

(R-99-859 REV.)

RESOLUTION NUMBER R-291262

ADOPTED ON FEBRUARY 9, 1999

BE IT RESOLVED, by the Council of The City of San Diego, that the City Council approves and adopts Mayor Susan Golding's memorandum to the City Council dated February 2, 1999 (attached hereto as Attachment A) and "The Smart & Healthy San Diego Plan" contained therein, and chooses Option B on page 3 as the method to fund the new Main Library.

BE IT FURTHER RESOLVED, that the City Council meetings scheduled for March 1 and 2, 1999 are canceled.

APPROVED: CASEY GWINN, City Attorney

By Stuart H. Swett
Stuart H. Swett
Deputy City Attorney

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OFFICE OF MAYOR SUSAN GOLDING
City of San Diego

MEMORANDUM

TO: Honorable Members of the San Diego City Council
FROM: MAYOR SUSAN GOLDING
DATE: February 2, 1999 (REV) *Rosby*
SUBJECT: Three Methods for Funding the New Main Library and
"The Smart and Healthy San Diego Plan" for Annual Tobacco Settlement Payments

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This proposal outlines three methods for the City Council to choose from to fund the new Main Library. The anticipated annual tobacco litigation settlement payments offer a new source of revenue and, thus, provide an additional financial assurance for funding this critically needed public facility. The Smart and Healthy San Diego Plan presents alternatives for funding the new Main, with or without tobacco payments. At the same time, the plan contributes to the fiscal well-being of the City and to the health and well being of San Diego children.

As a result of the national tobacco litigation settlement, the City of San Diego is due to receive \$312 million over 25 years. The County of San Diego is due to receive \$950 million, and the State of California will receive \$25 billion, half of which funds the payments to the cities and counties of California. The State and the County will undoubtedly use those payments to help fund health care and substance abuse prevention, mandates for which they are responsible.

Although the national Master Settlement Agreement places no restrictions on how these funds can be used, the funding plan proposed in this memorandum designates spending priorities that are consistent with city responsibilities, yet are consistent with our original reasons for intervening in the lawsuit. The private attorney who represented the original plaintiff also represented the City of San Diego. He has stated that he believes this plan for utilizing the annual tobacco settlement payments is indeed consistent with the original intent of the litigation: to penalize tobacco companies for any profits they may have wrongly earned as a result of dishonest business practices, specifically, attempts to mislead the public about the harmful health effects of smoking. A statement from Patrick Coughlin is attached. (See Appendix F.)

Background

In March 1998, the City Council unanimously supported my request to join the legal fight against the "Big 5" tobacco companies. In December 1998, the Attorneys General of 46 states involved in litigation against these tobacco companies, including California, agreed to a joint national settlement. The settlement will result in the tobacco industry paying more than \$200 billion to these states.

The suit we voted to join in March alleged that for years tobacco companies engaged in unfair and fraudulent business practices in an attempt to hide the truth about the deadly dangers of smoking and nicotine's addictive nature. It also alleged that these companies devised marketing schemes specifically designed to target minors in order to increase market demand. The suit was brought forward by a private citizen, Julia Cordova, a physical education instructor concerned about the effects of smoking on her students. When the City Council voted to join this lawsuit, we underscored our position that unfair business practices and attempts to defraud consumers by tobacco

R- 291262

ATTACHMENT A

companies, or by any company, are wrong and unacceptable.

The National Tobacco Settlement and Payment Schedule

Because of our March action, San Diego was treated as a plaintiff in the lawsuit and included in the national settlement. The first payment of \$3.8 million to the City of San Diego could arrive as early 1999 or the year 2000. According to the proposed payment schedule included in the settlement, the payments for the following 24 years fluctuate between \$10.1 and \$13.3 million per year. Although the payment schedule included in the Master Settlement Agreement only reflects 25 years of payments, the agreement actually calls for payments to continue indefinitely. A payment schedule beyond 25 years was not included beyond 26 years. The agreement, as drafted, also places no restrictions on how the cities and counties receiving settlement money can allocate these funds.

Current Status of Settlement Agreement

The settlement payments to the City of San Diego will become available once the California settlement agreement has achieved the finality required under the Master Settlement Agreement. Payments could begin as soon as June 1999.

Mayor's Recommendation

That the City Council approve "The Smart and Healthy San Diego Plan," which utilizes anticipated annual tobacco litigation settlement payments to the City of San Diego as designated in the Master Settlement Agreement to:

- a) Establish a Healthy Kids Fund;
- b) Establish a Healthy Kids Park & Open Space Fund;
- c) Establish a Youth Anti-Smoking and Anti-Substance Abuse Enforcement Fund;
- d) Establish a City of San Diego Medical and Public Health Scholarship Fund;
- e) Establish a Fund for the New Main Library, with Option A (Alternatives are Options B and C);
- f) Add Each Year to the City's Contingency Reserve; and
- g) Direct the City Manager to include these expenditures in the Annual Appropriations Ordinance.

"The Smart and Healthy San Diego Plan" includes the following elements.

1. A Contribution to the Health and Welfare of San Diego Children

A. Establish a Healthy Kids Fund -- Allocate a portion of the annual tobacco litigation settlement payments to expand the "6 to 6" extended school day to additional City schools and to provide every "6 to 6" site with anti-smoking education and activities. (For example, \$8 million over the first five years of payments.) Do this in coordination and cooperation with public health agencies such as the American Lung Association, the American Heart Association, the Centers for Disease Control and the County of San Diego Department of Health Services.

B. Establish a Healthy Kids Park and Open Space Fund -- Allocate a portion of the annual tobacco litigation settlement payments to improving the city's park and open space needs, including the Multiple Species Conservation Program. (For example, \$12.67 million over the first five years of payments).

Two of the health-risk behaviors considered by the Centers for Disease Control when

R- 291262

evaluating the health and well-being of our nation's children are tobacco use and insufficient physical activity. This action will provide opportunities for children to be engaged in important physical activity. There are a number of planned neighborhood, regional and urban parks, and upgrades to current parks, which are not currently funded. This fund will help support these, as well as fund open space acquisition, new recreational equipment, hiking, walking and biking trails, the parks matching fund, and additional park and recreation needs.

C. Establish a Youth Anti-Smoking and Anti-Substance Abuse Enforcement Fund --

Allocate a portion of the annual tobacco litigation settlement payments to supplement the ability of City Neighborhood Code and Compliance officers, the Police Department and the City Attorney to vigorously enforce those who violate the City's tough anti-smoking laws and anti-substance abuse laws. (For example, \$2.25 million over the first five years.) These laws include city laws that restrict tobacco companies from marketing cigarettes to minors, smoking in public places, and underage drinking laws.

2. A Contribution to Learning

A. Establish a Public Health Scholarship Fund -- A portion of the annual tobacco litigation settlement payments should be allocated to establish an endowment to fund two annual scholarships, one to San Diego State University and one to the University of California, San Diego (\$543,750 for the first two years). It will be designated for economically disadvantaged students who are citizens and residents of the City of San Diego. Scholarships will be awarded to students pursuing careers as practitioners or researchers in related fields of public health.

B. Establish a Fund for the New Main Library -- The main library is the foundation for knowledge and learning in our community. The City Council now has three means available to it for funding a new Main.

Option A: 1) Fund the new Main Library in "The Smart and Healthy San Diego Plan" using a portion of the anticipated annual tobacco litigation settlement payments as indicated in **Appendix A**. This method would free TOT revenues for other important purposes the Council chooses such as required ADA improvements to Qualcomm Stadium, additional park and open space funding, deferred maintenance, the budgetary needs of the Fire Department, and improving the fiscal health of the City. 2) Establish two special sections in the new Main Library: one dedicated to educating the public on smoking-related health risks, and the other, designed to educate children, students, business people on good business ethics, what constitutes fraudulent business practices and to inform consumers of their rights. 3) Use TOT as back up in direct proportion to any unavailability of tobacco funds, examples of which are shown on the bottom of **Appendix B**.

Option B: 1) Fund the new Main Library in "The Smart and Healthy San Diego Plan" with TOT, using a portion of the anticipated annual tobacco litigation settlement payments as back up in direct proportion to any unavailability of TOT, examples of which are shown on **Appendix C**.

Option C: 1) Fund the new Main Library in "The Smart and Healthy San Diego Plan" with TOT, without any reliance upon anticipated annual tobacco litigation settlement payments, as indicated in **Appendix D**.

Cost Estimates and Timing for the New Main Library

R-291262

Previous estimates for constructing a new Main Library at the Kettner and B location were approximately \$103 million. The bond payments for this amount were estimated to be approximately \$7 million each year for the next 30 years. However, the City's Financial Management and City Manager staff have reviewed the cost, and because of delays, estimated costs for labor, materials and supplies are now higher than two years ago, just as the cost of the Convention Center Expansion Project escalated because of delays. City Financial Management and the City Manager now estimate that a prudent amount to be set aside would be approximately \$130 million depending on final design and location. This amount also provides the flexibility for future library expansion options to be included.

The need for a new Main Library has been discussed in this community for 30 years. Indeed former Mayor Maureen O'Connor believed as I do that a new Main Library is critical and made proposals for building a new Main during her tenure as well. It has been nearly four years since the City Council approved the Kettner and B site, and it has been nearly two years since public hearings were held throughout the community to garner community input. This proposal outlines the means to make this long-awaited decision on funding today.

Appendix E provides the time line for decisions on the new Main Library, including a decision on location to be made on March 1 following recommendations made by the Library Commission. The first bond payment can be anticipated in 2004. Prior to that, in the years, 1999 through 2003, this proposal designates a total of \$4.7 million for the new Main Library to cover the costs of design and preliminary engineering.

The voters will be asked on March 2 to approve Proposition L to fund an expanded and improved branch library system. Since the Main is the heart of that system, it makes little sense for the voters to do that without knowing a funding plan is in place to build a new, enhanced Main that can support the expanded branch system.

3. Fighting the Battle Beyond 25 Years

A. Add to the City's Contingency Reserve Fund -- A portion of the tobacco litigation settlement payments should be added to the City's Contingency Reserve Fund each year. This is critical to the future financial health of our city. (For example, \$11.9 million over the first five annual payments, which grows with interest to \$13.8 million in five years.) At the end of twenty-five years, the interest on this reserve could be used to continue funding the Smart & Healthy San Diego Plan, as additional reserve, or for any other purpose decided by a future City Council.

Possible Reasons Why TOT Would be Used Instead of Tobacco Funds for the New Main Library

The federal government may consider two actions regarding tobacco: 1) to seek to recoup half of the recovery by each state to cover its own Medicaid funding; and 2) to file its own lawsuit against the tobacco industry to recover medical costs to the federal government associated with tobacco-related diseases. The private attorneys who represented the plaintiffs in the tobacco litigation and settlement negotiations and the City Attorney believe that neither of these actions should reduce the settlement payments the city is due to receive. The attorneys have stated that it is their opinion that the federal

R- 291262

government has no legal claim to the money awarded to San Diego in the settlement because the claims settled in California sought relief under state statute prohibiting unfair business acts and practices, not to recover public health expenses related to tobacco. Thus, the attorneys do not believe that a suit by the federal government to recover smoking-related public health expenditures would affect the recovery by the City, and they are confident that an attempt to claim a portion of the funds awarded to the City of San Diego would be unsuccessful. Additionally, any attempt by the federal government to attach any of these funds likely would be vigorously opposed by all of the 46 states who are a part of this settlement.

Settlement Provisions

The settlement agreement does contain a provision which enables tobacco companies to reduce their settlement payments should Congress take very specific actions that result in certain specified circumstances. Should Congress enact legislation that provides for additional payments by the tobacco industry, for example, a tobacco tax, and then makes those payments or a portion of those payments available to the states, the industry could then reduce its payments by the same amount. If this were to occur, the states would likely receive the same amount of money overall, but there could be some restrictions placed on how the money generated by Congressional action could be used. However, this provision becomes void November 30, 2002, long before the first bond payment. The settlement agreement also contains a provision which allows tobacco companies participating in the settlement to adjust annual settlement payments if, as a result of the settlement, they lose a percentage of their market share to those tobacco companies not participating in the settlement. Sales of cigarettes by participating manufacturers currently make up 99% of the total market.

Conclusion

I urge the City Council to adopt the The Smart and Healthy San Diego Plan as outlined in this Mayor's memorandum to the City Council which establishes City Council policy for utilizing annual tobacco litigation settlement payments due to the City of San Diego as designated by the national Master Settlement Agreement. This action will direct the City Manager to include in the Annual Appropriations Ordinance the expenditures as outlined in this memorandum and attached appendices as adopted by the Council.

The children of San Diego appreciate your support for this plan to utilize these funds in a way that improves the health and well-being of San Diego children and adults.

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**APPENDIX A: PROPOSAL FOR USE OF TOBACCO PAYMENT
FY 2000 - FY 2026**

FISCAL YEAR	2000	2001	2002	2003	2004	2005
BEGINNING BALANCE	\$ -	\$ -	\$ 250,000	\$ 500,000	\$ 3,750,000	\$ 1,000,000
ANNUAL TOBACCO RECEIPTS¹	3,829,000	10,230,000	11,047,000	13,264,000	13,389,000	11,175,000
TOTAL AVAILABLE FUNDING	\$ 3,829,000	\$ 10,230,000	\$ 11,297,000	\$ 13,764,000	\$ 17,139,000	\$ 12,175,000
ALLOCATION OF FUNDS						
Healthy Kids (6 to 6) ²	\$ 1,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 1,000,000	\$ 500,000
Parks/MSCP ³	728,125	3,228,125	3,500,000	3,000,000	2,214,000	200,000
Enforcement ⁴	250,000	250,000	250,000	250,000	250,000	250,000
Main Library - Construction ⁵	500,000	1,000,000	1,500,000	1,700,000	9,675,000	9,675,000
Main Library - Operating Expenses ⁶	-	-	-	-	2,000,000	1,000,000
Scholarship ⁷	271,875	271,875	-	-	-	-
Reserve Contribution ⁸	1,079,000	3,230,000	3,547,000	3,064,000	1,000,000	550,000
Total Allocation	\$ 3,829,000	\$ 9,980,000	\$ 10,797,000	\$ 10,014,000	\$ 16,139,000	\$ 12,175,000
ENDING BALANCE	\$ -	\$ 250,000	\$ 500,000	\$ 3,750,000	\$ 1,000,000	\$ -
RESERVE FUND						
Beginning Balance	\$ -	\$ 1,132,950	\$ 4,581,098	\$ 8,534,502	\$ 12,178,427	\$ 13,837,349
Annual Allocation	1,079,000	3,230,000	3,547,000	3,064,000	1,000,000	550,000
Interest Earnings	53,950	218,148	406,405	579,925	658,921	719,367
Ending Balance	\$ 1,132,950	\$ 4,581,098	\$ 8,534,502	\$ 12,178,427	\$ 13,837,349	\$ 15,106,716

¹ Payment schedule for the Tobacco Settlement as provided by the State of California Legislative Analyst Office.

² Healthy Kids Fund - expand the "6 to 6" extended school day to additional City schools and provide every "6 to 6" site with anti-smoking education and activities.

³ Healthy Kids Park and Open Space Fund - fund to improve the City's park and recreational programs, facilities, and open space. The funds will be to new projects, as well as current City projects, such as MSCP and the parks matching fund.

⁴ Youth Anti-Smoking and Anti-Substance Abuse Enforcement - funds designated to supplement the ability of the City Neighborhood Code and Compliance Officers, the Police Department, and the City Attorney to vigorously enforce anti-smoking laws and substance abuse.

⁵ New Main Library - Fund for \$130 million project with bond payments starting in 2004. New downtown main library will include two special sections: one to educate the public on smoking related risks and the other designed to inform the public on ethical business practices. Included in the new main library allocation is \$330,000 annually for future maintenance needs.

⁶ New Main Library Operating Expenses - allocation of funds to offset a portion of the increased operating costs related to the new library until they can be funded by the General Fund.

⁷ Medicine and Public Health Scholarships - An endowment to fund two annual scholarships for public health and medicine, one to UCSD and one to SDSU, for economically disadvantaged students from the City of San Diego.

⁸ Contingency Reserve Fund - a budget reserve fund for which the interest could be used after 25 years to further fund the Smart and Healthy San Diego Fund, among other projects.

R-291262

**APPENDIX A: PROPOSAL FOR USE OF TOBACCO PAYMENT
FY 2000 - FY 2026**

FISCAL YEAR	2006	2007	2008	2009	2010	2011
BEGINNING BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ANNUAL TOBACCO RECEIPTS¹	11,175,000	11,175,000	11,175,000	11,397,000	11,397,000	11,397,000
TOTAL AVAILABLE FUNDING	\$ 11,175,000	\$ 11,175,000	\$ 11,175,000	\$ 11,397,000	\$ 11,397,000	\$ 11,397,000
ALLOCATION OF FUNDS						
Healthy Kids (6 to 6) ²	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Parks/MSCP ³	200,000	200,000	200,000	200,000	200,000	200,000
Enforcement ⁴	250,000	250,000	250,000	250,000	250,000	250,000
Main Library - Construction ⁵	9,675,000	9,675,000	9,675,000	9,675,000	9,675,000	9,675,000
Main Library - Operating Expenses ⁶	-	-	-	-	-	-
Scholarship ⁷	-	-	-	-	-	-
Reserve Contribution ⁸	550,000	550,000	550,000	772,000	772,000	772,000
Total Allocation	\$ 11,175,000	\$ 11,175,000	\$ 11,175,000	\$ 11,397,000	\$ 11,397,000	\$ 11,397,000
ENDING BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
RESERVE FUND						
Beginning Balance	\$ 15,106,716	\$ 16,439,552	\$ 17,839,030	\$ 19,308,481	\$ 21,084,505	\$ 22,949,331
Annual Allocation	550,000	550,000	550,000	772,000	772,000	772,000
Interest Earnings	782,836	849,478	919,451	1,004,024	1,092,825	1,186,067
Ending Balance	\$ 16,439,552	\$ 17,839,030	\$ 19,308,481	\$ 21,084,505	\$ 22,949,331	\$ 24,907,397

¹ Payment schedule for the Tobacco Settlement as provided by the State of California Legislative Analyst Office.

² Healthy Kids Fund - expand the "6 to 6" extended school day to additional City schools and provide every "6 to 6" site with anti-smoking education and activities.

³ Healthy Kids Park and Open Space Fund - fund to improve the City's park and recreational programs, facilities, and open space. The funds will be to new projects, as well as current City projects, such as MSCP and the parks matching fund.

⁴ Youth Anti-Smoking and Anti-Substance Abuse Enforcement - funds designated to supplement the ability of the City Neighborhood Code and Compliance Officers, the Police Department, and the City Attorney to vigorously enforce anti-smoking laws and substance abuse.

⁵ New Main Library - Fund for \$130 million project with bond payments starting in 2004. New downtown main library will include two special sections: one to educate the public on smoking related risks and the other designed to inform the public on ethical business practices. Included in the new main library allocation is \$330,000 annually for future maintenance needs.

⁶ New Main Library Operating Expenses - allocation of funds to offset a portion of the increased operating costs related to the new library until they can be funded by the General Fund.

⁷ Medicine and Public Health Scholarships - An endowment to fund two annual scholarships for public health and medicine, one to UCSD and one to SDSU, for economically disadvantaged students from the City of San Diego.

⁸ Contingency Reserve Fund - a budget reserve fund for which the interest could be used after 25 years to further fund the Smart and Healthy San Diego Fund, among other projects.

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**APPENDIX A: PROPOSAL FOR USE OF TOBACCO PAYMENT
FY 2000 - FY 2026**

FISCAL YEAR	2012	2013	2014	2015	2016	2017
BEGINNING BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ANNUAL TOBACCO RECEIPTS¹	11,397,000	11,397,000	11,397,000	11,397,000	11,397,000	11,397,000
TOTAL AVAILABLE FUNDING	\$ 11,397,000	\$ 11,397,000	\$ 11,397,000	\$ 11,397,000	\$ 11,397,000	\$ 11,397,000
ALLOCATION OF FUNDS						
Healthy Kids (6 to 6) ²	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Parks/MSCP ³	200,000	200,000	200,000	200,000	200,000	200,000
Enforcement ⁴	250,000	250,000	250,000	250,000	250,000	250,000
Main Library - Construction ⁵	9,675,000	9,675,000	9,675,000	9,675,000	9,675,000	9,675,000
Main Library - Operating Expenses ⁶	-	-	-	-	-	-
Scholarship ⁷	-	-	-	-	-	-
Reserve Contribution ⁸	772,000	772,000	772,000	772,000	772,000	772,000
Total Allocation	\$ 11,397,000	\$ 11,397,000	\$ 11,397,000	\$ 11,397,000	\$ 11,397,000	\$ 11,397,000
ENDING BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
RESERVE FUND						
Beginning Balance	\$ 24,907,397	\$ 26,963,367	\$ 29,122,135	\$ 31,388,842	\$ 33,768,884	\$ 36,267,928
Annual Allocation	772,000	772,000	772,000	772,000	772,000	772,000
Interest Earnings	1,283,970	1,386,768	1,494,707	1,608,042	1,727,044	1,851,996
Ending Balance	\$ 26,963,367	\$ 29,122,135	\$ 31,388,842	\$ 33,768,884	\$ 36,267,928	\$ 38,891,925

¹ Payment schedule for the Tobacco Settlement as provided by the State of California Legislative Analyst Office.

² Healthy Kids Fund - expand the "6 to 6" extended school day to additional City schools and provide every "6 to 6" site with anti-smoking education and activities.

³ Healthy Kids Park and Open Space Fund - fund to improve the City's park and recreational programs, facilities, and open space. The funds will be to new projects, as well as current City projects, such as MSCP and the parks matching fund.

⁴ Youth Anti-Smoking and Anti-Substance Abuse Enforcement - funds designated to supplement the ability of the City Neighborhood Code and Compliance Officers, the Police Department, and the City Attorney to vigorously enforce anti-smoking laws and substance abuse.

⁵ New Main Library - Fund for \$130 million project with bond payments starting in 2004. New downtown main library will include two special sections: one to educate the public on smoking related risks and the other designed to inform the public on ethical business practices. Included in the new main library allocation is \$330,000 annually for future maintenance needs.

⁶ New Main Library Operating Expenses - allocation of funds to offset a portion of the increased operating costs related to the new library until they can be funded by the General Fund.

⁷ Medicine and Public Health Scholarships - An endowment to fund two annual scholarships for public health and medicine, one to UCSD and one to SDSU, for economically disadvantaged students from the City of San Diego.

⁸ Contingency Reserve Fund - a budget reserve fund for which the interest could be used after 25 years to further fund the Smart and Healthy San Diego Fund, among other projects.

R-291262

**APPENDIX A: PROPOSAL FOR USE OF TOBACCO PAYMENT
FY 2000 - FY 2026**

FISCAL YEAR	2018	2019	2020	2021	2022	2023
BEGINNING BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ANNUAL TOBACCO RECEIPTS¹	11,397,000	12,770,000	12,770,000	12,770,000	12,770,000	12,770,000
TOTAL AVAILABLE FUNDING	\$ 11,397,000	\$ 12,770,000	\$ 12,770,000	\$ 12,770,000	\$ 12,770,000	\$ 12,770,000
ALLOCATION OF FUNDS						
Healthy Kids (6 to 6) ²	\$ 500,000	\$ 1,750,000	\$ 1,750,000	\$ 1,750,000	\$ 1,750,000	\$ 1,750,000
Parks/MSCP ³	200,000	200,000	200,000	200,000	200,000	200,000
Enforcement ⁴	250,000	250,000	250,000	250,000	250,000	250,000
Main Library - Construction ⁵	9,675,000	9,675,000	9,675,000	9,675,000	9,675,000	9,675,000
Main Library - Operating Expenses ⁶	-	-	-	-	-	-
Scholarship ⁷	-	-	-	-	-	-
Reserve Contribution ⁸	-	-	-	-	-	-
Total Allocation	\$ 772,000	\$ 895,000	\$ 895,000	\$ 895,000	\$ 895,000	\$ 895,000
ENDING BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
RESERVE FUND						
Beginning Balance	\$ 38,891,925	\$ 41,647,121	\$ 44,669,227	\$ 47,842,438	\$ 51,174,310	\$ 54,672,776
Annual Allocation	772,000	895,000	895,000	895,000	895,000	895,000
Interest Earnings	1,983,196	2,127,106	2,278,211	2,436,872	2,603,466	2,778,389
Ending Balance	\$ 41,647,121	\$ 44,669,227	\$ 47,842,438	\$ 51,174,310	\$ 54,672,776	\$ 58,346,165

¹ Payment schedule for the Tobacco Settlement as provided by the State of California Legislative Analyst Office.

² Healthy Kids Fund - expand the "6 to 6" extended school day to additional City schools and provide every "6 to 6" site with anti-smoking education and activities.

³ Healthy Kids Park and Open Space Fund - fund to improve the City's park and recreational programs, facilities, and open space. The funds will be to new projects, as well as current City projects, such as MSCP and the parks matching fund.

⁴ Youth Anti-Smoking and Anti-Substance Abuse Enforcement - funds designated to supplement the ability of the City Neighborhood Code and Compliance Officers, the Police Department, and the City Attorney to vigorously enforce anti-smoking laws and substance abuse.

⁵ New Main Library - Fund for \$130 million project with bond payments starting in 2004. New downtown main library will include two special sections: one to educate the public on smoking related risks and the other designed to inform the public on ethical business practices. Included in the new main library allocation is \$330,000 annually for future maintenance needs.

⁶ New Main Library Operating Expenses - allocation of funds to offset a portion of the increased operating costs related to the new library until they can be funded by the General Fund.

⁷ Medicine and Public Health Scholarships - An endowment to fund two annual scholarships for public health and medicine, one to UCSD and one to SDSU, for economically disadvantaged students from the City of San Diego.

⁸ Contingency Reserve Fund - a budget reserve fund for which the interest could be used after 25 years to further fund the Smart and Healthy San Diego Fund, among other projects.

R-291262

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FY 2000 - FY 2026**

FISCAL YEAR	2024	2025	2026	TOTAL
BEGINNING BALANCE	\$ -	\$ -	\$ -	\$ -
ANNUAL TOBACCO RECEIPTS¹	12,770,000	12,770,000	12,770,000	312,589,000
TOTAL AVAILABLE FUNDING	\$ 12,770,000	\$ 12,770,000	\$ 12,770,000	\$ 312,589,000
ALLOCATION OF FUNDS				
Healthy Kids (6 to 6) ²	\$ 1,750,000	\$ 1,750,000	\$ 1,750,000	\$ 29,000,000
Parks/MSCP ³	200,000	200,000	200,000	17,070,250
Enforcement ⁴	250,000	250,000	250,000	\$ 6,750,000
Main Library - Construction ⁵	9,675,000	9,675,000	9,675,000	227,225,000
Main Library - Operating Expenses ⁶	-	-	-	3,000,000
Scholarship ⁷	-	-	-	543,750
Reserve Contribution ⁸	895,000	895,000	895,000	29,000,000
Total Allocation	\$ 12,770,000	\$ 12,770,000	\$ 12,770,000	\$ 312,589,000
ENDING BALANCE	\$ -	\$ -	\$ -	
RESERVE FUND				
Beginning Balance	\$ 58,346,165	\$ 62,203,223	\$ 66,253,134	\$ -
Annual Allocation	895,000	895,000	895,000	29,000,000
Interest Earnings	2,962,058	3,154,911	3,357,407	41,505,541
Ending Balance	\$ 62,203,223	\$ 66,253,134	\$ 70,505,541	\$ 70,505,541

¹ Payment schedule for the Tobacco Settlement as provided by the State of California Legislative Analyst Office.

² Healthy Kids Fund - expand the "6 to 6" extended school day to additional City schools and provide every "6 to 6" site with anti-smoking education and activities.

³ Healthy Kids Park and Open Space Fund - fund to improve the City's park and recreational programs, facilities, and open space. The funds will be to new projects, as well as current City projects, such as MSCP and the parks matching fund.

⁴ Youth Anti-Smoking and Anti-Substance Abuse Enforcement - funds designated to supplement the ability of the City Neighborhood Code and Compliance Officers; the Police Department, and the City Attorney to vigorously enforce anti-smoking laws and substance abuse.

⁵ New Main Library - Fund for \$130 million project with bond payments starting in 2004. New downtown main library will include two special sections: one to educate the public on smoking related risks and the other designed to inform the public on ethical business practices. Included in the new main library allocation is \$330,000 annually for future maintenance needs.

⁶ New Main Library Operating Expenses - allocation of funds to offset a portion of the increased operating costs related to the new library until they can be funded by the General Fund.

⁷ Medicine and Public Health Scholarships - An endowment to fund two annual scholarships for public health and medicine, one to UCSD and one to SDSU, for economically disadvantaged students from the City of San Diego.

⁸ Contingency Reserve Fund - a budget reserve fund for which the interest could be used after 25 years to further fund the Smart and Healthy San Diego Fund, among other projects.

R-291262

NEW MAIN LIBRARY PROFORMA
\$130 MILLION PROJECT COST

PROJECT FUNDED WITH TOBACCO MONIES
BACKED BY TOT

	prior years	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
REVENUES							
Balance from Prior Year	\$ -	\$2,800,000	\$6,300,000	\$10,800,000	\$586,000	\$3,112,370	\$4,752,427
Tobacco Monies	-	-	-	-	500,000	1,000,000	1,500,000
CCDC Funding	5,000,000	5,000,000	5,000,000	-	-	-	-
Private Fundraising	-	-	-	-	5,000,000	5,000,000	5,000,000
Reserve Fund Earnings	-	-	-	-	-	-	-
Interest Earnings	-	-	-	486,000	26,370	140,057	281,359
Stabilization Reserve Credit	-	-	-	-	-	-	-
TOTAL REVENUES	\$5,000,000	\$7,800,000	\$11,300,000	\$11,286,000	\$6,112,370	\$9,252,427	\$11,533,786
EXPENSES							
Cash Funded Project Costs (including project admin)	\$2,200,000	\$1,500,000	\$500,000	\$10,700,000	\$3,000,000	\$3,000,000	\$9,100,000
Facility Maintenance	-	-	-	-	-	-	-
Bond Payments	-	-	-	-	-	-	-
Contribution to Revenue Stabilization Reserve	-	-	-	-	-	1,500,000	1,000,000
TOTAL EXPENSES	\$2,200,000	\$1,500,000	\$500,000	\$10,700,000	\$3,000,000	\$4,500,000	\$10,100,000
BALANCE*	\$2,800,000	\$6,300,000	\$10,800,000	\$586,000	\$3,112,370	\$4,752,427	\$1,433,786

* Balance accrued over 25 years to pay last 5 years of payments

Examples of Proportional Use of TOT

A	TOT allocation with 25% less Tobacco Funds	-	-	-	-	\$125,000	\$250,000	\$375,000
B	TOT allocation with 50% less Tobacco Funds	-	-	-	-	\$250,000	\$500,000	\$750,000
C	TOT allocation with no Tobacco Funds	-	\$1,300,000	\$2,206,950	\$1,692,000	\$2,120,000	\$2,801,983	\$4,889,986

PROJECT ASSUMPTIONS

- 1 \$130 million project
- 2 \$15 million from CCDC monies; \$15 million from donations
- 3 \$100 million from bond proceeds
- 4 Bonds issued in FY 2001
- 5 First bond payment in FY 2004

Re 291262

NEW MAIN LIBRARY PROFORMA
\$130 MILLION PROJECT COST

PROJECT FUNDED WITH TOBACCO MONIES
BACKED BY TOT

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
REVENUES							
Balance from Prior Year	\$1,433,786	\$1,980,806	\$6,701,857	\$7,435,448	\$8,205,346	\$9,005,773	\$9,845,710
Tobacco Monies	1,700,000	9,675,000	9,675,000	9,675,000	9,675,000	9,675,000	9,675,000
CCDC Funding	-	-	-	-	-	-	-
Private Fundraising	-	-	-	-	-	-	-
Reserve Fund Earnings	-	215,094	430,188	430,188	430,188	430,188	430,188
Interest Earnings	177,020	246,636	516,644	549,656	584,301	620,320	658,117
Stabilization Reserve Credit	-	-	-	-	-	-	-
TOTAL REVENUES	\$3,310,806	\$12,117,536	\$17,323,690	\$18,090,291	\$18,894,835	\$19,731,281	\$20,609,016
EXPENSES							
Cash Funded Project Costs (including project admin)	-	-	-	-	-	-	-
Facility Maintenance	330,000	330,000	330,000	330,000	330,000	330,000	330,000
Bond Payments	-	3,806,558	9,558,242	9,554,945	9,559,062	9,555,571	9,559,482
Contribution to Revenue Stabilization Reserve	1,000,000	1,279,121	-	-	-	-	-
TOTAL EXPENSES	\$1,330,000	\$5,415,679	\$9,888,242	\$9,884,945	\$9,889,062	\$9,885,571	\$9,889,482
BALANCE*	\$1,980,806	\$6,701,857	\$7,435,448	\$8,205,346	\$9,005,773	\$9,845,710	\$10,719,534

* Balance accrued over 25 years to pay last 5 years of payments

Examples of Proportional Use of TOT

A	TOT allocation with 25% less Tobacco Funds	\$425,000	\$2,418,750	\$2,418,750	\$2,418,750	\$2,418,750	\$2,418,750	\$2,418,750
B	TOT allocation with 50% less Tobacco Funds	\$850,000	\$4,837,500	\$4,837,500	\$4,837,500	\$4,837,500	\$4,837,500	\$4,837,500
C	TOT allocation with no Tobacco Funds	\$5,112,108	\$5,342,153	\$5,582,550	\$5,833,764	\$6,096,284	\$6,370,617	\$6,657,294

PROJECT ASSUMPTIONS

- 1 \$130 million project
- 2 \$15 million from CCDC monies; \$15 million from donations
- 3 \$100 million from bond proceeds
- 4 Bonds issued in FY 2001
- 5 First bond payment in FY 2004

R-291262

NEW MAIN LIBRARY PROFORMA
\$130 MILLION PROJECT COST

PROJECT FUNDED WITH TOBACCO MONIES
BACKED BY TOT

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
REVENUES							
Balance from Prior Year	\$10,719,534	\$11,637,531	\$12,596,709	\$13,595,044	\$14,641,292	\$15,730,649	\$16,869,320
Tobacco Monies	9,675,000	9,675,000	9,675,000	9,675,000	9,675,000	9,675,000	9,675,000
CCDC Funding	-	-	-	-	-	-	-
Private Fundraising	-	-	-	-	-	-	-
Reserve Fund Earnings	430,188	430,188	430,188	430,188	430,188	430,188	430,188
Interest Earnings	697,439	738,749	781,912	826,837	873,919	922,940	974,180
Stabilization Reserve Credit	-	-	-	-	-	-	-
TOTAL REVENUES	\$21,522,161	\$22,481,469	\$23,483,809	\$24,527,069	\$25,620,399	\$26,758,777	\$27,948,687
EXPENSES							
Cash Funded Project Costs (including project admin)	-	-	-	-	-	-	-
Facility Maintenance	330,000	330,000	330,000	330,000	330,000	330,000	330,000
Bond Payments	9,554,630	9,554,760	9,558,765	9,555,777	9,559,750	9,559,457	9,558,775
Contribution to Revenue Stabilization Reserve	-	-	-	-	-	-	-
TOTAL EXPENSES	\$9,884,630	\$9,884,760	\$9,888,765	\$9,885,777	\$9,889,750	\$9,889,457	\$9,888,775
BALANCE*	\$11,637,531	\$12,596,709	\$13,595,044	\$14,641,292	\$15,730,649	\$16,869,320	\$18,059,912

* Balance accrued over 25 years to pay last 5 years of payments

Examples of Proportional Use of TOT

A	TOT allocation with 25% less Tobacco Funds	\$2,418,750	\$2,418,750	\$2,418,750	\$2,418,750	\$2,418,750	\$2,418,750	\$2,418,750
B	TOT allocation with 50% less Tobacco Funds	\$4,837,500	\$4,837,500	\$4,837,500	\$4,837,500	\$4,837,500	\$4,837,500	\$4,837,500
C	TOT allocation with no Tobacco Funds	\$6,956,873	\$7,269,932	\$7,597,079	\$7,938,947	\$8,296,200	\$8,669,529	\$9,059,658

PROJECT ASSUMPTIONS

- 1 \$130 million project
- 2 \$15 million from CCDC monies; \$15 million from donations
- 3 \$100 million from bond proceeds
- 4 Bonds issued in FY 2001
- 5 First bond payment in FY 2004

R-291262

NEW MAIN LIBRARY PROFORMA
\$130 MILLION PROJECT COST

PROJECT FUNDED WITH TOBACCO MONIES
BACKED BY TOT

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
REVENUES							
Balance from Prior Year	\$18,059,912	\$19,305,500	\$20,609,561	\$21,972,038	\$23,394,353	\$24,878,272	\$26,430,633
Tobacco Monies	9,675,000	9,675,000	9,675,000	9,675,000	9,675,000	9,675,000	9,675,000
CCDC Funding	-	-	-	-	-	-	-
Private Fundraising	-	-	-	-	-	-	-
Reserve Fund Earnings	430,188	430,188	430,188	430,188	430,188	430,188	430,188
Interest Earnings	1,027,757	1,083,808	1,142,491	1,203,802	1,267,806	1,334,583	1,404,439
Stabilization Reserve Credit	-	-	-	-	-	-	-
TOTAL REVENUES	\$29,192,857	\$30,494,496	\$31,857,240	\$33,281,028	\$34,767,347	\$36,318,043	\$37,940,260
EXPENSES							
Cash Funded Project Costs (including project admin)	-	-	-	-	-	-	-
Facility Maintenance	330,000	330,000	330,000	330,000	330,000	330,000	330,000
Bond Payments	9,557,357	9,554,935	9,555,202	9,556,675	9,559,075	9,557,410	9,559,038
Contribution to Revenue Stabilization Reserve	-	-	-	-	-	-	-
TOTAL EXPENSES	\$9,887,357	\$9,884,935	\$9,885,202	\$9,886,675	\$9,889,075	\$9,887,410	\$9,889,038
BALANCE*	\$19,305,500	\$20,609,561	\$21,972,038	\$23,394,353	\$24,878,272	\$26,430,633	\$28,051,222

* Balance accrued over 25 years to pay last 5 years of payments

Examples of Proportional Use of TOT

A	TOT allocation with 25% less Tobacco Funds	\$2,418,750	\$2,418,750	\$2,418,750	\$2,418,750	\$2,418,750	\$2,418,750	\$2,418,750
B	TOT allocation with 50% less Tobacco Funds	\$4,837,500	\$4,837,500	\$4,837,500	\$4,837,500	\$4,837,500	\$4,837,500	\$4,837,500
C	TOT allocation with no Tobacco Funds	\$9,467,342	\$9,893,373	\$9,893,373	\$10,338,575	\$10,338,575	\$10,338,575	\$10,338,575

PROJECT ASSUMPTIONS

- 1 \$130 million project
- 2 \$15 million from CCDC monies; \$15 million from donations
- 3 \$100 million from bond proceeds
- 4 Bonds issued in FY 2001
- 5 First bond payment in FY 2004

R-291262

NEW MAIN LIBRARY PROFORMA
\$130 MILLION PROJECT COST

PROJECT FUNDED WITH TOBACCO MONIES
BACKED BY TOT

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
REVENUES								
Balance from Prior Year	\$28,051,222	\$29,746,299	\$31,517,499	\$33,369,780	\$25,630,153	\$17,540,649	\$9,086,076	\$5,031,574
Tobacco Monies	9,675,000	9,675,000	9,675,000	-	-	-	-	-
CCDC Funding	-	-	-	-	-	-	-	-
Private Fundraising	-	-	-	-	-	-	-	-
Reserve Fund Earnings	430,188	430,188	430,188	430,188	430,188	430,188	430,188	9,774,844
Interest Earnings	1,477,365	1,553,644	1,633,348	1,716,701	1,368,417	1,004,390	623,934	226,421
Stabilization Reserve Credit	-	-	-	-	-	-	4,779,121	-
TOTAL REVENUES	\$39,633,775	\$41,405,131	\$43,256,035	\$35,516,668	\$27,428,759	\$18,975,226	\$14,919,319	\$15,032,839
EXPENSES								
Cash Funded Project Costs (including project admin)	-	-	-	-	-	-	-	-
Facility Maintenance	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000
Bond Payments	9,557,476	9,557,632	9,556,255	9,556,515	9,558,110	9,559,150	9,557,745	9,556,847
Contribution to Revenue Stabilization Reserve	-	-	-	-	-	-	-	-
TOTAL EXPENSES	\$9,887,476	\$9,887,632	\$9,886,255	\$9,886,515	\$9,888,110	\$9,889,150	\$9,887,745	\$9,886,847
BALANCE*	\$29,746,299	\$31,517,499	\$33,369,780	\$25,630,153	\$17,540,649	\$9,086,076	\$5,031,574	\$5,145,992

* Balance accrued over 25 years to pay last 5 years of payments

Examples of Proportional Use of TOT

A	TOT allocation with 25% less Tobacco Funds	\$2,418,750	\$2,418,750	\$2,418,750	-	-	-	-
B	TOT allocation with 50% less Tobacco Funds	\$4,837,500	\$4,837,500	\$4,837,500	-	-	-	-
C	TOT allocation with no Tobacco Funds	\$10,000,000	\$9,000,000	\$8,000,000	\$7,000,000	\$6,000,000	\$6,000,000	\$4,000,000

PROJECT ASSUMPTIONS

- \$130 million project
- \$15 million from CCDC monies; \$15 million from donations
- \$100 million from bond proceeds
- Bonds issued in FY 2001
- First bond payment in FY 2004

NOTE: The Master Settlement Agreement reflects only 25 years of payments but the Agreement calls for payments to continue indefinitely. Additional monies are not necessary in the proforma due to balances.

R-291262

NEW MAIN LIBRARY PROFORMA
\$130 MILLION PROJECT COST

PROJECT FUNDED WITH TOT MONIES
BACKED BY TOBACCO MONIES

	prior years	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
REVENUES							
Balance from Prior Year	\$ -	\$2,800,000	\$7,600,000	\$14,306,950	\$5,942,763	\$10,330,187	\$10,817,907
TOT Allocation	-	1,300,000	2,206,950	1,692,000	2,120,000	2,801,983	4,489,986
CCDC Funding	5,000,000	5,000,000	5,000,000	-	-	-	-
Private Fundraising	-	-	-	-	5,000,000	5,000,000	5,000,000
Reserve Fund Earnings	-	-	-	-	-	-	-
Interest Earnings	-	-	-	643,813	267,424	464,858	701,866
Stabilization Reserve Credit	-	-	-	-	-	-	-
TOTAL REVENUES	\$5,000,000	\$9,100,000	\$14,806,950	\$16,642,763	\$13,330,187	\$18,597,028	\$21,009,760
EXPENSES							
Cash Funded Project Costs (including project admin)	\$2,200,000	\$1,500,000	\$500,000	\$10,700,000	\$3,000,000	\$3,000,000	\$9,100,000
Facility Maintenance	-	-	-	-	-	-	-
Bond Payments	-	-	-	-	-	-	-
Contribution to Revenue Stabilization Reserve	-	-	-	-	-	4,779,121	-
TOTAL EXPENSES	\$2,200,000	\$1,500,000	\$500,000	\$10,700,000	\$3,000,000	\$7,779,121	\$9,100,000
BALANCE	\$2,800,000	\$7,600,000	\$14,306,950	\$5,942,763	\$10,330,187	\$10,817,907	\$11,909,760

Examples of Proportional Use of Tobacco Monies

A Tobacco Funds allocation with 25% less of TOT	-	-	-	-	\$530,000	\$700,496	\$1,122,497
B Tobacco Funds allocation with 50% less of TOT	-	-	-	-	\$1,060,000	\$1,400,992	\$2,244,993
C Tobacco Funds allocation with no TOT Funds	-	-	-	-	\$2,120,000	\$2,801,983	\$4,489,986

PROJECT ASSUMPTIONS

- 1 \$130 million project
- 2 \$15 million from CCDC monies; \$15 million from donations
- 3 \$100 million from bond proceeds
- 4 Bonds issued in FY 2001
- 5 First bond payment in FY 2004

R-201202

NEW MAIN LIBRARY PROFORMA
\$130 MILLION PROJECT COST

PROJECT FUNDED WITH TOT MONIES
BACKED BY TOBACCO MONIES

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
REVENUES							
Balance from Prior Year	\$11,909,760	\$17,442,867	\$19,863,546	\$17,096,961	\$14,460,393	\$11,963,581	\$9,632,236
TOT Allocation	5,112,108	5,342,153	5,582,550	5,833,764	6,096,284	6,370,617	6,657,294
CCDC Funding	-	-	-	-	-	-	-
Private Fundraising	-	-	-	-	-	-	-
Reserve Fund Earnings	-	215,094	430,188	430,188	430,188	430,188	430,188
Interest Earnings	751,000	999,989	1,108,920	984,424	865,778	753,422	648,511
Stabilization Reserve Credit	-	-	-	-	-	-	-
TOTAL REVENUES	\$17,772,867	\$24,000,104	\$26,985,203	\$24,345,338	\$21,852,643	\$19,517,807	\$17,368,229
EXPENSES							
Cash Funded Project Costs (including project admin)	-	-	-	-	-	-	-
Facility Maintenance	330,000	330,000	330,000	330,000	330,000	330,000	330,000
Bond Payments	-	3,806,558	9,558,242	9,554,945	9,559,062	9,555,571	9,559,482
Contribution to Revenue Stabilization Reserve	-	-	-	-	-	-	-
TOTAL EXPENSES	\$330,000	\$4,136,558	\$9,888,242	\$9,884,945	\$9,889,062	\$9,885,571	\$9,889,482
BALANCE	\$17,442,867	\$19,863,546	\$17,096,961	\$14,460,393	\$11,963,581	\$9,632,236	\$7,478,747

Examples of Proportional Use of Tobacco Monies

A Tobacco Funds allocation with 25% less of TOT	\$1,278,027	\$1,335,538	\$1,395,637	\$1,458,441	\$1,524,071	\$1,592,654	\$1,664,324
B Tobacco Funds allocation with 50% less of TOT	\$2,556,054	\$2,671,076	\$2,791,275	\$2,916,882	\$3,048,142	\$3,185,308	\$3,328,647
C Tobacco Funds allocation with no TOT Funds	\$5,112,108	\$5,342,153	\$5,582,550	\$5,833,764	\$6,096,284	\$6,370,617	\$6,657,294

PROJECT ASSUMPTIONS

- 1 \$130 million project
- 2 \$15 million from CCDC monies; \$15 million from donations
- 3 \$100 million from bond proceeds
- 4 Bonds issued in FY 2001
- 5 First bond payment in FY 2004

R-291262

NEW MAIN LIBRARY PROFORMA
\$130 MILLION PROJECT COST

PROJECT FUNDED WITH TOT MONIES
BACKED BY TOBACCO MONIES

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
REVENUES							
Balance from Prior Year	\$7,478,747	\$5,532,782	\$3,812,178	\$2,667,288	\$1,815,735	\$1,279,141	\$1,092,023
TOT Allocation	6,956,873	7,269,932	7,597,079	7,938,947	8,296,200	8,669,529	9,059,658
CCDC Funding	-	-	-	-	-	-	-
Private Fundraising	-	-	-	-	-	-	-
Reserve Fund Earnings	430,188	430,188	430,188	430,188	430,188	430,188	430,188
Interest Earnings	551,604	464,036	386,608	335,088	296,769	272,622	264,201
Stabilization Reserve Credit	-	-	-	-	-	-	-
TOTAL REVENUES	\$15,417,412	\$13,696,938	\$12,226,053	\$11,371,512	\$10,838,891	\$10,651,480	\$10,846,070
EXPENSES							
Cash Funded Project Costs (including project admin)	-	-	-	-	-	-	-
Facility Maintenance	330,000	330,000	-	-	-	-	-
Bond Payments	9,554,630	9,554,760	9,558,765	9,555,777	9,559,750	9,559,457	9,558,775
Contribution to Revenue Stabilization Reserve	-	-	-	-	-	-	-
TOTAL EXPENSES	\$9,884,630	\$9,884,760	\$9,558,765	\$9,555,777	\$9,559,750	\$9,559,457	\$9,558,775
BALANCE	\$5,532,782	\$3,812,178	\$2,667,288	\$1,815,735	\$1,279,141	\$1,092,023	\$1,287,295

Examples of Proportional Use of Tobacco Monies

A Tobacco Funds allocation with 25% less of TOT	\$1,739,218	\$1,817,483	\$1,899,270	\$1,984,737	\$2,074,050	\$2,167,382	\$2,264,914
B Tobacco Funds allocation with 50% less of TOT	\$3,478,436	\$3,634,966	\$3,798,539	\$3,969,474	\$4,148,100	\$4,334,765	\$4,529,829
C Tobacco Funds allocation with no TOT Funds	\$6,956,873	\$7,269,932	\$7,597,079	\$7,938,947	\$8,296,200	\$8,669,529	\$9,059,658

PROJECT ASSUMPTIONS

- 1 \$130 million project
- 2 \$15 million from CCDC monies; \$15 million from donations
- 3 \$100 million from bond proceeds
- 4 Bonds issued in FY 2001
- 5 First bond payment in FY 2004

R-291262

NEW MAIN LIBRARY PROFORMA
\$130 MILLION PROJECT COST

PROJECT FUNDED WITH TOT MONIES
BACKED BY TOBACCO MONIES

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
REVENUES							
Balance from Prior Year	\$1,287,295	\$1,570,458	\$2,294,815	\$3,496,702	\$4,751,202	\$6,059,754	\$7,428,856
TOT Allocation	9,467,342	9,893,373	10,338,575	10,338,575	10,338,575	10,338,575	10,338,575
CCDC Funding	-	-	-	-	-	-	-
Private Fundraising	-	-	-	-	-	-	-
Reserve Fund Earnings	430,188	430,188	430,188	430,188	430,188	430,188	430,188
Interest Earnings	272,989	285,731	318,327	372,412	428,865	487,749	549,359
Stabilization Reserve Credit	-	-	-	-	-	-	-
TOTAL REVENUES	\$11,457,815	\$12,179,750	\$13,381,904	\$14,637,877	\$15,948,829	\$17,316,266	\$18,746,978
EXPENSES							
Cash Funded Project Costs (including project admin)	-	-	-	-	-	-	-
Facility Maintenance	330,000	330,000	330,000	330,000	330,000	330,000	330,000
Bond Payments	9,557,357	9,554,935	9,555,202	9,556,675	9,559,075	9,557,410	9,559,038
Contribution to Revenue Stabilization Reserve	-	-	-	-	-	-	-
TOTAL EXPENSES	\$9,887,357	\$9,884,935	\$9,885,202	\$9,886,675	\$9,889,075	\$9,887,410	\$9,889,038
BALANCE	\$1,570,458	\$2,294,815	\$3,496,702	\$4,751,202	\$6,059,754	\$7,428,856	\$8,857,940

Examples of Proportional Use of Tobacco Monies

A Tobacco Funds allocation with 25% less of TOT	\$2,366,836	\$2,473,343	\$2,584,644	\$2,584,644	\$2,584,644	\$2,584,644	\$2,584,644
B Tobacco Funds allocation with 50% less of TOT	\$4,733,671	\$4,946,686	\$5,169,287	\$5,169,287	\$5,169,287	\$5,169,287	\$5,169,287
C Tobacco Funds allocation with no TOT Funds	\$9,467,342	\$9,893,373	\$10,338,575	\$10,338,575	\$10,338,575	\$10,338,575	\$10,338,575

PROJECT ASSUMPTIONS

- 1 \$130 million project
- 2 \$15 million from CCDC monies; \$15 million from donations
- 3 \$100 million from bond proceeds
- 4 Bonds issued in FY 2001
- 5 First bond payment in FY 2004

R-291262

NEW MAIN LIBRARY PROFORMA
\$130 MILLION PROJECT COST

PROJECT FUNDED WITH TOT MONIES
BACKED BY TOBACCO MONIES

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
REVENUES								
Balance from Prior Year	\$8,857,940	\$10,014,320	\$10,222,580	\$9,441,590	\$7,625,195	\$4,725,467	\$1,694,212	\$1,307,076
TOT Allocation	10,000,000	9,000,000	8,000,000	7,000,000	6,000,000	6,000,000	4,000,000	-
CCDC Funding	-	-	-	-	-	-	-	-
Private Fundraising	-	-	-	-	-	-	-	-
Reserve Fund Earnings	430,188	430,188	430,188	430,188	430,188	430,188	430,188	9,774,844
Interest Earnings	613,668	665,705	675,077	639,932	558,194	427,706	291,300	273,879
Stabilization Reserve Credit	-	-	-	-	-	-	4,779,121	-
TOTAL REVENUES	\$19,901,796	\$20,110,212	\$19,327,845	\$17,511,710	\$14,613,577	\$11,583,362	\$11,194,821	\$11,355,798
EXPENSES								
Cash Funded Project Costs (including project admin)	-	-	-	-	-	-	-	-
Facility Maintenance	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000
Bond Payments	9,557,476	9,557,632	9,556,255	9,556,515	9,558,110	9,559,150	9,557,745	9,556,847
Contribution to Revenue Stabilization Reserve	-	-	-	-	-	-	-	-
TOTAL EXPENSES	\$9,887,476	\$9,887,632	\$9,886,255	\$9,886,515	\$9,888,110	\$9,889,150	\$9,887,745	\$9,886,847
BALANCE	\$10,014,320	\$10,222,580	\$9,441,590	\$7,625,195	\$4,725,467	\$1,694,212	\$1,307,076	\$1,468,951

Examples of Proportional Use of Tobacco Monies

A Tobacco Funds allocation with 25% less of TOT	\$2,500,000	\$2,250,000	\$2,000,000	\$1,750,000	\$1,500,000	\$1,500,000	\$1,000,000	-
B Tobacco Funds allocation with 50% less of TOT	\$5,000,000	\$4,500,000	\$4,000,000	\$3,500,000	\$3,000,000	\$3,000,000	\$2,000,000	-
C Tobacco Funds allocation with no TOT Funds	\$10,000,000	\$9,000,000	\$8,000,000	\$7,000,000	\$6,000,000	\$6,000,000	\$4,000,000	-

PROJECT ASSUMPTIONS

- 1 \$130 million project
- 2 \$15 million from CCDC monies; \$15 million from donations
- 3 \$100 million from bond proceeds
- 4 Bonds issued in FY 2001
- 5 First bond payment in FY 2004

NOTE: The Master Settlement Agreement reflects only 25 years of payments but the Agreement calls for payments to continue indefinitely. Additional monies are not necessary in the proforma due to balances.

If no Tobacco monies are available beyond FY 2026 then necessary funds would come from TOT or other reserves available.

R-291262

NEW MAIN LIBRARY PROFORMA
\$130 MILLION PROJECT COST

PROJECT FUNDED WITH TOT MONIES

	prior years	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
REVENUES							
Balance from Prior Year	\$ -	\$2,800,000	\$7,600,000	\$14,306,950	\$5,942,763	\$10,330,187	\$10,817,907
TOT Allocation	-	1,300,000	2,206,950	1,692,000	2,120,000	2,801,983	4,489,986
CCDC Funding	5,000,000	5,000,000	5,000,000	-	-	-	-
Private Fundraising	-	-	-	-	5,000,000	5,000,000	5,000,000
Reserve Fund Earnings	-	-	-	-	-	-	-
Interest Earnings	-	-	-	643,813	267,424	464,858	701,866
Stabilization Reserve Credit	-	-	-	-	-	-	-
TOTAL REVENUES	\$5,000,000	\$9,100,000	\$14,806,950	\$16,642,763	\$13,330,187	\$18,597,028	\$21,009,760
EXPENSES							
Cash Funded Project Costs (including project admin)	\$2,200,000	\$1,500,000	\$500,000	\$10,700,000	\$3,000,000	\$3,000,000	\$9,100,000
Facility Maintenance	-	-	-	-	-	-	-
Bond Payments	-	-	-	-	-	-	-
Contribution to Revenue Stabilization Reserve	-	-	-	-	-	4,779,121	-
TOTAL EXPENSES	\$2,200,000	\$1,500,000	\$500,000	\$10,700,000	\$3,000,000	\$7,779,121	\$9,100,000
BALANCE	\$2,800,000	\$7,600,000	\$14,306,950	\$5,942,763	\$10,330,187	\$10,817,907	\$11,909,760

PROJECT ASSUMPTIONS

- 1 \$130 million project
- 2 \$15 million from CCDC monies; \$15 million from donations
- 3 \$100 million from bond proceeds
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R291262

NEW MAIN LIBRARY PROFORMA
\$130 MILLION PROJECT COST

PROJECT FUNDED WITH TOT MONIES

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
REVENUES							
Balance from Prior Year	\$11,909,760	\$17,442,867	\$19,863,546	\$17,096,961	\$14,460,393	\$11,963,581	\$9,632,236
TOT Allocation	5,112,108	5,342,153	5,582,550	5,833,764	6,096,284	6,370,617	6,657,294
CCDC Funding	-	-	-	-	-	-	-
Private Fundraising	-	-	-	-	-	-	-
Reserve Fund Earnings	-	215,094	430,188	430,188	430,188	430,188	430,188
Interest Earnings	751,000	999,989	1,108,920	984,424	865,778	753,422	648,511
Stabilization Reserve Credit	-	-	-	-	-	-	-
TOTAL REVENUES	\$17,772,867	\$24,000,104	\$26,985,203	\$24,345,338	\$21,852,643	\$19,517,807	\$17,368,229
EXPENSES							
Cash Funded Project Costs (including project admin)	-	-	-	-	-	-	-
Facility Maintenance	330,000	330,000	330,000	330,000	330,000	330,000	330,000
Bond Payments	-	3,806,558	9,558,242	9,554,945	9,559,062	9,555,571	9,559,482
Contribution to Revenue Stabilization Reserve	-	-	-	-	-	-	-
TOTAL EXPENSES	\$330,000	\$4,136,558	\$9,888,242	\$9,884,945	\$9,889,062	\$9,885,571	\$9,889,482
BALANCE	\$17,442,867	\$19,863,546	\$17,096,961	\$14,460,393	\$11,963,581	\$9,632,236	\$7,478,747

PROJECT ASSUMPTIONS

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R-291262

NEW MAIN LIBRARY PROFORMA
\$130 MILLION PROJECT COST

PROJECT FUNDED WITH TOT MONIES

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
REVENUES							
Balance from Prior Year	\$7,478,747	\$5,532,782	\$3,812,178	\$2,667,288	\$1,815,735	\$1,279,141	\$1,092,023
TOT Allocation	6,956,873	7,269,932	7,597,079	7,938,947	8,296,200	8,669,529	9,059,658
CCDC Funding	-	-	-	-	-	-	-
Private Fundraising	-	-	-	-	-	-	-
Reserve Fund Earnings	430,188	430,188	430,188	430,188	430,188	430,188	430,188
Interest Earnings	551,604	464,036	386,608	335,088	296,769	272,622	264,201
Stabilization Reserve Credit	-	-	-	-	-	-	-
TOTAL REVENUES	\$15,417,412	\$13,696,938	\$12,226,053	\$11,371,512	\$10,838,891	\$10,651,480	\$10,846,070
EXPENSES							
Cash Funded Project Costs (including project admin)	-	-	-	-	-	-	-
Facility Maintenance	330,000	330,000	-	-	-	-	-
Bond Payments	9,554,630	9,554,760	9,558,765	9,555,777	9,559,750	9,559,457	9,558,775
Contribution to Revenue Stabilization Reserve	-	-	-	-	-	-	-
TOTAL EXPENSES	\$9,884,630	\$9,884,760	\$9,558,765	\$9,555,777	\$9,559,750	\$9,559,457	\$9,558,775
BALANCE	\$5,532,782	\$3,812,178	\$2,667,288	\$1,815,735	\$1,279,141	\$1,092,023	\$1,287,295

PROJECT ASSUMPTIONS

- 1 \$130 million project
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R-291262

NEW MAIN LIBRARY PROFORMA
\$130 MILLION PROJECT COST

PROJECT FUNDED WITH TOT MONIES

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
REVENUES							
Balance from Prior Year	\$1,287,295	\$1,570,458	\$2,294,815	\$3,496,702	\$4,751,202	\$6,059,754	\$7,428,856
TOT Allocation	9,467,342	9,893,373	10,338,575	10,338,575	10,338,575	10,338,575	10,338,575
CCDC Funding	-	-	-	-	-	-	-
Private Fundraising	-	-	-	-	-	-	-
Reserve Fund Earnings	430,188	430,188	430,188	430,188	430,188	430,188	430,188
Interest Earnings	272,989	285,731	318,327	372,412	428,865	487,749	549,359
Stabilization Reserve Credit	-	-	-	-	-	-	-
TOTAL REVENUES	\$11,457,815	\$12,179,750	\$13,381,904	\$14,637,877	\$15,948,829	\$17,316,266	\$18,746,978
EXPENSES							
Cash Funded Project Costs (including project admin)	-	-	-	-	-	-	-
Facility Maintenance	330,000	330,000	330,000	330,000	330,000	330,000	330,000
Bond Payments	9,557,357	9,554,935	9,555,202	9,556,675	9,559,075	9,557,410	9,559,038
Contribution to Revenue Stabilization Reserve	-	-	-	-	-	-	-
TOTAL EXPENSES	\$9,887,357	\$9,884,935	\$9,885,202	\$9,886,675	\$9,889,075	\$9,887,410	\$9,889,038
BALANCE	\$1,570,458	\$2,294,815	\$3,496,702	\$4,751,202	\$6,059,754	\$7,428,856	\$8,857,940

PROJECT ASSUMPTIONS

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NEW MAIN LIBRARY PROFORMA
\$130 MILLION PROJECT COST

PROJECT FUNDED WITH TOT MONIES

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
REVENUES								
Balance from Prior Year	\$8,857,940	\$10,014,320	\$10,222,580	\$9,441,590	\$7,625,195	\$4,725,467	\$1,694,212	\$1,307,076
TOT Allocation	10,000,000	9,000,000	8,000,000	7,000,000	6,000,000	6,000,000	4,000,000	-
CCDC Funding	-	-	-	-	-	-	-	-
Private Fundraising	-	-	-	-	-	-	-	-
Reserve Fund Earnings	430,188	430,188	430,188	430,188	430,188	430,188	430,188	9,774,844
Interest Earnings	613,668	665,705	675,077	639,932	558,194	427,706	291,300	273,879
Stabilization Reserve Credit	-	-	-	-	-	-	4,779,121	-
TOTAL REVENUES	\$19,901,796	\$20,110,212	\$19,327,845	\$17,511,710	\$14,613,577	\$11,583,362	\$11,194,821	\$11,355,798
EXPENSES								
Cash Funded Project Costs (including project admin)	-	-	-	-	-	-	-	-
Facility Maintenance	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000
Bond Payments	9,557,476	9,557,632	9,556,255	9,556,515	9,558,110	9,559,150	9,557,745	9,556,847
Contribution to Revenue Stabilization Reserve	-	-	-	-	-	-	-	-
TOTAL EXPENSES	\$9,887,476	\$9,887,632	\$9,886,255	\$9,886,515	\$9,888,110	\$9,889,150	\$9,887,745	\$9,886,847
BALANCE	\$10,014,320	\$10,222,580	\$9,441,590	\$7,625,195	\$4,725,467	\$1,694,212	\$1,307,076	\$1,468,951

PROJECT ASSUMPTIONS

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R-291262

Appendix E

OFFICE OF MAYOR SUSAN GOLDING City of San Diego

MEMORANDUM

TO: Honorable Councilmembers
FROM: Mayor Susan Golding
DATE: February 2, 1999
SUBJECT: SITE SELECTION TIMING - NEW MAIN LIBRARY

It is necessary that critical decisions regarding the siting of the main library be made in order to keep costs from continuing to escalate. The following timeline will allow the Council to make these decisions in a timely manner and finally move forward on a new main library for all of San Diego's citizens.

- Council consideration and approval of funding proposal for main library February 9.
- Library Commission to meet and hear site proposals no later than February 23. This will include the Kettner site, ballpark site, and Catellus site.
- Library Commission to submit recommendation no later than February 24.
- Site recommendation docketed for consideration and approval March 1.

This timeline will allow the Library Commission to finish their work and still allow for Council action the beginning of March. I look forward to working with each of you to make sure our long-awaited new main library becomes a reality.

R-291262

MILBERG WEISS BERSHAD HYNES & LERACH LLP

600 WEST BROADWAY
1800 ONE AMERICA PLAZA
SAN DIEGO, CALIFORNIA 92101-3358
(619) 231-1058
FAX: (619) 231-7423

ONE PENNSYLVANIA PLAZA
NEW YORK, NEW YORK 10119-0165
(212) 594-5300
FAX: (212) 868-1229

DIRECT LINE:

MELVYN I. WEISS*
WILLIAM S. LERACH
DAVID J. BERSHAD*
PATRICIA M. HYNES*
ALAN SCHULMAN
LEONARD S. SIMON
SOL SCHREIBER*
JEROME M. CONGHERS*
KEITH F. PARK
SHARON LEVINE MIRSKY*
ROBERT P. SUGARMAN*
ARNOLD N. BRESSLER*
JAN M. ADLER
MICHAEL C. SPENCER*
ANITA MELEY LAING
ROBERT A. WALLNER*
STEVEN G. SCHULMAN*
BLAKE M. HARPER
SANFORD P. DUMAIN*
PATRICK J. COUGHLIN
GEORGE A. BAUER III*
KEVIN P. RODDY
DENNIS STEWAK*
BARRY A. WEPRIN*

HELEN J. HODGES
RICHARD H. WEISS*
ERIC A. ISAACSON
ALAN M. MANSFIELD*
JOHN J. STOIA, JR.
REED H. KATHREIN*
JEFF E. WESTERMAN
JAMES A. DAPUTO
KEITH M. FLEISCHMAN*
CEBORAH CLARK-WEINTRAUB*
BRAD N. FRIEDMAN*
KIRK B. HULETT
PAMELA M. PARKER
THEODORE J. PINTAR
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RANDI DAWN BANDMAN
JOY ANN BULL
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EDITH M. KALLAS*
SHARON T. MAIER
KENNETH J. VIANALE*
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JULIAN H. KIRCHGER*

LAURA ANDRACCHIO
LISA C. ATKINSON
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TIMOTHY G. BLOOD
ELISABETH A. BOWMAN
MICHAEL A. BOWBE
DAVID R. BOTO
JOAN T. BROWN*
MICHAEL M. BUDNMAN*
SPENCER A. BURKHOLZ
WAI Y. CHAN*
LENA C. CHANG
KIRK E. SHAPMAN*
SUSAN GOLLIER
ISRAEL OAHAN*
JOSEPH D. DALEY
PATRICK W. DANIELS
EDWARD P. DIETHICH
TRAVIS E. DOWNS, III
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KIMBERLY CORNELL EPSTEIN
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PETER A. LENNON**
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AZRA MEHDI*
KIM E. MILLER*
JOSEPH OPPER*
BETH OTTENSOBER*
STEVEN W. PERICH
DIANE PHILLIPS*
JANINE L. POLLACK*
SHERI DYM
ABRAHAM RAFFAPORT*
JACK REISE*
DARREN J. ROBBINS
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SCOTT H. SAHAM
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DANIEL B. SCOTT*
DAVID R. STICKNEY
DONNY E. SWENEY
MICHAEL A. SWICK*
JAMES SWIDERSKI
ARIANA J. TAOLER*
ALISON M. TATTERSALL
ANDREW O. TEICHHOLZ*
KAREN THOMAS
DEBRA J. WYMAN

OF COUNSEL

JARED SPECTHRIE*
RICHARD M. MEYER*
C. STEVEN DRANDALL
ALBERT H. MEYERHOFF
ANITA B. KARTALOPOULOS

LAWRENCE MILBERG (1913-1989)

* ADMITTED IN NY
** ADMITTED IN PA
* ADMITTED IN FL

February 1, 1999

The Honorable Susan Golding
Mayor of San Diego
202 C Street
San Diego, CA 92101

Re: California Tobacco Litigation

Dear Mayor Golding:

We have appreciated the opportunity to represent the City of San Diego in the tobacco settlement, and we commend the Mayor for being in the forefront on this issue. Her support helped ensure that the people of the City of San Diego were well represented in this litigation and settlement. The Mayor's proposal for utilizing the money received from this historic settlement is certainly in the best interest of the City of San Diego and more than consistent with the aims of the settlement. The proposals, including the library funding proposal, will have a positive impact on teens and thus on teen smoking.

You may have heard that the federal government may attempt to attach some of the state's recovery for reimbursement of federal medicaid expenses and/or bring its own suit against the tobacco industry to recover medicare funds attributable to tobacco related disease. First, we are confident that even in the unlikely event that the federal government sought to attach the money received by the City of San Diego such attempts would be unsuccessful. The federal government has no claim to the money received in the settlement because the claims settled in California sought relief under a state statute prohibiting unfair business acts and

The Honorable Susan Golding
February 1, 1999
Page 2

practices, and not reimbursement of Medicare or Medicaid expenses. Second, a medicare suit would have no impact on the monies recovered because there were never any claims made in California for medicare expenditures and none of the monies were recovered for medicare expenses.

There is a third event that could impact the cities' and counties' recovery and that is a federal tax increase on cigarettes. To the extent the federal government implements such a tax raise and passes some portion on to the state, the payments under the settlement could be reduced proportionately. In this event, the cities and counties would seek to offset this reduction by sharing with the state but there are some events which could impact such a sharing. For example, if the federal government attached strings to the money passed on to the state, the state would have difficulty in passing such money on to the cities and counties, as contemplated under the Memorandum of Understanding between the state and the cities and counties. The Attorney General's office for the state has vowed to work towards an equitable sharing arrangement with the cities and counties and the state sharing equally with any burden imposed by federal action.

Very truly yours,


PATRICK J. COUGHLIN