The San Francisco

INVESTIGATOR

The newsletter for people who do not trust City Hall

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I cannot accept your canon that we are to judge Pope and King unlike other men, with a favorable presumption that they did no wrong. If there is any presumption it is the other way against holders of power, increasing as the power increases. Historic responsibility has to make way for the want of legal responsibility. Power tends to corrupt and absolute power corrupts absolutely. Great men are almost always bad men, even when they exercise influence and not authority: still more when you superadd the tendency or certainty of corruption by authority. There is no worse heresy than that the office sanctifies the holder of it.... and that the end justifies the means. Here are the greater names coupled with the greater crimes. You would spare these criminals, for some mysterious reason. I would hang them high ... for reasons of obvious justice; still more, still higher, for the sake of historical science.

Lord Acton,
The History of Liberty

In Brown We Trust?

JUNE BONDS COULD BREAK CITY

In an historic act of fiscal irresponsibility—and possible political suicide—Mayor Brown and the Board of Supervisors have arrogantly laid their careers on the line. In June, they expect San Francisco voters to "trust" them and approve four bond issues totaling—with principal and interest: $672 million. *(See Bond Chart, p. 2)*

Voters who look beyond the simplistic—and untruthful—City Hall ballot arguments in the Voter's Handbook will discover that none of the bond proposals are sound. They all throw good money after bad. They propose to reward abject operational failures by increasing the overloaded bond mortgages draining our assets.

San Francisco's 1996 Comprehensive Annual Financial Report lists outstanding long-term debt obligations at $4.1 billion. The City's legal debt limit is $1.6 billion. In order to extend its borrowing capacity on paper, City Hall accountants subtract $3 billion of this debt as "inapplicable" to the debt limit. Magically excluded debt items are labeled "Loans," "Proprietary Interests," "Notes," "Certificates of Participation," "Revenue Bonds."

City Hall subtracts three-quarters of a billion in Redevelopment Agency bonds, even though this debt is covered by property taxes. City Hall subtracts $2.2 billion in outstanding Revenue Bonds, even though the City's General Fund is ultimately liable for covering this bonded debt.

Debt is debt. The existing debt limit exists for a good reason. The limit is being systematically circumvented and subverted by forces that are completely alien to the interests of ordinary San Franciscans.

CREDIT MELTDOWN

In 1993, a horrified Wall Street began lowering San Francisco's municipal credit rating from "Less Best" to "Medium." *(See Rating Chart, p. 5)* If the June bonds pass the scrutiny of the voters, Wall Street may take even more drastic action to curb City Hall's compulsive spending.

The major Department heads comprising the Capital Improvements Advisory Committee rubber-stamped Mayor Brown's massive push to increase our debt by two-thirds of a billion dollars—because they have no political guts. Covering their behinds, members of the Committee remarked in open meetings that the proposed bond issues are inadequately prepared and formulated; that the City only has $10 million available for increased debt capacity through the end of Fiscal Year 1997-98; that "we have nearly reached our prudent debt limit"; that "the bonds were placed on the June ballot because a low voter turn-out is expected."

The City Administrator, the Mayor's Budget Director, the Supe's Budget Analyst, and the City Controller are all on record complaining that none of the bonds on the June ballot were brought to them with needs data or financial analysis—or any relation to strategic, long-term planning. (Such as creating a reserved debt margin for the next earthquake).

Despite the Committee's repeated pleas for strategic plans and financial details, none of the officials promoting the bonds provided anything but rhetorical assertions and bottom-line demands based on thin air. The Budget Director observed, "The race is on to get bonds passed before we hit the debt limit."

Mark Primeau, Director of Public Works, repeatedly asked bond proponents, "Where are your master plans? The voters want to know what you plan to do with the money? It erodes public confidence to keep going to the public for more money!"

Budget Analyst Harvey Rose told the Supe's Finance Commit-

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