



**COUNCILMEMBER CHRIS CATE
CITY OF SAN DIEGO
SIXTH DISTRICT**

M E M O R A N D U M

DATE: January 22, 2016

TO: Councilmember Mark Kersey

FROM: Councilmember Chris Cate

SUBJECT: Recommended Amendments to Proposed Rebuild SD Ballot Measure

In advance of the January 26, 2016 City Council meeting in which the Council will consider the proposed Rebuild SD ballot measure, I respectfully offer these amendments for consideration:

Definition of Infrastructure

Change the definition of what monies within the Infrastructure Fund may be used for, to include only: general fund capital improvement projects associated with public buildings and facilities, asphalt overlay and slurry seal of streets, sidewalk repair and installation, general fund park capital improvements, stormwater capital projects, and any new debt service or a portion thereof for the aforementioned items.

Maintenance of Effort

The proposed measure should include a maintenance of effort clause similar to the draft language provided below:

SECTION XX. MAINTENANCE OF EFFORT: It is the intent of the Council, as stated in the Amendment, that revenue allocations to the Infrastructure Fund provided from this measure be used to augment, not supplant, existing local revenues being used for the purposes set forth in Section XX herein. The City shall maintain annually, as a minimum, the same level of General Fund allocations to the Capital Improvement Fund budget and General Fund expenditures for asset maintenance to eligible projects on average of the preceding three (3) fiscal years prior to the operative date of this Measure, (i.e., Fiscal Years 2013-14, 2014-15, 2015-16), as was reported in the annual budget, multiyear capital plan, or other financial report. The maintenance of effort level as determined through this process shall be subject to adjustment every three years based on the Construction Cost Index developed by Caltrans. Any increase in the maintenance of effort level, based on this adjustment, shall not exceed the growth rate in the City's General Fund revenues over the same time period. Revenues shall not be transferred to the Infrastructure Fund pursuant

to Section ~~XX~~ in any fiscal year until the City has certified, via adoption of the annual budget, an amount of funding for the purposes outlined in Section ~~XX~~, at least equal to the minimum maintenance of effort requirement. An annual independent audit shall be conducted by the Office of the City Auditor to verify that the maintenance of effort requirement for the City was met. Should the City not meet its maintenance of effort requirement in any given year, the amount of revenue transferred to the Infrastructure Fund, pursuant to Section ~~XX~~, shall be reduced in the following year by the amount which the City did not meet its required maintenance of effort level. In the event that special circumstances prevent the City from meeting its maintenance of effort requirement, the City Council may adopt, via resolution, an extension request of up to three additional fiscal years to fulfill its requirement.

Operative Date; Sunset of Article; Future Action by Voters

The proposed measure should include a sunset clause similar to the draft language provided below:

- (a) The date for the provisions of this Article to become operative is July 1, 2017.
- (b) After July 1, 2017, the provisions of this Article shall remain in effect for a period of fifteen years (until June 30, 2032) at which time this Article shall be automatically repealed and removed from the Charter. However, the Council and the people reserve the right to propose amendments to the Charter at a regularly scheduled election in 2028 or sooner, to extend, make permanent, shorten, or repeal the effective period of this Article. Should the sunset provision be enacted, revenue collected for the Fund will remain for the purposes previously outlined by the original ballot measure.

Sales Tax Revenue Above Consumer Price Index

The measure should establish a baseline consisting of Fiscal Year 2016 general fund sales tax revenue. The measure should also include a provision that all annual general fund sales tax revenue above the baseline and annually adjusted consumer price index be transferred to the Infrastructure Fund for a period of fifteen years, beginning July 1, 2017 and ending June 30, 2032. Voter action would be required to extend this measure; otherwise after the date of June 30, 2032, the sunset date, all changes implemented by this measure are released and all provisions suspended.

cc: Mayor Kevin L. Faulconer
Tracey McCraner, Director, Financial Management
Andrea Tevlin, Independent Budget Analyst