

Good morning everyone. Thank you for joining me today to present my proposed Two Year budget.

Thank you to Board President Chiu, Budget Chair Carmen Chu, members of the Board, elected officials, Commissioners, and Department Heads. And also, a welcome to the public and members of our small business, tech and local manufacturing sectors who have joined us this morning.

This year, we began the hard work of presenting the City's- First Two Year budget with a projected \$263 million dollar General Fund deficit for the coming year and \$375 million dollar shortfall in year two.

But, because of the fiscal discipline we have put into the process, our strategic investments in job creation, and our commitment to reforms, San Francisco's economy is now recovering and our reserves are growing. In fact, during the last nine months, the Controller has reported our revenues were \$172 million dollars MORE than projected.

This is good news, but it did not come without commitment and sacrifice. I would like to thank our employee unions for working with us to find common ground, save the City money, and protect city services, saving more than \$28 million.

I am happy to report that I am presenting a responsible and balanced, Two Year budget where we spare the city the deep cuts we have experienced over the last several years and one that I present to you in a San Francisco economy that is recovering.

In this budget, you will see investment. Investments that ensure that people who live, work and visit our City feel safe; investments that protect our social safety net that supports seniors and youth; low-income and working class families; investments that support our neighborhoods, our infrastructure, and our commercial corridors.

This budget reflects a lot of collaboration and partnership with our San Francisco community.

One thing we agreed on early was that in a time of state and federal cuts, protecting our social safety net is more important than ever. In this budget, I have rejected all service reductions in the Health Department and Human Services Agency, and I have included full restoration of federal cuts to programs and services that serve people with HIV & AIDS.

Another thing we agreed on early, was that we wouldn't abandon our redevelopment areas, even when the state has.

The loss of Redevelopment was a blow to San Francisco...especially for Third Street. In my budget, we will invest in economic development initiatives in the heart of Bayview to stabilize businesses and attract new ones.

We will also continue our investment in Central Market and especially Sixth Street where the elimination of Redevelopment has left a gap in services. With our community partners, we will support businesses that are there, attract new ones, and keep the area clean and safe.

We will also invest in the youth of San Francisco. I propose releasing \$ 6million in Rainy Day funds to support our public schools to offset the State's deep cuts to education.

Most importantly, in this budget we are putting San Franciscans back to work. Our unemployment rate dropped from 9.6 % in early 2011 to 7.4 percent today, our lowest since 2008. We've created 22,500 net-new jobs in San Francisco in just the last year.

It's good, but we need to do more. With this budget, we are continuing to invest in strategies that incentivize job creation and train and place our residents for the jobs of the 21st century.

We are creating the climate and conditions that give investors and entrepreneurs confidence in our City -- allowing them to innovative, grow and create jobs -- whether they are a neighborhood small business, a tech startup or a thriving global headquarters.

In neighborhoods, we are more than DOUBLING grants available to small businesses and we are including \$4 million dollars for neighborhood commercial districts through our new Invest in Neighborhoods Strategy, that includes a Jobs Squad and a recapitalized Small Business Revolving Loan Fund.

We are bringing City Hall out to the neighborhoods—where it belongs -- to support small business!

My proposed budget includes \$441 million in smart capital investments included in the City's Ten-Year Capital Plan to improve and invest in the City's infrastructure.

Over the next two years we will invest in and improve our Hetch Hetchy Water system; begin the Airport's Runway Safety Area Plan; and continue investing in our waterfront.

We will also continue to invest in our parks. I joined members of the Board to introduce a \$195 million dollar bond measure to keep our parks clean and safe.

All told, over the next ten years, Enterprise Departments will support more than 8,700 jobs in San Francisco by infusing \$1.3 billion into the local economy.

And, as our economy grows and we add jobs, we must redouble our efforts to expand housing opportunities and build more housing for people at every income level.

I get it -- I know there's anxiety -- rents are starting to creep up again in every neighborhood as the economy recovers.

But, the answer to scarce housing and rising rents is not to stop growing our economy or creating jobs.

That's why we proposed a Housing Trust Fund measure for this November to create a permanent source of revenue to fund the production of housing at every level of the economic spectrum.

I am pleased to share with you that my budget also includes a Six-Year Police and Fire Hiring Plan that will train the next generation of San Francisco public safety personnel. We are planning for anticipated retirements, reducing overtime, and making sure our public safety departments are appropriately staffed.

Of course this submission of the budget is not the end of process. I look forward to working with the Board to ensure our residents receive quality services, while providing a balanced budget and continued economic recovery.

I want to recognize Supervisor Carmen Chu the Board of Supervisors Budget Chair for her steadfast leadership and commitment to building a collaborative process.

Thank you Steve Kawa my Chief of Staff and Thank you to my Budget Office for their good work, led by Kate Howard.

Also, thank you to Ben Rosenfield, our City Controller and his staff and thank you in advance to Harvey Rose.

NOW, LET'S GET BACK TO WORK!!