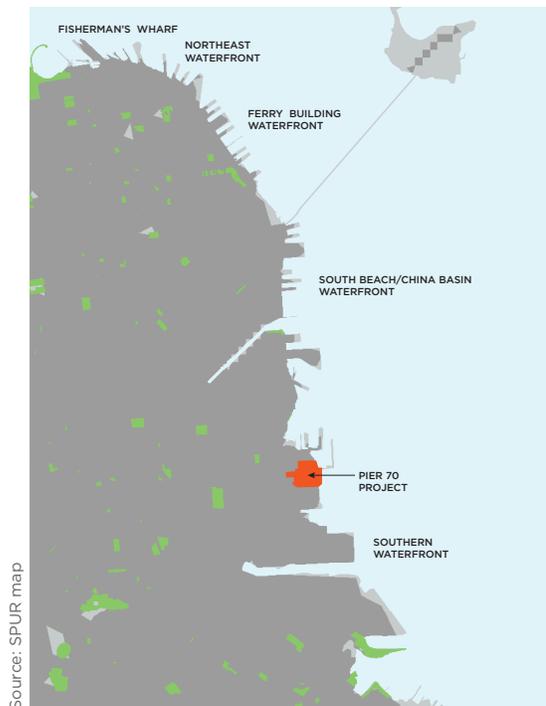
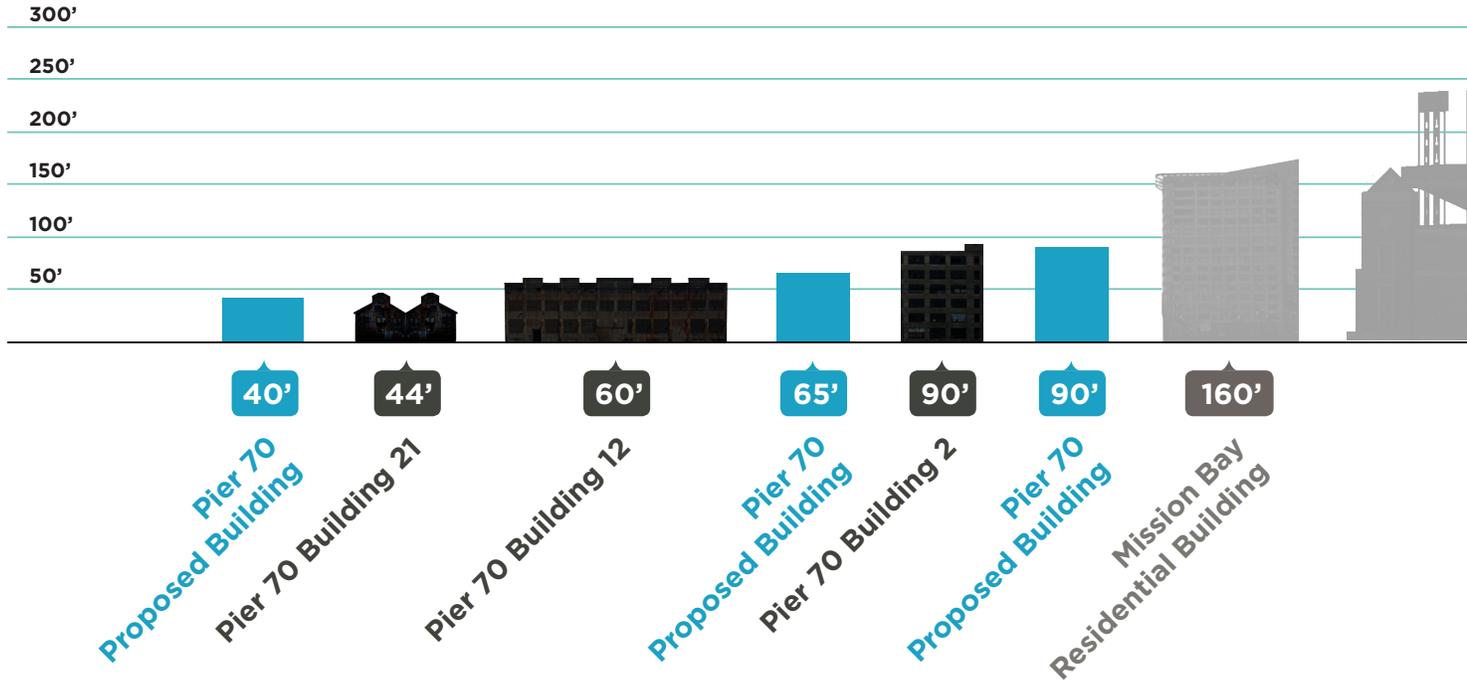
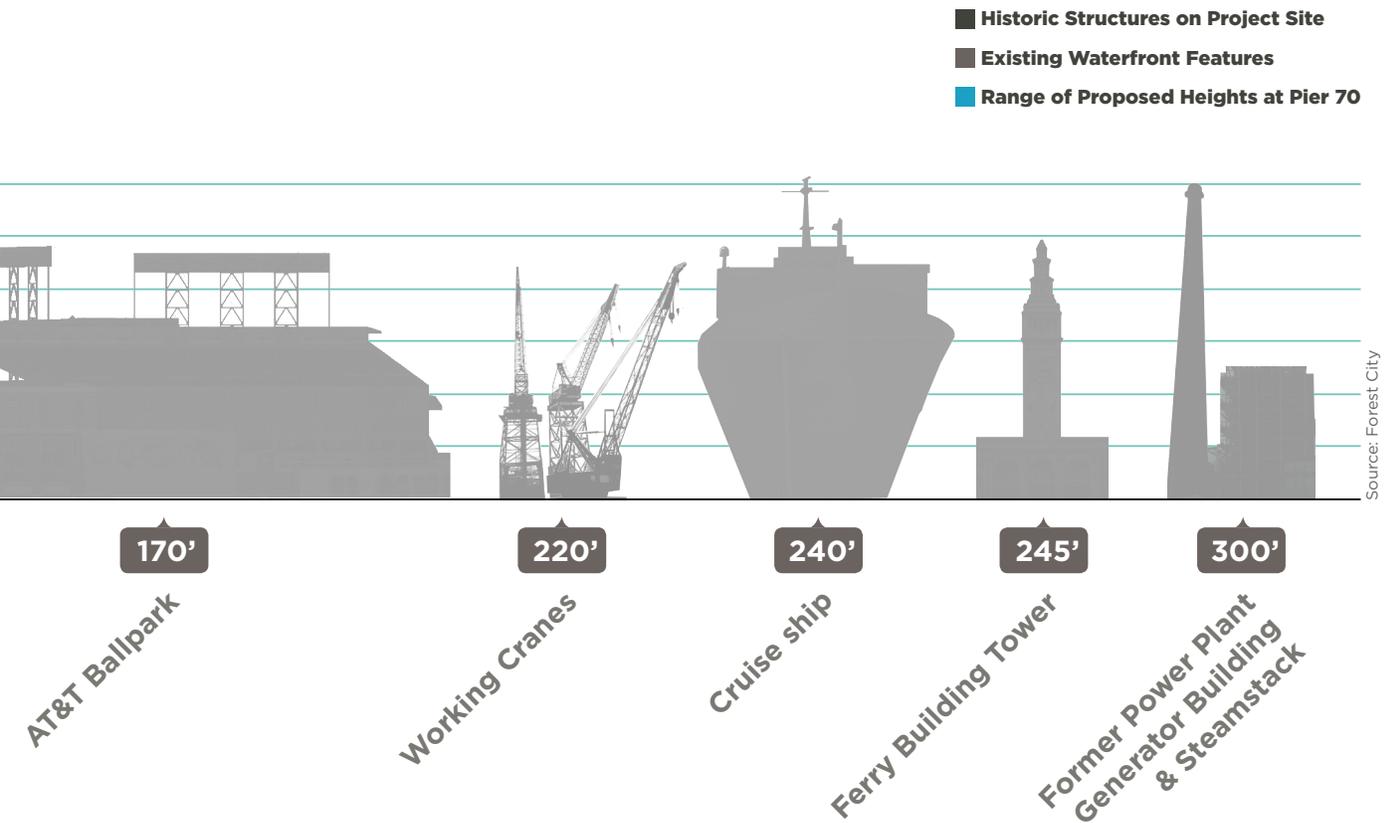


FIGURE 6

Pier 70 Project Location

The proposed project would revitalize 28 acres at Pier 70, on San Francisco's Central Waterfront. The site is bounded by the Dogpatch to the west, the San Francisco Bay to the east and Mission Bay to the north.



Cons

- Many urban planners and designers wish the project had taller buildings. Due to the passage of Prop. B in June, the Pier 70 proposal must go to the ballot and has to be tailored to fit what the polls say can pass. We can already see how Prop. B's abuse of the ballot process could result in sub-optimal outcomes.

historic resources for culturally beneficial purposes is not only appropriate for this area of the city but also thoughtful and creative.

SPUR recommends a “Yes” vote on Prop. F.

SPUR's analysis

The proposed project at Pier 70 would make a positive contribution to the waterfront area in this once-industrial pocket of San Francisco. It would add much-needed housing, a good deal of which would be affordable, and would open up this part of the waterfront to public access. The project sponsor has carefully considered the proposed mix of uses for this special site and has engaged extensively with the adjacent neighborhoods and interested community to decide what should go here. The focus on the adaptive reuse of

ORDINANCE



Housing Resale Tax

Surtax on Transfers of Residential Real Property Within Five Years of a Prior Transfer

Adds a new surtax on residential properties with two to 30 units that sell less than five years after their previous sale date.

What it does

The City of San Francisco currently charges a transfer tax whenever real estate is sold. These taxes are based on the value of the property and apply to both residential and commercial properties. Figure 7 summarizes the current transfer taxes.

Proposition G would change this system by adding a new surtax on residential properties of two to 30 units that sell less than five years after their last sale date. The shorter the time between sales, the higher the surtax. This new surtax would be added to the existing transfer tax. If a property did not sell within five years, the new surtax would not apply, and the transfer tax would be set using the existing system.

FIGURE 7

Current San Francisco Transfer Tax

Property Value	Transfer Tax Rate	Example Tax
\$100 to \$250,000	\$5.00 per \$1,000 of valuation	Property value: \$250,000 Transfer tax: \$1,250
Above \$250,000 to less than \$1 million	\$6.80 per \$1,000 of valuation	Property value: \$500,000 Transfer tax: \$3,400
\$1 million to less than \$5 million	\$7.50 per \$1,000 of valuation	Property value: \$2 million Transfer tax: \$15,000
\$5 million to less than \$10 million	\$20.00 per \$1,000 of valuation	Property value: \$7 million Transfer tax: \$140,000
\$10 million and above	\$25.00 per \$1,000 of valuation	Property value: \$15 million Transfer tax: \$375,000

Source: San Francisco Business and Tax Regulations Code, Article 12-C: Real Property Transfer Tax, Section 1102, "Tax Imposed"; SPUR analysis

Prop. G would allow for a number of exemptions from the proposed surtax:

1. The owner dies and the property is sold within one year of that death.
2. The property becomes bound by a legal agreement that restricts households to low or moderate incomes (for example, if it's bought by an affordable housing group).
3. The property is a single family home or an existing condo.
4. The property is new housing.
5. The property is at least one-tenth owner-occupied (i.e., it's 10 units or fewer and the owner lives in one unit).

In addition, the standard transfer tax exemptions would apply to the surtax as well.¹⁶ These include:

1. Divorce or dissolution of a domestic partnership
2. Foreclosure
3. Transfer of property between spouses

The tax would be retroactive to the date of the first sale within the last five years. For example, if a property was purchased in 2013 but sold in 2015, the owner would still need to pay the new surtax.

Why it's on the ballot

This measure was placed on the ballot at the urging of housing advocates concerned about the recent rise in Ellis Act evictions. This existing state law allows owners of rent-controlled buildings to evict tenants in order to go out of the business of being landlords. Once the building has been vacant for at least five years, the building is no longer subject to rent control, and units may be rented at market rate. Alternatively, the property owner may convert the building to ownership units, typically through tenancy-in-common (TIC) ownership. This allows buyers to own the building in common but have separate arrangements regarding mortgage payments and rights to individual units within the building.

FIGURE 8

Proposed San Francisco Surtax on Residential Properties

Time Property Is Owned	Surtax Rate	Example Tax
Less than one year	\$240 per \$1,000 of valuation	Property value: \$2 million Surtax: \$480,000 plus existing transfer tax
At least one year and less than two years	\$220 per \$1,000 of valuation	Property value: \$2 million Surtax: \$440,000 plus existing transfer tax
At least two years and less than three years	\$200 per \$1,000 of valuation	Property value: \$2 million Surtax: \$400,000 plus existing transfer tax
At least three years and less than four years	\$180 per \$1,000 of valuation	Property value: \$2 million Surtax: \$360,000 plus existing transfer tax
At least four years and less than five years	\$140 per \$1,000 of valuation	Property value: \$2 million Surtax: \$280,000 plus existing transfer tax
Existing transfer tax on a property of \$2 million		\$15,000

Source: Proposition G: "Initiative Ordinance - Business and Tax Regulation Code - Surtax on Transfers of Residential Real Property Within Five Years of Prior Transfer," pages 3-4. Available at: http://sfgov2.org/ftp/uploadedfiles/elections/candidates/Nov2014/Nov2014_BusinessandTaxCode.pdf. Accessed on September 26, 2014; SPUR analysis.

In the past several years, as pressure on the real estate market has become very severe, the number of Ellis Act eviction notices¹⁷ has risen from 43 in early 2010¹⁸ to 216 in early 2014.¹⁹ These figures do not include households that are evicted because a new owner has moved into one of the units in a rent-controlled building (called an "owner move-in" eviction) or situations in which new owners have bought out the existing tenants.

Reports in the media have raised awareness of companies that specialize in buying buildings and clearing them of tenants in order to "flip" them for sale as TICs.²⁰ This measure is intended to discourage this activity and preserve rent-controlled housing.

This measure was put on the ballot by four members of the Board of Supervisors.

Pros

- Pressure on San Francisco's real estate market jeopardizes the city's existing rent-controlled housing by creating a strong incentive for landlords to convert buildings to TICs. This measure would reduce the financial incentive to do so.
- The proponents of this measure sought to pass a more targeted piece of legislation in the state legislature that would have prohibited the sale of rent-controlled properties within a five-year period, but this legislation did not pass. Prop. G is a local tool to achieve a similar result.

¹⁶ Sections 1108.1, 1108.2 and 1108.5 of the San Francisco Business and Tax Regulations Code.

¹⁷ These are notices filed with the Rent Board that signify an intent to evict. They do not necessarily signify that an actual eviction has occurred. The numbers that follow represent the number of units for which a notice to evict has been filed.

¹⁸ San Francisco Rent Board. "Annual Report on Eviction Notices," for March 1, 2009, through February 28, 2010. Available at: <http://www.sfrb.org/Modules/ShowDocument.aspx?documentid=2378>

¹⁹ San Francisco Rent Board. "Annual Report on Eviction Notices," for March 1, 2013, through February 28, 2014. Available at: <http://www.sfrb.org/modules/showdocument.aspx?documentid=2700>

²⁰ See, for example: <http://news.kron4.com/news/woman-98-evicted-from-san-francisco-apartment-after-50-years>; <http://www.nbcbayarea.com/news/local/Experts-Claim-Property-Owners-Abusing-Ellis-Act-Evictions-229987461.html>; and <http://sanfrancisco.cbslocal.com/2014/04/24/san-francisco-real-estate-investor-tops-dirty-thirty-list-over-ellis-act-evictions/>

Cons

- This measure would likely have significant unintended consequences because the tax does not apply solely to properties where Ellis Act evictions occur. Many property owners who don't fall into one of the exemption categories could end up paying an extremely hefty tax solely because they chose to sell their buildings within a certain period of time. For example 3,154 properties with two to 30 units were bought and sold within five years between 2008 and 2013²¹ — and only 476 notices of Ellis Act evictions for individual units were served in roughly the same period.²² While many of these properties could probably take advantage of one of the exemptions listed on page 18, this measure would likely affect properties where the owner has not engaged in real estate speculation. For example, the owner of a recently purchased 12-unit building who has been transferred to another state for work and needs to sell the building would be subject to the tax, even if she does not evict her tenants to convert the building to a TIC.
- It's not clear if this measure would actually stop the speculative activities the proponents are trying to halt. The businesses that specialize in purchasing properties and flipping them could instead work with existing owners to evict tenants prior to the first sale as a way of getting around this provision.

SPUR's analysis

The proponents of Prop. G are trying to address a very real problem facing San Francisco: the significant pressure on the city's rental housing stock, which leads to evictions. However, this measure could end up affecting many more people than the property owners who evict tenants in order to convert buildings — people who have a legitimate need to sell their property within a five-year period. It is actually unclear whether this measure would lead to a reduction in real estate speculation and Ellis Act evictions. Weighing these considerations, we were unable to support either position on this measure.

SPUR has no recommended position on Prop. G.

²¹ San Francisco County Assessor Data. Analysis courtesy of Urban Analytics.

²² San Francisco Rent Board. "Annual Report on Eviction Notices" for the five annual periods from March 1, 2008, through February 28, 2013. Available at: <http://www.sfrb.org/index.aspx?page=46>

ORDINANCE



Grass Athletic Fields in Golden Gate Park

Requiring Certain Golden Gate Park Athletic Fields to Be Kept as Grass With No Artificial Lighting

Requires that all athletic fields in Golden Gate Park west of Crossover Drive be maintained as natural turf, without nighttime sports field lighting.

What it does

Proposition H is one of two competing measures on the ballot regarding the athletic fields at the west end of Golden Gate Park. (The other measure, Prop. I, is discussed on page 22.) This initiative would stop the renovation of the Beach Chalet Athletic Fields, a project that has been under review and in the approval process for the past six years. The measure was placed on the ballot one month before construction was to begin.

Why it's on the ballot

Opponents of the Beach Chalet Athletic Fields, including the local Sierra Club chapter, put this initiative on the ballot through petition signatures.

The supporters of this measure are concerned about the alleged toxicity of synthetic turf, the possibility that nighttime lighting might disrupt sensitive species and the potential inappropriateness of an athletic facility in the more "naturalistic" end of Golden Gate Park. The 1998 Golden Gate Park Master Plan states: "William Hammond Hall envisioned the park in two different regions. The park land east of Strawberry Hill includes a variety of intensively cultivated areas and developed facilities while the park land to the west is pastoral and woodland landscape with open meadow defined by stands of trees and enhanced by lakes."²³

The environmental impact report for this project assessed many of the issues raised by opponents of the current design and concluded that the field renovations would not significantly impact public health. It also concluded that any negative impacts on species habitat could be addressed through the report's recommended mitigation measures.²⁴

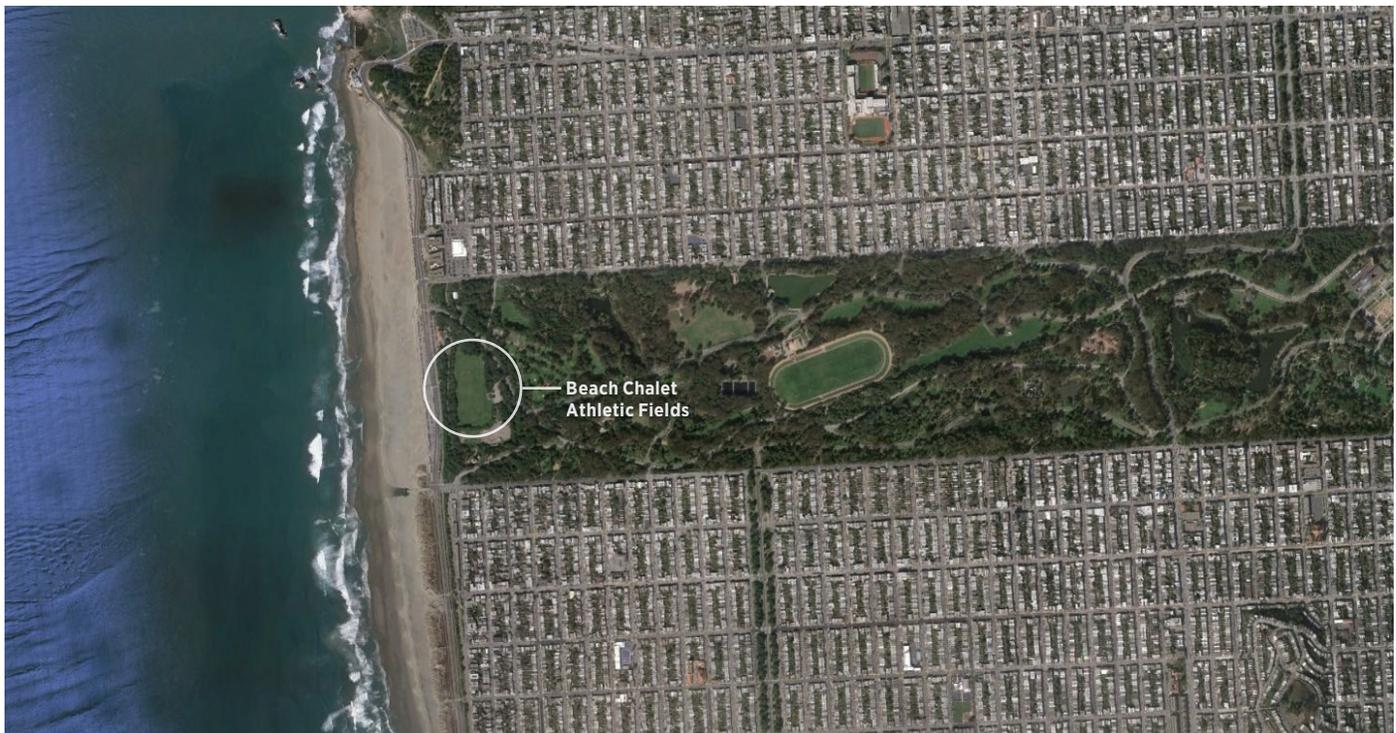


Image copyright ©2014 Google, Data CSUMB SFML, CA OPC

Opponents of the current design have made their case through a multi-year public process, appearing before the Recreation and Park Commission, the Planning Commission, the Board of Supervisors, the San Francisco Board of Appeals and the California Coastal Commission. In each case, their arguments failed to persuade the regulatory bodies, and the environmental impact report for the renovation project was certified and upheld. With the regulatory appeals exhausted, the opponents filed suit in California Superior Court, which also rejected their arguments. That case is currently under appeal.

Pros

- Prop. H provides voters with an opportunity to weigh in directly on a controversial issue.
- The proposed changes to the athletic fields could change the character of the western, less-developed portion of the park.

Cons

- The planning process has already provided a rigorous and open process for public input and appeal.
- The Beach Chalet Athletic Fields renovation would modernize a badly neglected recreational facility that can and should host far more play than it does. The current lack of adequate facilities for school-age children is a concern for a city that continues to struggle with family flight.
- The approved project is primarily funded by a philanthropic donation, which will be lost if this measure passes. Future philanthropy may be dampened by this precedent.

²³ *Golden Gate Park Objectives and Policies*, p. 3-2. The plan also states, "It is expected that the Golden Gate Park Master Plan will retain the integrity of the original design, yet will have sufficient flexibility to address society's evolving needs." Available at: <http://sfrecpark.org/wp-content/uploads/ObjectivesAndPolicies.pdf>

²⁴ San Francisco Planning Department. *Beach Chalet Athletic Fields Renovation: Draft Environmental Impact Review*, October 2011. Available at: <http://www.sf-planning.org/modules/showdocument.aspx?documentid=8773>; San Francisco Planning Department. *Beach Chalet Athletic Fields Renovation: Comments and Responses*, May 2012, p. X-N 105. Available at: <http://www.sf-planning.org/modules/showdocument.aspx?documentid=8765>

SPUR's analysis

This measure adds even more delay to what has become a six-year process — far too much deliberation for an effort to provide a recreational facility. The endless process and delay has likely cost more than \$3 million in city and philanthropic resources²⁵ that would have been better spent elsewhere. By resorting to a ballot initiative after losing at every stage of the approval process, the measure's proponents are undercutting the ability of the existing planning and regulatory process to settle controversial issues fairly. The concerns voiced by opponents were enough to produce serious study by numerous bodies, all of which found their arguments unconvincing. San Franciscans badly need recreational facilities. The city's underfunded Recreation and Park Department must be able to accept philanthropic support without endless delays and obstacles.

SPUR recommends a “No” vote on Prop. H.

ORDINANCE



Renovation of Athletic Fields

Renovations of Playgrounds, Walking Trails and Athletic Fields

Allows the approved Beach Chalet Athletic Fields renovation project to move forward.

What it does

This measure seeks to combat Prop. H, which opposes the design of the Beach Chalet Athletic Fields renovation project. Supporters of Prop. H have been fighting the project since 2008. The Beach Chalet project has been the subject of a full environmental impact report and has continued to win support through numerous city approvals and appeals.

Proposition I contains legal language that would void Prop. H. (See discussion on page 20.) If Prop. I receives more votes than Prop. H, the approved Beach Chalet Athletic Fields renovation project would be allowed to move forward.

Prop. I would also amend the San Francisco Park Code to establish new thresholds for future projects: The measure states that if an environmental impact report certifies that a proposed project would double the use of an existing playground, walking trail or athletic field, then the city would have to allow the project to proceed.

Why it's on the ballot

Prop. I was put on the ballot by five members of the Board of Supervisors in order to neutralize Prop. H and enable the current design of the Beach Chalet project to move ahead.

Pros

- This measure would block Prop. H, a very troubling ballot measure, and allow an important project to go forward.
- The Beach Chalet project has already successfully advanced through the existing planning and regulatory process, which weighs public concerns and considers conflicting points of view in order to settle controversial policy matters.

²⁵ Electronic communication with Patrick Hannan, City Fields Foundation, August 14, 2014.

Cons

- It might be messy to apply the new threshold defined in this measure. Many park approvals are granted by entities such as the Recreation and Park Commission, with powers that are set in the San Francisco City Charter. Since Prop. I is an ordinance, it cannot limit those powers granted by charter.

SPUR's analysis

The real-world impact of this measure is fairly straightforward: The athletic fields at the western edge of Golden Gate Park would get built. We don't like having Prop. H or Prop. I on the ballot; we believe the normal planning process is the right way to make decisions like this. But once opponents of the fields put Prop. H on the ballot, the supporters of the athletic fields had no choice but to counter with Prop. I.

Is this good government? No. But the real world does not always follow the process that good government advocates might wish for. Given the political realities, this is a clear decision for us.

SPUR recommends a "Yes" vote on Prop. I.

ORDINANCE



Minimum Wage Increase

Minimum Wage Increase

Raises the minimum wage in San Francisco to \$15 by July 2018.

What it does

Proposition J would raise the minimum wage for workers in San Francisco from the current rate of \$10.74 to \$15 per hour by 2018. The first increase, to \$12.25 per hour, would come in May 2015. (For a full-time worker, \$15 per hour is equivalent to about \$30,000 per year.) After 2018, the minimum wage would increase each July 1 based on changes in the local consumer price index for the Bay Area. In the event that the consumer price index declined in one year, the minimum wage would remain flat that year and increase in line with future increases in the consumer price index.

Under existing law, San Francisco's minimum wage rises based on the consumer price index. For example, the minimum wage was \$10.55 in 2013 and grew to \$10.74 in 2014. If Prop. J does not pass, the minimum wage would likely increase to slightly more than \$11 per hour in the beginning of 2015.

FIGURE 9

Proposed Minimum Wage Increases Under Prop. J

Current Minimum Wage	\$10.74
May 1, 2015	\$12.25
July 1, 2016	\$13.00
July 1, 2017	\$14.00
July 1, 2018	\$15.00
July 1, 2019 and thereafter	\$15.00 + annual increase per consumer price index

Source: SPUR analysis

The measure would apply to all workers in the private sector as long as they worked two hours per week for an employer within San Francisco. It would cover all sectors of the economy, including city employees and employees of the In-Home Supportive Services Public Authority, a statewide program providing in-home health aides, primarily to low-income older adults with disabilities.

The measure would exempt government-supported employees in several categories, including:

- 16- and 17-year-olds in after-school or summer youth programs where the government is paying a nonprofit to employ them for a short duration
- Workers over age 55 who are employed by nonprofits that provide services to seniors, such as On Lok and Self-Help for the Elderly

Like many other local policies, Prop. J would not apply to workers who aren't governed by the rules of the City and County of San Francisco. This includes state and federal employees working in San Francisco, employees of foreign governments, employees in the Presidio and employees at City College and the San Francisco Unified School District (SFUSD).²⁶

Why it's on the ballot

Prop. J is a compromise between two competing measures. Service Employees International Union Local 2021 and a group of nonprofits proposed one measure, and the mayor proposed another. After an extensive negotiation among businesses, unions, community-based organizations and outside experts, the two proposals were combined into this measure.

San Francisco was one of the first cities in the United States to pass its own local minimum wage law, when voters approved Prop. L in November 2003.²⁷ That measure raised the city's minimum wage from \$6.75 per hour (the state minimum wage at the time) to \$8.50 in February 2004. After that, the local minimum wage has been increasing each year according to the consumer price index.²⁸ The 2003 measure included a

slower phase-in period for small businesses and nonprofits. The current measure does not include such exemptions or phase-in periods.

Several other Bay Area cities have also proposed or soon will adopt minimum wages higher than that set by the state.²⁹

About 60,000 people in San Francisco earn the minimum wage. Some 20,000 of them work as home health aides caring for a disabled or elderly person and are employed through the In-Home Support Services (IHSS) program. The majority of the wages for IHSS employees are paid by federal and state funds. The city pays the remainder. This means that any salary increases above the state and federal reimbursements would be paid by the city.

Prop. J was placed on the ballot by all 11 members of the Board of Supervisors. In San Francisco, voters must approve any changes to the local minimum wage since the original minimum wage increase took place at the ballot.

Pros

- The proposed increase would help low-wage workers keep pace with the escalating cost of living and give them more purchasing power. Workers in existing lower-wage industries should see their wages increase \$75 to \$200 per week, or about \$4,000 to \$10,000 per year by 2019.³⁰
- Increasing the minimum wage would improve economic security for tens of thousands of workers. This in turn would make it easier for lower-wage workers to pursue additional education, training or even start their own business and move further up the economic ladder.
- This measure could improve the welfare of low-income residents without increasing unemployment or causing economic harm. After San Francisco's minimum wage increased in 2004, there was little impact on overall employment.³¹

²⁶ It is important to note that the SFUSD has voted to apply the city minimum wage to employees of the school district.

²⁷ In 2003, the only other city in the country with its own minimum wage was Washington, D.C. Since then, numerous cities have adopted local minimum wages, including San Jose.

²⁸ The inflation calculation is based on the consumer price index for urban wage earners and clerical workers for the San Francisco–Oakland–San Jose, CA metropolitan statistical area.

²⁹ California's minimum wage increased from \$8 to \$9 per hour on July 1, 2014, and is set to increase to \$10 on January 1, 2016. This increase was due to a state legislative decision in 2014. See: http://www.dir.ca.gov/dlse/faq_minimumwage.htm. For a history of California's minimum wage levels, see: <http://www.dir.ca.gov/iwc/minimumwagehistory.htm>

³⁰ Office of the Controller — Office of Economic Analysis, City and County of San Francisco. *Increasing the Minimum Wage: Economic Impact Report*, Item 140687, July 17, 2014. Available at: <http://sfcontroller.org/Modules/ShowDocument.aspx?documentid=5495>

³¹ According to one analysis, the employment declines experienced from 2003 to 2004 in industries with a high percentage of minimum-wage workers (like restaurants) were slower than the city's overall employment decline over the same period. <http://sfcontroller.org/Modules/ShowDocument.aspx?documentid=5495>. See also Jacobs, Ken, Michael Reich and Miranda Dietz. *When Mandates Work*. UC Berkeley Press, 2014.

FIGURE 10

Comparison of Select Bay Area Minimum Wage Measures

Proposed	When Adopted or on Ballot	Current Minimum Wage	Future Minimum Wage
Oakland	Nov. 2014 ballot	\$9.00 (State min)	\$12.25 (March 2015)
San Francisco	Nov. 2014 ballot	\$10.74	\$15.00 (2018)
Already Adopted			
Berkeley	Adopted in 2014	\$10.00 (as of Oct 1)	\$12.53 (2016)
Richmond	Adopted in 2014	\$9.00 (State min)	\$13.00 (2018)
San Jose	Adopted in 2012	\$10.15	Grows with consumer price index
State of California	Adopted in 2013	\$9.00	\$10.00 (2016)
United States	No change since 2009	\$7.25	None

Source: SPUR analysis

Cons

- By raising labor costs, this measure would put local businesses at a competitive disadvantage to those in neighboring cities.
- The measure would increase costs to the city and have a direct impact on the city's General Fund. The controller estimates that the local costs would be \$12.8 million in fiscal year 2015–16 and would grow to over \$56 million in fiscal year 2018–19.³²
- This measure would further increase the costs of living and doing business in San Francisco.

SPUR's analysis

The measure would have both positive and negative economic impacts. Higher pay for some leads to more local spending and economic growth. But higher labor costs create a disincentive for some employers to hire more workers and disproportionately affects certain industries that do not have the ability to raise prices (like bookstores).³³

On balance, we think the economic benefits of raising wages outweigh the costs to some employers, as well as any negative impact on the city's budget. And we believe that increasing the minimum wage means more than simply balancing different economic impacts. There is a larger moral principle at work: Those at the bottom of the economic ladder should not have to struggle so hard to make ends meet in San Francisco. The wage increases in Prop. J are worth the investment by the local government and private employers. Raising the local minimum wage is an appropriate and necessary local response to improving economic security for tens of thousands of households.

SPUR recommends a "Yes" vote on Prop. J.

³² This is because the measure would apply the minimum wage increases to city employees (80 percent of whom are home health care workers through the IHSS program).

³³ The Office of Economic Analysis projects that the city will see 15,270 fewer new jobs as a result of the minimum wage increase than otherwise would take place. This is about 2 percent of total employment.

DECLARATION OF POLICY



Affordable Housing

Affordable Housing Goals

Affirms the city's commitment to addressing the current housing affordability crisis.

What it does

Proposition K is a nonbinding declaration of policy that would reiterate the mayor's stated goal of building or rehabilitating 30,000 homes by 2020 and set affordability goals for those units. The measure states that at least 33 percent of those homes should be affordable to low- and moderate-income households, and at least 50 percent should be affordable to the working middle class.³⁴

If the proposed measure were adopted, the mayor and Board of Supervisors would be asked to create a Housing Action and Neighborhood Stabilization Plan to realize these housing production goals. The plan would include an overall funding strategy for affordable housing and would specifically include funds to revitalize public housing and funds to remove existing rental units from the open real estate market and preserve them as affordable for the long term.

The measure would also ask the city to calculate and annually review the ratio of affordable housing to all housing and to target 33 percent affordability in neighborhoods that have the most potential for new development.

Why it's on the ballot

In June 2014, Supervisor Jane Kim put forward a measure that would have required a conditional use permit for every new market-rate housing development above 25 units if the ratio of affordable housing to all housing production fell below 30 percent. While well intentioned, that measure failed to identify new sources of affordable housing funding and would have slowed the development of housing at all levels, resulting in increased pressure on the existing housing stock. Due to these concerns, Mayor Ed Lee put forward a countermeasure that would have outlawed the required conditional use permit in former redevelopment areas and in neighborhoods that have already adopted area plans. After two months of negotiations, the mayor and Supervisor Kim pulled the two original measures off the ballot and agreed to create and support this compromise measure.

The measure was placed on the ballot by Mayor Lee and all 11 members of the Board of Supervisors.

Pros

- Prop. K supports policies that would address the city's housing needs by increasing housing production at all income levels.
- The measure would urge support for specific populations that are in particular need of assistance.
- The measure would put additional pressure on elected officials and city government to actively pursue policy solutions, such as increased funding for affordable housing.

Cons

- This measure is a policy declaration, which means it's not binding. There would be no legal consequences if funding for affordable housing never materialized.

SPUR's analysis

While SPUR does not favor using the ballot initiative process for nonbinding policy statements, we generally support the policy measures identified in Prop. K, especially the call for increased funding for affordable housing. We believe this compromise measure will bring about better outcomes than the competing measures originally proposed by Supervisor Kim and Mayor Lee. By encouraging all parties that care about housing affordability to work together, San Francisco stands a much better chance of addressing the current crisis.

SPUR recommends a "Yes" vote on Prop. K.

³⁴ There is no official definition for "working middle class" in the measure. SPUR understands that "middle" income is assumed to include incomes up to 150 percent of the area median income.

What Does “Affordable” Mean in San Francisco?

Prop. K sets goals for increasing the percentage of affordable units among new housing built in San Francisco. But how does the city define “affordable”? The Mayor’s Office of Housing uses two factors: the percentage of income people spend on rent or house payments, and how their income compares to the “area median income,” the number in the exact middle of the citywide income spectrum (i.e., half the population makes more, and half the population makes less). Under those terms, the city requires affordable units to meet the following standards:

Affordable rental unit: A household making 80 percent or less of the San Francisco median income does not spend more than 30 percent of that income on rent.

Affordable homeownership unit: A household making between 80 and 120 percent of the San Francisco median income does not spend more than 33 percent of that income on mortgage or other housing-related payments.



Brian Rose for David Baker Architects

FIGURE 11

Sample Income and Rent Limits for Affordable Housing in San Francisco

Income and Rent Limits for a Three-Person Household in a Two-Bedroom Deed-Restricted Apartment

For a unit to qualify as affordable housing, its monthly rent or house payment must stay within a maximum limit. Residents must also qualify at a designated income level in order to live in these units. The Mayor’s Office of Housing maintains schedules for qualifying combinations of income level, household size and maximum payments, for both rentals and ownership units. To illustrate the range of incomes and affordability, here are selected data points for a three-person household renting a two-bedroom apartment.

Income Level	Percent of Median Income*	Annual Income Range	Maximum Monthly Rent
Extremely low	Up to 30%	Up to \$26,200	\$655
Very low	30% to 50%	\$26,200 to \$43,700	\$1,093
Low	50% to 80%	\$43,700 to \$69,900	\$1,748
Moderate	80% to 120%	\$69,900 to \$104,900	\$2,623

Sources: 2014 Maximum Monthly Rent by Unit Type, published by the San Francisco Mayor’s Office of Housing and Community Development; 2014 Maximum Income by Household Size, published by the San Francisco Mayor’s Office of Housing and Community Development. Both available at <http://sf-moh.org/index.aspx?page=23>

* The area median income for a three-person household in San Francisco is \$87,400.

DECLARATION OF POLICY



Policy Regarding Transportation Priorities

Directs the city to alter existing transportation programs and pursue policy priorities that benefit motorists.

What it does

Proposition L calls on the mayor, the Board of Supervisors and the San Francisco Municipal Transportation Agency (SFMTA) to alter several existing transportation programs and advance the following policy priorities:

- Stop operating parking meters on Sundays and legal holidays and outside the hours of 9:00 a.m. to 6:00 p.m. (Note: The measure does not reflect that Sunday parking meters were already canceled earlier this year.)
- Starting on July 1, 2015, freeze fees for city-owned parking garages, meters, parking tickets and neighborhood parking permits for five years.
- Use a portion of funds generated by new parking, vehicle-related fees or bonds that raise money for SFMTA to construct and operate neighborhood parking garages.
- Ensure that the goal of any proposed re-engineering of traffic flows is to achieve safer, smoother-flowing streets.
- Equally enforce traffic laws for all users of San Francisco's streets and sidewalks.
- Include a fair representation of all transportation stakeholders, including motorists, on SFMTA's board.
- Create a Motorists' Citizens' Advisory Committee at SFMTA.

This declaration of policy would require that the Board of Supervisors study the policy options listed above and make every reasonable effort to implement them. It would also compel the board to lobby for changes to any existing laws that conflict with this policy, including the laws of jurisdictions outside the City of San Francisco.

This measure would undo San Francisco's "transit first" policy — which prioritizes the movement of public transit riders, walkers and cyclists on public streets — as well as block the city's efforts to create a bicycle infrastructure.

Why it's on the ballot

Out of concern that the city's current transportation policy puts drivers at a disadvantage, the supporters of this measure placed it on the ballot through petition signatures.

Pros

- Prop. L allows voters to weigh in on important transportation policy issues in San Francisco.

Cons

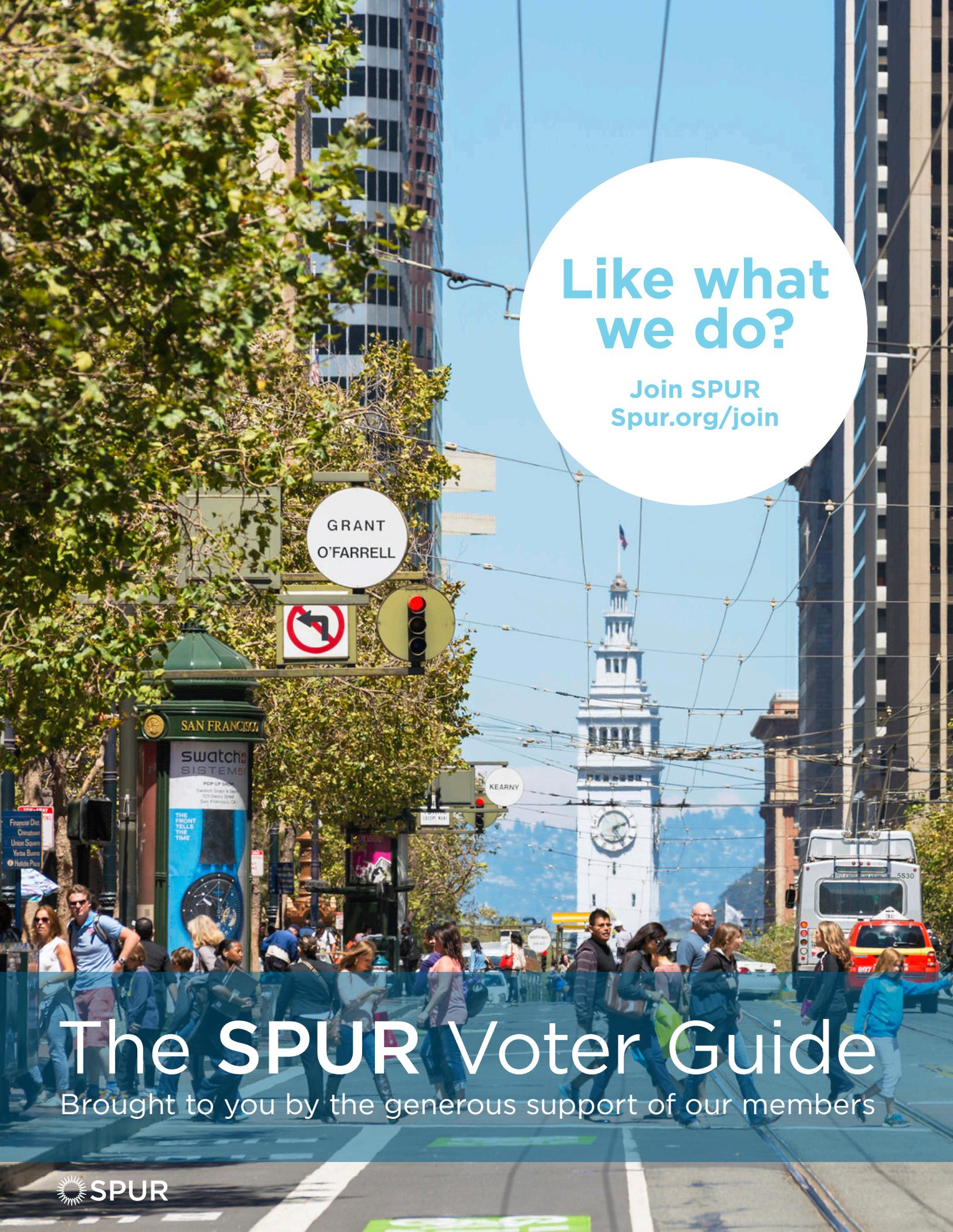
- Prop. L would encourage more driving in San Francisco, which would make congestion worse for existing drivers, slow transit vehicles and create greater competition for parking.
- City resources could be diverted from Muni and other programs in order to acquire land and build parking garages.
- The streets would become more dangerous for pedestrians.
- This measure would reverse SFpark, a successful program that manages parking and provides measurable benefits to both drivers and businesses.
- Prop. L would undo progress made on the city's bicycle infrastructure.

SPUR's analysis

San Francisco should be at the forefront of the fight against climate change — which, more than anything else, means making it easier to get around without a car. The city's groundbreaking transit-first policy, which has been in place since 1973, has helped develop a sustainable and accessible transportation system. It has prioritized space for public transit, walking and cycling on our public streets. Recent moves to make walking safer and add bicycling infrastructure are making the city more livable. San Francisco needs to continue, not undo, these gains.

This declaration of policy seeks to reverse some of the most progressive transportation policies in the nation and would take away those elements of urban life that make for a beautiful and thriving city. It would leave us jammed in a system that doesn't work well for anyone, where masses of motorists create conflicts for walkers, bikers, transit vehicles — and each other. Emerging technology, changing lifestyles and environmental values are creating an incredible opportunity to make travel easier. Rather than reversing course, the city should be designing the urban transportation system of the 21st century.

SPUR recommends a "No" vote on Prop. L.

A vibrant street scene in San Francisco, featuring a white circular overlay in the upper right corner. The background shows a busy street with pedestrians, a trolley, and the San Francisco City Hall in the distance. The overlay contains the text "Like what we do?" and "Join SPUR Spur.org/join".

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The SPUR Voter Guide

Brought to you by the generous support of our members

Twelve city measures will appear on the San Francisco ballot on November 4, 2014. As we do before every election, SPUR researched and analyzed each one. Our Ballot Analysis Committee heard arguments from both sides of the issues, debated the measures' merits and provided recommendations to our Board of Directors. The board then voted, with a 60 percent vote required for SPUR to make a recommendation.

For each measure, we asked: Is it necessary and appropriate to be on the ballot? Is it practical and, if enacted, will it achieve the result it proposes? And most importantly: Is it a worthy goal, one that will make San Francisco a better place to work and live?

In-depth ballot analysis, made possible by our members.

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Ideas + action for a better city

The mission of SPUR is to promote good planning and good government through research, education and advocacy.

SPUR is a member-supported nonprofit organization. Join us.

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The SPUR Board of Directors reviewed, debated and adopted this analysis as official SPUR policy on July 16, 2014, and August 20, 2014.

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