

Proposition S

Declaration of Policy—Yerba Buena

PROPOSITION S, as it appears on ballot



DECLARATION OF POLICY:
 Shall the City construct a convention exhibit hall at Yerba Buena Center using a 4% hotel room tax to finance lease revenue bonds, underground if financially feasible, otherwise above-ground?

Analysis

By Ballot Simplification Committee
 Declaration of Policy—
 Yerba Buena Convention Center

THE WAY IT IS NOW: A convention exhibit hall has been proposed for the Yerba Buena Center project in downtown San Francisco. The voters have never had a chance to approve or disapprove the convention center project.

THE PROPOSAL: The question is, if the cost is paid for by the hotel room tax, do the voters want a convention exhibit hall built in Yerba Buena Center.

A YES VOTE MEANS: If you vote yes, you want to have a convention exhibit hall in Yerba Buena Center, paid for out of hotel taxes.

A NO VOTE MEANS: If you vote no, you do not want a convention center built in Yerba Buena Center.

Controller's Statement on "S"

City Controller John C. Farrell issued the following statement on the fiscal impact of Proposition S.

"Should the proposed Declaration of Policy be adopted and the convention exhibit hall at Yerba Buena Center be constructed, in my opinion, a bond issue of \$80,100,000 will be required to construct the center and, if the hall is constructed below ground level, a total bond issue of \$86,400,000 will be required. These requirements are based on construction and financing costs which were supplied by the Mayor's Economic Analysis Unit.

No ad-valorem taxes will be used to pay for the bond interest and redemption. These costs will be financed by an increase in the hotel room tax rate from 6% to 8%. Fifty percent of the hotel tax receipts will be allocated to bond interest and redemption. It is my understanding that rental income will be sufficient to pay the costs of operation and maintenance of the exhibit hall.

The maximum annual requirements for interest only at the rate of 7% will be \$4,207,000 if the exhibit hall is built above the ground and \$6,048,000 if it is built under the ground.

If this increased hotel tax rate were in effect for the fiscal year that ended June 30, 1976, \$5,944,150 would have been available to finance the exhibit hall.

Should the proposed Declaration of Policy be adopted and the convention exhibit hall be constructed, it is estimated that the approximate cost would be as follows:

	Exhibit Hall Constructed Above Ground	Exhibit Hall Constructed Below Ground
Bond Redemption	\$80,100,000	\$ 86,400,000
Bond Interest	20,692,000	31,547,000
Debt Service Requirement	<u>\$80,792,000</u>	<u>\$117,947,000</u>