

ORDINANCE NUMBER O-18326 (NEW SERIES)

ADOPTED ON July 29, 1996

AN ORDINANCE SUBMITTING TO THE QUALIFIED VOTERS OF THE CITY OF SAN DIEGO AT THE SPECIAL MUNICIPAL ELECTION IN THE CITY OF SAN DIEGO ON NOVEMBER 5, 1996, ONE PROPOSITION AMENDING THE CITY CHARTER BY ADDING SECTION 63 PERTAINING TO CREATING BRANCH LIBRARY CONSTRUCTION AND ENDOWMENT FUNDS WITH PROCEEDS OF FIVE-YEAR, ONE-QUARTER CENT COUNTY-WIDE SALES TAX.

WHEREAS, pursuant to Section 223 of the San Diego City Charter, Section 3(b), Article XI of the California Constitution, and Sections 34450 and 34458 of the California Government Code, the City Council has authority to place Charter amendments on a ballot to be considered at a Special Municipal Election; and

WHEREAS, by Ordinance No. O- 18325, adopted on JUL 29 1996, the Council of The City of San Diego called a Special Municipal Election to be held in the City on November 5, 1996, for the purpose of submitting to the qualified voters of the City one or more ballot propositions; and

WHEREAS, the City Council desires to submit to the voters at that Special Municipal Election one proposition amending the Charter of The City of San Diego by adding Section 63, which will allow the City to create branch library construction and endowment funds with the proceeds of a five (5) year, one-quarter cent (1/4¢), County-wide sales tax, provided that tax is approved by the voters at the November 5, 1996 election; NOW, THEREFORE,

BE IT ORDAINED, by the Council of The City of San Diego, as follows:

Section 1. One proposition amending the City Charter by adding Section 63 entitled "Branch Library Construction and Endowment Funds" is hereby submitted to the qualified voters of the City at the Special Municipal Election to be held November 5, 1996. The proposition is to read as follows:

**SECTION 63. BRANCH LIBRARY CONSTRUCTION
AND ENDOWMENT FUNDS**

(a) (1) There is hereby created a Branch Library Endowment Fund. Into that fund shall be deposited the City's share of the proceeds of a five-year, one-quarter cent ($\frac{1}{4}\text{¢}$) sales tax increase approved by the electors at the November 1996 election, less the sum of sixty-five million dollars (\$65,000,000).

(a) (2) The sixty-five million dollars (\$65,000,000) shall be deposited into an interest-bearing Branch Library Construction Fund, which shall be used to build or improve branch libraries.

(a) (3) The tax proceeds shall be allocated to the Endowment and Construction Funds according to the following formula:

(a) (3) (A) One-third of all proceeds received by the City from the five-year, one-quarter cent ($\frac{1}{4}\text{¢}$) sales tax increase shall be

allocated to the Construction Fund until a total of \$65 million has been deposited, exclusive of interest earnings. If this formula does not yield \$65,000,000 for the Construction Fund at the end of the final year the sales tax is collected, then an amount necessary to guarantee that the Construction Fund, less interest earned, reaches that goal shall be transferred from the Endowment Fund to the Construction Fund. Interest earned on the Construction Fund before it is spent shall accrue to the Construction Fund.

(a) (3) (B) Two-thirds of all proceeds received by the City from the five-year, one-quarter cent ($\frac{1}{4}\%$) sales tax increase, and any excess over the \$65,000,000 allocated to the Construction Fund, shall be allocated to the Endowment Fund.

(b) The principal of the Endowment Fund shall be invested and shall not be spent except as provided in Section 63(b). It is the intent that the Endowment Fund principal be invested with the primary goal of preserving its real value in relation to inflation, while providing a predictable amount available for expenditure for branch

library purposes. Five percent (5%) of the value of the Endowment Fund principal calculated at the end of each calendar year shall be designated as available to be spent the following fiscal year for the purposes authorized under Section 63(c). However, upon the Funds Commission's recommendation and City Council's approval, the percentage designated as available to be spent may be changed if necessary to ensure that the value of the Endowment Fund keeps pace with inflation.

(c) The purpose of the Endowment Fund is to supplement, not supplant, existing funding for branch libraries. Subject to Section 63(e), the amount available to be spent each fiscal year shall be used solely and exclusively to pay for branch library books and materials, capital improvements, renovation, programs (including programs for children and youth), technology and services, extended hours, operations and maintenance. No more than one percent (1%) of the amount available to be spent annually may be used to pay for the City's costs related to administering the expenditure of the income from the Endowment Fund.

(d) Subject to the conditions set forth in Section 63(e), the Funds Commission shall have supervision and control over, and shall provide investment oversight for, the Endowment Fund. The Funds Commission shall ensure that there is an annual independent audit of the Endowment Fund.

(e)(1) In fiscal year 1998, five thousand dollars (\$5,000) shall be allocated from income earned on the Endowment Fund to each branch library and shall be placed in a discretionary fund. In fiscal year 1999 and each fiscal year thereafter, the City shall increase the discretionary fund allocation to each branch library from the previous fiscal year by a factor equal to the percentage growth in the U.S. Consumer Price Index from the preceding calendar year. The branch library discretionary funds are to be used for any branch library purpose that the City Librarian, or his or her designee, in consultation with City-recognized library support groups, deems appropriate. No branch library discretionary fund shall accumulate more than three (3) years' worth of allocations at any one time. The expenditure of income from the Endowment Fund for the

purposes set forth in Section 63(e) (1) shall be the first priority for expenditures of income from the Endowment Fund.

(e) (2) The City's Board of Library Commissioners shall recommend to the City Manager and City Council how to spend the income from the Endowment Fund. The Board of Library Commissioners shall recommend expenditures to the City Manager and City Council for any branch library purposes authorized under Section 63(c), such that a minimum of fifty percent (50%) of the available income from the Endowment Fund is spent annually.

(f) (1) For each fiscal year beginning in Fiscal Year 1998, in addition to moneys available to branch libraries from the Endowment Fund, the City Council shall maintain the entire library department's budget at the same percentage of total General Fund Revenues as was allocated in Fiscal Year 1997. In the event that branch libraries are expanded, added or closed during the fiscal year, each fiscal year's allocation shall be adjusted as necessary to reflect the expansion, increase or decrease in number of branch libraries. For any

expanded, new or closed branch library facility, the amount of adjustment shall be calculated using staffing standards adopted by the City Council plus non-personnel expenses based on the average cost per square foot of operating the City's branch libraries.

(f) (2) The requirements of Section 63(f) (1) may be modified in any given fiscal year by six (6) affirmative votes of the City Council, provided that the City Council declares an official emergency and makes specific findings as to the need for the modifications.

(f) (3) Nothing in Section 63(f) (1) shall be interpreted to conflict with Section 11.1 of this Charter

Notice to the Voter:

This measure will be void if the one-quarter cent ($\frac{1}{4}\%$) sales tax measure placed on the November 1996 ballot does not pass.

Section 2. The proposition shall be presented and printed upon the ballot and submitted to the voters in the manner and form set out in Section 3 of this ordinance.

Section 3. On the ballot to be used at this Special Municipal Election, in addition to any other matters required by law, there shall be printed substantially the following:

<p>PROPOSITION ____ . AMENDS THE CHARTER OF THE CITY OF SAN DIEGO.</p> <p>Shall the City Charter be amended to create a branch library Endowment Fund and a Construction Fund with City's proceeds from a County-wide 1/4¢ sales tax, if the tax is approved? Amendment requires that Endowment Fund principal be invested and income be spent for neighborhood branch library books, capital improvements, youth programs, technology, extended hours, operations, and maintenance. Amendment requires City to maintain current funding level for library department.</p>	<p>YES</p>	
	<p>NO</p>	

Section 4. An appropriate mark placed in the voting square after the word "YES" shall be counted in favor of the adoption of any proposition. An appropriate mark placed in the voting square after the word "NO" shall be counted against the adoption of any proposition.

Section 5. The City Clerk shall cause this ordinance to be published once in the official newspaper.

Section 6. Pursuant to section 17 of the Charter of The City of San Diego, this ordinance relating to elections shall

take effect on JUL 29 1996, which is the day of its
introduction and passage.

APPROVED: JOHN W. WITT, City Attorney

By Cristie C. McGuire
Cristie C. McGuire
Deputy City Attorney

CCM:jrl:pev
07/18/96
07/30/96 (Rev. 1)
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