



**Distances Between San Francisco and Major U.S. Cities**

CITY	MILES	KILOMETERS
Atlanta	2,139	3,442
Baltimore	2,457	3,954
Boston	2,704	4,352
Chicago	1,846	2,971
Cincinnati	2,036	3,277
Dallas	1,464	2,356
Denver	967	1,556
Houston	1,635	2,631
Los Angeles	337	542
Miami	2,585	4,160
New Orleans	1,911	3,075
New York	2,586	4,162
Philadelphia	2,521	4,057
Seattle	678	1,091
St. Louis	1,735	2,792
Tampa	2,392	3,850
Washington, D.C.	2,419	3,893



## NATIONAL, REGIONAL AND BID CITY CHARACTERISTICS

### 1.1 *Summarize the political history of your state and city over the last 20 years and describe the state and local political institutional systems.*

San Francisco's political history has mirrored the patterns of both its society and economy: conflict and competition, compromise and tolerance. Yet, while the past endures in San Francisco's buildings and monuments, in its values and culture, in its social and economic patterns, new groups constantly enter into the equation, providing a combination of the new and old San Francisco and creating kaleidoscopic patterns of change and diversity.

Governing a city with such a diverse populace has challenged each of its civic leaders. San Francisco is California's only combined city and county, chartered under the State Constitution. Its governance features a strong mayoral system.

Four mayors have led the city over the last two decades, each having a distinct style. Mayor Dianne Feinstein (San Francisco's first and only female mayor) took office in 1978. Her leadership is said to have had a significant impact on healing the city during an extremely turbulent period. Her administration was noteworthy for taking advantage of a strong economy by expanding the downtown area with thriving businesses. Under her leadership a substantial number of jobs were created and the city's tax base increased considerably. These added revenues provided the means to maintain and expand social services. Mayor Feinstein's tenure spanned a ten-year period, enhanced by her ability to reach out to a broad-based constituency. Dianne Feinstein now serves as a United States Senator from California.

Mayor Art Agnos was not as fortunate as his predecessor. The economy had weakened, restricting the resources Feinstein had enjoyed. The 1989 Loma Prieta earthquake further hindered his ability to expand programs, because a costly recovery budget was required to repair buildings and infrastructure.

When Mayor Frank Jordan took office in 1992, the city and the nation were in the midst of a major recession, and he faced hard choices in prioritizing programs for the future well-being of the city. As a former police chief and advocate of youth sports programs, Jordan led the effort to keep the Giants in San Francisco.

With the election of current Mayor Willie L. Brown, Jr. (the city's first African-American mayor), San Francisco has enjoyed a major upturn in economic conditions. This trend has allowed for the implementation of a balance of programs to ensure the city's health and welfare. The new, privately funded Pacific Bell Park was developed during Mayor Brown's first term. With over 30 years of experience at the state level and an international reputation for getting things done, Mayor Brown has made the most of a strong economy and the ability to translate that strength into sound and forward-thinking policy decisions.

The mayor appoints boards and commissions to work with the city's many constituencies to ensure that all voices are heard and considered. An 11-member Board of Supervisors provides checks and balances to the strong mayoral system. Like the mayor, board members are elected to four-year terms with a limit of two terms. Board elections take place within 11 distinct districts. The board is elected every two years on a staggered basis of six and then five members.

**Table 1.1 Elected Positions by City**

CITY	YEAR ESTABLISHED	ELECTED POSITIONS
San Francisco	1849	Mayor, Board of Supervisors (11 members), City Attorney, Assessor, Community College Board, District Attorney, Public Defender, Sheriff, Treasurer, Unified School District Board
Oakland	1854	Mayor, City Attorney, City Auditor, Board of Education, City Council (8 members)
San Jose	1850	Mayor, City Council (10 members)
Sacramento	1849	Mayor, City Council (10 members)

- 1.2** *Provide a list of the different state and city political parties, and indicate whether they are represented within the executive and legislative authorities, in order of representation (by percentage). Specify which parties, if any, are banned. List the political parties that exist at the local level in order of representation (by percentage). Indicate those parties represented within the executive and legislative authorities and those in opposition.*

Political parties in the state of California and the San Francisco Bay Area include Democratic, Republican, Green, Independent and Reform. No political parties are banned from participation. City mayors and councils, as well as county boards of supervisors, are typically affiliated with a political party but are elected on a nonpartisan basis.

**Table 1.2 State and City Political Party** *(by percentage)*

	DEMOCRAT	REPUBLICAN	OTHER
<b>Legislative (CA Representatives)</b>			
State Senate	63	37	0
State Assembly	58	41	1
U.S. House of Representatives	62	38	0
U.S. Senate	100	0	0
<b>Executive</b>			
Governor	100	0	0
Mayors (Officially Nonpartisan)	75	0	25

- 1.3** *Provide the state and local election periods planned for the next 15 years.*

State elections are held in March (primary) and November (general) of each even-numbered year. Special elections may also be scheduled in April or June of odd-numbered years, or in November of any year.

Typically the counties in the San Francisco Bay Area have a five-member Board of Supervisors. Supervisors are elected for four-year terms on a nonpartisan basis by district. The San Francisco Board of Supervisors is comprised of 11 members, elected by the district in which each resides, for a four-year term, with a staggered election system occurring every two years.

Completion of the 2000 U.S. Census will trigger a reapportionment process beginning in the year 2002. Based on data from the census, the California State Legislature will reestablish election boundaries based upon the latest demographics.

**Table 1.3 Election Cycle 2001–2016**

San Francisco Supervisors	2002, 2004, 2006, 2008, 2010, 2012, 2014, 2016 (4-year term, 2-term limit, elections staggered every two years)
San Francisco Mayor	2003, 2007, 2011, 2015 (4-year term, 2-term limit)
California Governor	2002, 2006, 2010, 2014 (4-year term, 2-term limit)
California State Senate	2002, 2004, 2006, 2008, 2010, 2012, 2014, 2016 (4-year term, 2-term limit, elections staggered every two years)
California State Assembly	2002, 2004, 2006, 2008, 2010, 2012, 2014, 2016 (2-year term, 3-term limit)

**1.4** *Describe the support given to your bid by the state and local authorities. Letters of support from the bodies concerned must be provided to the USOC. (Theme 19 – Guarantees.) State whether the authorities of your state and city are represented in your bid committee or are party, in any way, to your bid.*

The Bay Area Sports Organizing Committee’s (BASOC) bid for the 2012 Olympic Games has received widespread support from state and local authorities. In **Theme 19 – Guarantees**, we have included letters from California’s governor, state senators and house representatives; from the mayors of San Francisco and our bid’s three other major cities (Sacramento, Oakland and San Jose); from the Association of Bay Area Governments (ABAG); and from the Metropolitan Transportation Commission (MTC).

The formal Bid Committee is comprised of individuals with wide-ranging experiences from both the private and public sectors. BASOC has been officially designated by the City and County of San Francisco, by a Board of Supervisors Resolution, signed by the mayor, as the official Bid Committee for the San Francisco Bay Area. Mayors from each of the four major cities (San Francisco, Oakland, San Jose and Sacramento) appointed a liaison to BASOC. These liaisons have been integrally involved in the planning and communication processes of the bid. They attend Board of Directors and subcommittee meetings and report back to their respective city officials. In addition, the bid’s executive director and officers meet regularly with the mayors of the four major cities and have met with legislative members in the region to update them on the bid’s progress.

**1.5** *Briefly state the views of the different state and political parties on holding the Olympic Games in your city.*

Both the California State Democratic Party and the California State Republican Party Chairs support BASOC’s bid for the 2012 Olympic Games.

**1.6** *Give a detailed account of the degree of administrative autonomy your local political institutions enjoy in relation to the state and national institutions.*

Cities and counties in California have distinct roles, jurisdictions and powers relative to state law. The basic provisions for the government of counties are contained in the state constitution and government code. A county is the largest political subdivision of the state having corporate powers. It is vested by the state legislature with the powers necessary to provide for the health and welfare of the people within its borders.

Besides having different geographic jurisdictions (there are typically several cities within a county), cities and counties typically have different roles and powers. Counties lack broad powers of self-government that cities have (e.g., cities have broad revenue-generating authority, and counties do not). In addition, legislative control over counties is more complete than it is over cities. Unless restricted by a specific provision of the state constitution, the legislature may delegate to the counties any of the functions that belong to the state itself. Conversely, the state may take back to itself and resume the functions that it has delegated to counties – for example, the state funding of trial courts.

U.S. cities enjoy significant administrative autonomy from the state and national governments and largely have the power to determine their own destiny. From legal, administrative and financial positions, the anchor cities of the San Francisco Bay Area's bid for the 2012 Olympic Games – San Francisco, Oakland, San Jose and Sacramento – are fully capable of hosting an event of this magnitude.

**1.7** *Describe the current concerns and major topics of debate at both the state and local level.*

In the San Francisco Bay Area the major concerns and topics of debate center on the management of growth generated primarily by the region's success in high-technology industries. Key issues include expanding rail and other transportation services, developing public K-12 education to ensure a skilled workforce, and preserving and increasing housing production to accommodate a growing population, while containing housing costs.

At the state level, concerns reflect those of the San Francisco Bay Area and include, most notably, the conservation of the state's abundant natural resources – including water management and environmental controls, population growth and immigration issues, and managing the state's budget surplus.

The San Francisco Bay Area is successfully addressing several regional challenges. The popular Bay Area Rapid Transit (BART) rail system is a good example of such regional cooperation. Opened in 1972, BART is operated by a five-county district, has 95 miles of double track with 39 stations, and boasts the 3.8-mile Transbay Tube, an award-winning engineering marvel linking two major urban centers under the San Francisco Bay. Construction will be completed by early 2002 to extend 8.7 miles of BART track linking San Francisco International Airport with the regional transit hub in downtown San Francisco. And in November 2000, regional support for public transportation received a significant boost in two key counties with the passage of Measure A in Santa Clara County and Measure B in Alameda County. Both measures won by convincing margins and will extend a half-cent sales tax to fund major rail and bus service projects, including the extension of BART into each of the counties and, most notably, the city of San Jose.

As the San Francisco Bay Area population increases, regional planning is critical to sustain and improve the quality of life for the region's residents. Several multijurisdictional agencies have emerged to support regional planning, most notably the Association of Bay Area Governments (ABAG), which is the official comprehensive planning agency for the 100 cities and nine counties of the San Francisco Bay Area. Other key regional forces include the Metropolitan Transportation Commission (MTC) and the Bay Area Air Quality Management District (BAAQMD).

While local and regional efforts to address transportation and housing are ongoing, we believe that the awarding of the 2012 Olympic Games to the San Francisco Bay Area would be an added catalyst for action. Most significantly, we anticipate that our hosting of the Olympic Games would generate an infusion of infrastructure funded by state and federal agencies. Comprehensive planning and negotiations to circle the San Francisco Bay with public rail transportation would get a needed push for completion, and the post-Games transformation of the Olympic Village to an integrated community, complete with transportation node, would leave a lasting legacy to the region.

### 1.8 *List the major economic resources of your state and city.*

The foundations of the phenomenal economic success of California and the San Francisco Bay Area are an extraordinary natural environment, an abundant and highly educated workforce and bold strategic investments in infrastructure. The productivity growth expected to drive American prosperity over the next decade arises primarily from industries that anchor the California and San Francisco Bay Area regional economy – electronics, telecommunications, digital media, biotechnology, tourism, entertainment and high-order professional services. Therefore, in most forecasts, California is widely projected to outperform the U.S. economy, and within the state, the San Francisco Bay Area is forecasted to outperform California.

The state and region enjoy diversified economies that include arts and culture, agriculture and agribusiness, high-technology industries, traditional manufacturing, tourism and entertainment, finance, investment and professional services.

The most important current drivers of the California and San Francisco Bay Area economies are high-technology industries. High-tech firms increasingly are located throughout the state, but by far the highest concentration is in the San Francisco Bay Area. The seminal inventions of the 20th century – the Cyclotron (atomic energy), microprocessor (personal computer) and recombinant DNA (biotechnology) – all arose from San Francisco Bay Area scientists at regional research institutions. Today, our region is the global economy productivity leader in the knowledge-intensive businesses of telecommunications, computers and electronics, bioscience, digital media and environmental technology. The San Francisco Bay Area's knowledge-based industries are supported by four world-class universities (Stanford University, University of California at Berkeley, University of California at Davis and University of California at San Francisco), major federal laboratories (Lawrence Berkeley, Lawrence Livermore, NASA Ames and Sandia), numerous private research institutions and the nation's highest concentration of venture capitalists. Indeed, with just 2% of the nation's population, our region attracts more than 35% of the nation's invested venture capital. Other assets that make the San Francisco Bay Area the world's leading technology center include its highly educated workforce, outstanding natural environment and a world-class international airport.

The Central Valley, stretching nearly the length of California between the coastal and High Sierra mountain ranges, is the richest and most productive agricultural region of comparable size in the world. California's \$20 billion agricultural production industry supports nearly a \$50 billion total agribusiness industry. More than 250 cash crops (almonds, artichokes, dates, figs, kiwifruit, olives, pistachios, pomegranates, prunes, raisins)

include many that are grown commercially nowhere else in North America. Most of California’s major food and agribusiness firms are headquartered in the San Francisco Bay Area, and fields, orchards and vineyards within a 200-mile radius of the San Francisco Bay produce a significant portion of the nation’s produce, flowers, fruits, nuts, premium wines and field crops. Infrastructure supporting the industry includes massive water storage and irrigation systems, well-developed rail, highway and air transportation capacity, and the world’s leading agricultural research institution, the University of California at Davis.

Although traditional manufacturing plays a major role in the California economy, it is less important in the San Francisco Bay Area due to the dominance of high-tech industries and services. Major local manufacturing industries include petroleum refining, chemicals, food and beverages, apparel, and medical and other scientific instruments.

Tourism and entertainment, among the fastest-growing industries in the United States, also are among the fastest-growing industries in California and the San Francisco Bay Area in particular. San Francisco is indeed nearly “everyone’s favorite city,” consistently ranking at the top of the list of the most alluring destinations in the world. In travel surveys, it bests all other North American destinations for scenic beauty and restaurants, and ranks exceptionally high in terms of its uniqueness, variety of activities and accessibility via public transportation. Its mild climate and close proximity to other interesting locations also rate high among American cities.

The entertainment industry mirrors the concentration of high-tech businesses in the San Francisco Bay Area. Motion-picture and television production companies are concentrated in Hollywood, but the high-tech end of these industries is located in the San Francisco Bay Area – firms such as Lucasfilm, Industrial Light and Magic, and Pixar Animation. The region also is the nation’s center for the development of digital-media entertainment.

The San Francisco Bay Area is the world’s richest and fastest-growing regional economy, with per capita income nearly 40% higher than the U.S. average, and household income nearly 50% above the national average. It is the fifth-largest metropolitan market in the United States, with more than eight million people and 3.7 million jobs. Its more than \$200 billion annual economy is the 21st largest in the world – comparable to the national economy of Sweden or Austria. (Source: Kent Sims report for SPUR, 6-1-2000.)

**1.9** *In table form, give the following economic statistics, at both the state and local level, for the last decade (provide the most recent statistics referring to the year of official publication):*

- *Gross domestic product (GDP)*
- *Per capita income*
- *Inflation rate*
- *Unemployment rate*
- *Total number of inhabitants (by state, region and city)*

*Indicate in the above parameters if there are any significant differences between the national and state figures. Provide current forecast with regard to the inflation rate trend between now and the year of the Olympic Games.*



Table 1.9a provides the requested statistics for the San Francisco Bay Area and the State of California and illustrates some key characteristics of their economies. In the past decade, per capita income in the San Francisco Bay Area has increased almost twice as fast as the state at large. This trend reflects the fact that the state’s economic vitality in the last half of the 1990s has been driven primarily by technology-industry growth based in Silicon Valley. The state’s economic growth overall has outpaced the nation in this same period, and experts forecast the continuation of this trend into the foreseeable future.

Inflation in the region has tracked the state and the nation, though prices have increased somewhat more dramatically in the San Francisco Bay Area in recent years. Unemployment in our region is consistently lower than that of the state (at times half the state’s rate). This again reflects the booming economy of Silicon Valley and the greater San Francisco Bay Area. Finally, while key areas of the San Francisco Bay Area have experienced faster population growth than the state or region overall – for example, San Jose’s growth rate in the 1990s was the highest of the San Francisco Bay Area’s major cities at 15.8% – the populations of the region and the state have increased at about the same rate over the past decade.

**Table 1.9a Economic Statistics for State & Region**

	GROSS STATE PRODUCT <sup>1</sup>	PER CAPITA INCOME <sup>2</sup>		INFLATION RATE <sup>3</sup>		UNEMPLOYMENT RATE <sup>4</sup>	
	(in millions)	state (in \$)	region (in \$)	state	region	state	region
<b>1990</b>	792,685	21,360	26,186	5.5%	4.5%	5.8%	4.0%
<b>1991</b>	807,789	21,476	27,004	4.1%	4.4%	7.7%	5.7%
<b>1992</b>	825,193	22,163	28,834	3.6%	3.3%	9.3%	6.9%
<b>1993</b>	843,100	22,388	28,964	2.6%	2.7%	9.4%	6.8%
<b>1994</b>	875,965	22,953	30,129	1.4%	1.6%	8.6%	6.2%
<b>1995</b>	918,928	23,983	32,768	1.7%	2.0%	7.8%	4.9%
<b>1996</b>	966,778	25,142	35,003	2.0%	2.3%	7.2%	6.0%
<b>1997</b>	1,003,016	26,314	37,974	2.2%	3.4%	6.3%	3.0%
<b>1998</b>	— <sup>5</sup>	27,579	40,828	2.0%	3.2%	5.9%	3.2%
<b>1999</b>	— <sup>5</sup>	— <sup>5</sup>	— <sup>5</sup>	2.9%	4.2%	5.2%	3.0%

<sup>1</sup>Source: *Economagic.com*

<sup>2</sup>U.S. Department of Commerce, Bureau of Economic Analysis; San Jose Metropolitan Statistical Area

<sup>3</sup>U.S. Bureau of Labor Statistics; San Francisco-Oakland-San Jose CPI

<sup>4</sup>California Employment Development Department; U.S. Bureau of Labor Statistics

<sup>5</sup>Not Available

In the first decade of the new millennium, California’s economy is widely expected to outperform the national economy, and within California, the San Francisco Bay Area is expected to outperform California. The region’s economic base is anchored by some of the fastest-growing industries in the state and nation, including high technology, foreign trade, tourism and entertainment, and professional services. The San Francisco Bay Area’s concentration of firms serving the rapidly growing digital media and Internet tools market should fuel rapid growth in the region for many years to come.

Since 1995, the U.S. economy has sustained real growth without significant inflation due largely to productivity gains averaging about 2.5% per year. Current productivity growth is based mainly on four developments: major investments in new technology, corporate restructuring to capture savings from new technology, economies from widespread use of the Internet (especially in the United States), and the rising skills of the American labor

force. These conditions are expected to continue over the next decade. Therefore, the American economy can continue to expand in real terms without significant inflation.

The San Francisco Bay Area has been subject to local price pressure arising from the influx of well-paid workers in knowledge-based industries, the extreme wealth generated by the success of high-tech businesses and restrictions on housing production arising from environmental concerns. On the other hand, the San Francisco Bay Area’s productivity is rising several times faster than the productivity of the American labor force as a whole due to the concentration of industries in the region that are producing much of the gain in American productivity nationwide.

**Population**

Immigration is expected to contribute more than 40% of the increase in California’s population in the next ten years, compared with about a third of U.S. population growth in the same period. Overall, the state expects 5.3 million new residents in the next ten years, bringing the total population to 40 million by 2010. The projected 15% growth in California’s population will be two-thirds higher than the 9% growth projected for the U.S. population, and California will represent nearly 22% of the nation’s total population growth by the end of this period. California’s relatively high rate of population growth reflects the state’s expected high rate of job growth and also will help to drive that growth.

**Table 1.9b Population<sup>1</sup>**

	CALIFORNIA	REGION	MAJOR CITIES			
			San Francisco	San Jose	Oakland	Sacramento
1990	29,758,200	7,379,500	733,959	782,224	372,242	369,365
1991	30,296,000	7,491,000	731,091	792,900	378,204	373,607
1992	30,844,700	7,602,800	735,633	804,600	378,186	380,101
1993	31,303,500	7,706,900	744,475	819,900	379,742	383,776
1994	31,661,000	7,783,000	752,105	832,400	381,368	386,761
1995	31,910,100	7,824,200	751,899	839,300	381,428	384,302
1996	32,222,900	7,906,000	759,833	853,700	383,926	385,288
1997	32,670,000	8,036,900	772,834	874,200	389,713	388,135
1998	33,226,000	8,187,400	783,428	892,100	397,806	402,866
1999	33,765,000	8,341,500	793,400	906,000	401,400	404,000

<sup>1</sup>California Department of Finance

The California Department of Finance projects the population of the San Francisco Bay Area to increase 11% in the next ten years, adding another 787,000 residents. This is faster than the population growth projected for the nation as a whole (8.9%), but considerably slower than growth projected for the state (15%), or than the region itself experienced in the 1990s (15%).

**Household Formation**

The Association of Bay Area Governments (ABAG) forecasts a slight increase in the rate of household formation in San Francisco and the surrounding San Francisco Bay Area over the next ten years, compared with the 1990s. Household size is projected to decline in San Francisco from 2.46 to 2.44 persons per household. Household size in the San Francisco Bay Area is projected to rise slightly from 2.78 to 2.79 persons per household. Although San Francisco Bay Area population growth will be higher than that in the nation as a

whole (11% versus 8.9%), the rate of household formation will be lower (9% versus 11.2%). The difference reflects the age distribution of the San Francisco Bay Area population, the lower propensity for household formation among some of the region's large ethnic population and higher housing costs. Realization of these projections would reduce the city of San Francisco's share of San Francisco Bay Area households from 13% in 2000 to 12.3% in 2010.

### **Employed Residents**

ABAG projects the number of employed residents in the San Francisco Bay Area will increase somewhat faster in the decade ahead (1.28% compound annual rate) than in the 1990s (1.16%), adding another 480,000 employed people, compared with the 386,000 increase in the past decade.

The lower rate of growth in the number of employed San Francisco residents ABAG projects for the next decade reflects ABAG's lower population projections for this period. If realized, the increase in the number of employed San Francisco residents in the next decade (32,000) would then be about the same as ABAG's estimate of the increase in employed residents during the 1990s (31,000).

### **Jobs**

ABAG projects the number of jobs in the San Francisco Bay Area and the city of San Francisco will increase in the next decade by substantially more than the increase in the number of employed residents, which also was true in the 1990s. The difference in San Francisco primarily reflects an increase in the share of San Francisco jobs held by the metropolitan area residents. The difference throughout the San Francisco Bay Area reflects an increase in the number of jobs held by residents of counties surrounding the region whose population is growing much faster than the population in any of the nine counties bordering the San Francisco Bay. Higher rates of job growth than growth of employed residents also reflects a nationwide trend of people holding more than one job in the current tight labor market.

### **Employment by Major Industrial Sector**

The highest rates of job growth forecast for the next decade by ABAG, all 19% to 21%, are in services, wholesale trade, and transportation, communications and utilities. The number of jobs created in each industry is the product of the rate of job growth and the size of the job base to which the rate of growth is applied. The largest increase in jobs will be generated by services (270,000 jobs), trade (96,000) and manufacturing (73,000). Services will represent half of the 539,000 jobs ABAG expects the San Francisco Bay Area to generate over the next ten years. Trade will represent 18%, manufacturing 14%, and transportation, communications and utilities 8%.

### **Cycle of Prosperity**

In its 1999 report for the Bay Area Economic Council and Bay Area Economic Forum, McKinsey & Company attributed the San Francisco Bay Area's phenomenal economic success to a "reinforcing cycle of economic prosperity." The cycle, it said, is reinforcing because over time it widens the region's comparative advantage. McKinsey described the cycle in this way:

*Wealth-creating infrastructure*

- Outstanding universities and research institutions
- High private investment
- Educated workforce

*supports outstanding business performance*

- High employment growth
- High shareholder returns
- Large venture-capital flows
- Major productivity advantage over competitor regions

*which yields high quality of life*

- high per capita income
- more favorable distribution of income
- high level of public services
- low crime rate
- vibrant culture

*which reinforces wealth-creating infrastructure.*

**Table 1.9c Forecast of Growth Rates Based upon Economic and Demographic Assumptions** *(by percentage)*

	2000–2010	2010–2020
<b>National Assumptions</b>		
Annual Growth in Real GDP	2.8	2.7
Commercial Interest Rate	6.9	5.5
<b>Regional Economic Assumptions</b>		
Mortgage Interest Rate	7.90	7.50
Annual Energy Cost Increase	3.50	3.50
Real Increase in Output per Worker	2.10	1.90
Real Increase in Electronics Output per Worker	7.60	6.00
Real Growth in Personal Consumption	2.60	2.10
Real Growth in Capital Spending	2.94	3.10
Annual Growth in Gross Regional Product (GRP)	2.94	2.62
<b>Regional Demographic Assumptions</b>		
Annual Growth Rate in Labor Force Participation	0.26	0.16
Period Fertility Rate (Births per Female, Ages 15–44)	2.03	2.00
Net Annual Regional Migration	28.80	24.60
<b>California Population Projections by Region<sup>1</sup></b>		
California	15.0	
San Francisco Bay Area	11.0	
San Francisco	-1.0	
<b>Number of Households<sup>1</sup></b>		
San Francisco Bay Area	9.0	
San Francisco	3.3	
<b>Employed Residents<sup>1</sup></b>		
San Francisco Bay Area	13.6	
San Francisco	7.6	
<b>Number of Jobs<sup>1</sup></b>		
San Francisco Bay Area	14.6	
San Francisco	9.3	

*continued on next page*

**Table 1.9c Forecast of Growth Rates Based upon Economic and Demographic Assumptions** *(by percentage)*  
*continued from previous page*

	2000–2010	2010–2020
<b>San Francisco Bay Area Employment by Industrial Sector<sup>1</sup></b>		
Agriculture, Mining	0.9	
Construction	11.1	
Manufacturing	13.0	
High-Technology Manufacturing	8.2	
Other manufacturing	18.7	
Transportation, Communications, Utilities	19.1	
Trade	12.3	
Wholesale Trade	20.9	
Retail Trade	9.4	
FIRE	7.9	
Services	19.4	
Business Services	20.8	
All Other Services	18.6	
Government	6.4	
Total Jobs	14.6	

<sup>1</sup>Projections are only available through 2010

**1.10** *Describe the financial situation of the city by means of simplified municipal statements of accounts of the last five years certified by the competent local administrator and/or auditor.*

For the purposes of this question, the key San Francisco Bay Area cities of San Francisco, Oakland and San Jose will be referenced. The respective city administrators provided all data.

**City and County of San Francisco**

San Francisco is the economic and cultural hub of the San Francisco Bay Area, a metropolitan region with more than 6.5 million residents in nine counties. The city and county of San Francisco (the “City”) has a population of approximately 789,000. The City boasts a diverse, service-oriented economy with its major industries in tourism, business and legal services, retail, finance, insurance, real estate and high technology. The City is home to an impressive list of Fortune 500 Companies, including Vodafone Communications, Bechtel, Chevron, The Gap, McKesson, Charles Schwab and Wells Fargo.

Employment, business, development and earnings trends are similarly optimistic. San Francisco’s unemployment rate in July 2000 was 2.5%, considerably lower than both the statewide rate of 5.1% and the United States’ 4.0%. Likewise, the high-rise office vacancy rate of 1.0% in the 3rd quarter fell from 1.1% in the 1st quarter of 2000. San Francisco’s per capita personal income has grown at an annual rate of 5.6% over the past ten years, compared with growth of 3.9% statewide and 4.9% nationally.

City government revenues have shown increases consistent with a growing economy. The City’s budgetary health remains strong and reflects the benefits of an improved economy. In 1999, general governmental revenues increased by 3.8% to \$2.26 billion. Tax revenues increased 7.8% to \$1.24 billion. The City’s Statement of Revenues, Expenditures and Changes in General Fund Balances for the last five years follows.

**Table 1.10a City and County of San Francisco  
Statement of Revenues, Expenditures and Changes in General Fund Balances<sup>1</sup> (in thousands of dollars)**

	1999	1998	1997	1996	1995
<b>Revenues</b>					
Property Taxes	388,222	342,051	316,509	304,939	316,183
Business Taxes	229,171	222,904	200,923	175,314	167,670
Other Local Taxes	359,973	333,271	307,378	257,502	233,218
Licenses, Permits and Franchises	15,673	14,505	13,357	13,582	13,133
Fines, Forfeitures and Penalties	14,204	1,432	376	821	425
Interest and Investment Income	17,617	21,323	15,735	22,390	27,241
Rents and Concessions	19,373	21,242	16,671	12,415	14,348
Intergovernmental	520,580	529,999	497,865	465,803	447,488
Charges for Services	78,025	88,375	61,669	71,457	70,099
Other	11,034	9,219	11,514	52	1,837
Total Revenues	1,653,872	1,584,321	1,441,997	1,324,275	1,291,642
<b>Expenditures</b>					
Public Protection	557,632	571,166	509,889	508,382	487,283
Public Works, Transportation & Commerce	60,720	49,295	45,387	39,969	34,485
Human Welfare and Neighborhood Development	338,372	308,936	301,743	305,943	303,111
Community Health	372,792	343,517	307,210	271,549	275,166
Culture and Recreation	81,536	98,727	88,816	77,906	78,585
General Administration & Finance	160,988	135,014	134,436	130,019	132,024
Total Expenditures	1,572,040	1,506,655	1,387,481	1,333,768	1,310,654
<b>Surplus (Deficit)</b>	81,832	77,666	54,516	(9,493)	(19,012)
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	169,405	179,254	127,519	101,794	134,136
Operating Transfers Out	(230,742)	(185,020)	(128,153)	(87,126)	(81,098)
Total Other Financing Sources (Uses)	(61,337)	(5,766)	(634)	14,668	53,038
Excess (Deficiency) of Revenues and Other Sources					
Over Expenditures and Other Uses	20,495	71,900	53,882	5,175	34,026
Fund Balance at Beginning of Year, as Restated					
Before Valuation of Investments	220,550	148,650	92,280	87,105	53,079
Net Change in Reserve for Assets					
Not Available for Appropriation	—	—	—	—	—
Cumulative Effect of Change in Accounting					
for Investments	—	—	2,488	—	—
Fund Balance at Beginning of Year, as Restated	220,550	148,650	94,768	87,105	53,079
Fund Balance at End of Year – GAAP Basis <sup>2</sup>	240,863	220,550	148,650	92,280	87,105
Unreserved and Undesignated Balance					
at End of Year – GAAP Basis	35,725	44,261	(11,900)	(64,429)	(43,492)
Unreserved & Undesignated Balance, Year End					
– Budget Basis	126,357	145,332	80,182	32,538	36,760

<sup>1</sup>Fiscal year ended 6/30/99; information not yet available for fiscal year ending 6/30/00.

<sup>2</sup>Fund Balances include amounts reserved for cash requirements, emergencies, encumbrances, appropriation carryforwards and other purposes (as required by the Charter or appropriate accounting practices) as well as unreserved and undesignated fund balances (which amounts constitute unrestricted general fund balances).

Source: Comprehensive Annual Financial Report, Office of the Controller, City and County of San Francisco

In addition, the City's G.O. bond debt, which carries the City's strongest ratings, currently is rated Aa3/AA/AA by Moody's Investors Service, Standard & Poor's Ratings Service and Fitch IBCA, respectively, with AAA being the highest rating available. In September 1997, Moody's upgraded the City's rating from A1 to Aa3 based upon improved financial operations and restored General Fund reserve levels. In May 2000, Standard & Poor's revised the City's credit outlook for G.O. bond debt from stable to positive and the City's rating from AA- to AA. The upgraded outlook reflects the City's diverse and vibrant economy coupled with its sound financial position and conservative budgeting practices that provide credit stability.

Despite the City's sizable budget requirements, federal funding uncertainties and numerous capital projects, the ratings reflect overall strengths, such as high property values and income levels, strong economic growth within the region, moderate debt levels and strict Charter requirements to maintain budget balances and constrain expenditures.

### **City of San Jose**

Moody's Investors Service, in rating the July 2000 sale of Lease Revenue Bonds for the city of San Jose, stated:

"San Jose, the state's third-largest city, is a major commercial and service center for the high-technology-based South Bay Area. While the area economy experienced some contraction in the early 1990s, subsequent business activity has been strong. Silicon Valley, in which San Jose is centrally located, remains the headquarters and research center of the high-technology industry. In addition, the city's economic base continues to expand with service jobs creating increased employment diversity. Tax base expansion has been favorable, increasing at an average rate of 6.8% annually since fiscal 1995. Growth has been particularly strong in recent years with increases of 8.6%, 11.4% and 7.0% recorded in fiscal years 1998, 1999 and 2000, respectively. These growth rates are particularly impressive given the substantial size of the city's tax base (63.9 billion in fiscal 2000). A history of lower-than-average unemployment rates and favorable wealth levels attest to the strength of the area's employment base. In addition, Moody's expects that the city's wealth indicators, as measured in the recent census, will show stronger rates of growth than those experienced by the state as a whole. This expectation is based on the vibrant economic conditions that have been experienced within the City for the majority of the current decade."

Due to changes in Fitch IBCA's guidelines, its analysis of two outstanding City of San Jose Financing Authority's bond issues resulted in the bond issues being upgraded from A+ to AA-. This rating increase is reflective of the low default rates for municipal lease financings. As a result, instead of the traditional two-step distinction between lease revenue bond ratings and general obligation bond ratings, the city will now enjoy a one-step distinction between lease revenue bond ratings and general obligation bond ratings. This will theoretically translate into lower borrowing costs for the city as it continues to utilize the lease revenue bond structure to finance capital facilities.

**Table 1.10b City of San Jose – Operating Results<sup>1</sup>** *(in thousands of dollars)*

	1999	1998	1997	1996	1995
<b>All Funds</b>					
Total Revenues/Transfers In	1,304,515	1,167,575	978,344	792,369	778,091
Total Expenditures/Transfers Out	(1,184,481)	(1,007,092)	(906,799)	(761,308)	(800,319)
Net Surplus (Deficit)	120,034	160,483	71,545	31,061	(22,228)
<b>General Fund</b>					
Total Revenues/Transfers In	487,966	474,316	413,297	384,128	356,920
Total Expenditures/Transfers Out	(476,295)	(444,204)	(414,293)	(376,628)	(350,441)
Net Surplus (Deficit)	11,670	30,112	(995)	7,500	6,478
Reserved Fund Balance	31,394	25,812	17,442	14,187	13,519
Unreserved Fund Balance	108,591	102,504	72,233	45,593	38,761
Total General Fund Balance	139,986	128,315	89,675	59,780	52,280

<sup>1</sup>Fiscal year ended June 30.

### City of Oakland

The financial rating agency Fitch IBCA provided the following financial analysis of Oakland in a report dated July 7, 2000:

“The city’s financial position is sound based on its healthy general fund balance and positive operating results during two of the past three years. In fiscal 1999, the general fund benefited from an \$18.4 million surplus, the result of onetime revenues and local tax growth. The fiscal 1999 unreserved general fund balance was a solid 9.4% of expenditures and transfers. The onetime revenues included \$16 million from the sale of a parking garage.”

The Opinion from Moody’s Investors Service on June 30, 2000 stated:

“The Oakland area economy is currently the strongest it has been in decades. Unemployment in the metro area is at a record low and strong job growth is occurring in virtually all sectors. The city’s real estate market is particularly hot, as Oakland has been discovered as a cost-effective expansion location for firms that might have otherwise located in San Francisco, the Silicon Valley or other high-cost locations in the Bay Area. The city is also seeing the dividends of its own downtown redevelopment efforts and is benefiting from the higher profile provided by its nationally known mayor.”

The outlook from Standard & Poor’s on June 21, 2000 commented: “The city’s strong financial management exhibited by its prudent fiscal policies, including the elimination of a structural deficit, despite the increase in its fixed charges, provides credit stability. The outlook also reflects the city’s participation in the growing, vibrant and diverse Bay Area economy.”



**Table 1.10c City of Oakland Financial Summary – General Fund<sup>1</sup>** (in thousands of dollars)

	1997	1998	1999	2000	2001
Total Revenues	295,504	314,906	353,849	364,800	368,710
Payment to Pension Fund	(440,409)	–	–	–	–
Other Expenditures	(263,900)	(281,797)	(297,442)	(337,710)	(337,470)
Net Transfers/Other Sources/(Uses)	410,044	(35,847)	(37,999)	(25,410)	(34,910)
<b>Total</b>	<b>1,239</b>	<b>(2,738)</b>	<b>18,409</b>	<b>1,680</b>	<b>(3,670)</b>
Total Fund Balance	29,700	24,464	42,872	44,552	48,222
Undesignated Fund Balance	12,932	8,464	26,137	29,056	29,403

<sup>1</sup>Audited Fiscal Year 1997–1999, Budgeted Fiscal Year 2000–2001

Additionally, the following bond ratings have been assigned by the following agencies:

**Table 1.10d City of Oakland Bond Ratings**

	GENERAL OBLIGATION BONDS (\$19.75 MILLION)	TAX AND REVENUE ANTICIPATION NOTES (\$65 MILLION)
Moody's Investors Service	A1	MIG-1
Fitch IBCA	A+	F1+
Standard & Poor's	A+	SP-1+

**1.11** *Provide evidence of the support of the state and local population, through polls or referenda, with quantifiable results. Indicate who organized the polls and explain any organized awareness campaigns.*

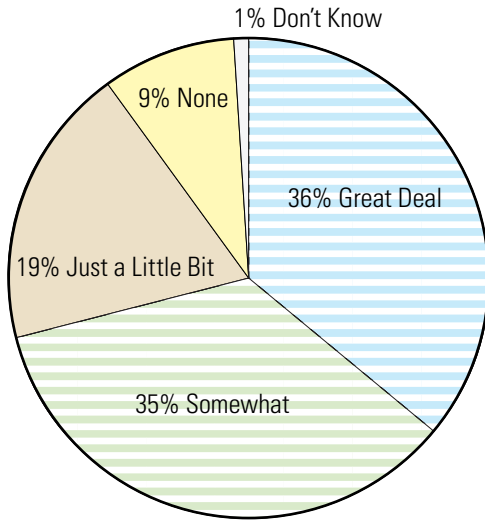
BASOC contracted with the San Francisco firm of Corey, Canapary & Galanis to perform a public opinion poll about the San Francisco Bay Area's bid to host the 2012 Olympic Games. Established in 1933, Corey, Canapary & Galanis has performed comprehensive surveys in the fields of commercial market research and political campaigns for numerous clients.

Conducted early in the fall of 2000, the poll surveyed residents in the five major counties of the San Francisco Bay Area – San Francisco, San Mateo, Santa Clara, Alameda and Contra Costa. Given the region's history of posting huge crowds for 1984 Olympic Games' soccer matches at Stanford, matched by attendance at the men's 1994 World Cup and 1999 Women's World Cup events, BASOC was optimistic that the poll would reveal strong support for the bid. The responses and numbers from the San Francisco Bay Area poll, however, exceeded expectations and demonstrated that the inherent values of Olympism enjoy strong allegiance throughout the San Francisco Bay Area.

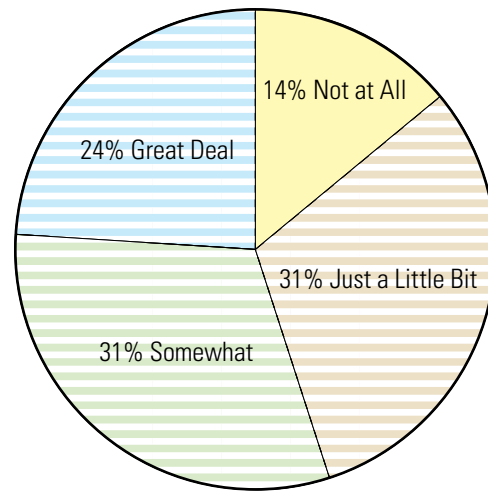
When asked about interest in the Olympic Games in general, fully seven in ten (71%) said they had either a “great deal” or “some” interest in the event.

Over half (55%) of the respondents said they followed the 2000 Olympic Games in Sydney either a “great deal” or “somewhat.”

**Chart 1.11a Interest in the Olympic Games in General**

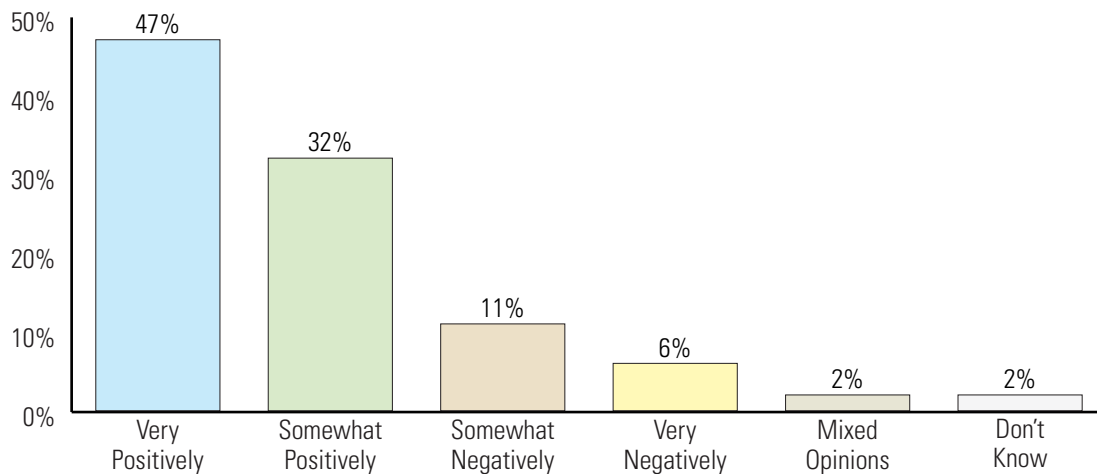


**Chart 1.11b Extent Followed Sydney Olympic Games**



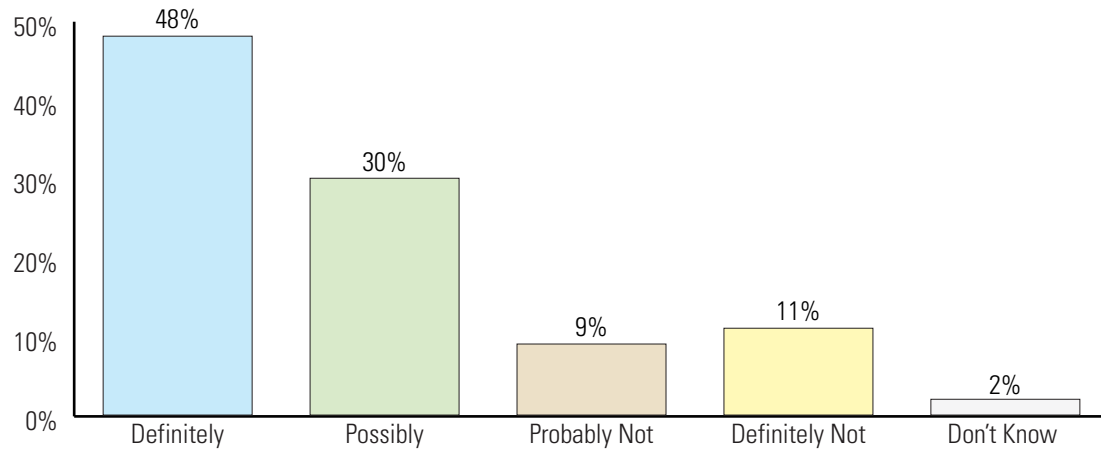
Eight in ten (79%) reacted favorably to the question, “Generally speaking, do you react very positively, somewhat positively, somewhat negatively or very negatively to holding the Olympic Games here in Northern California in the summer of 2012?”

**Graph 1.11c Reaction to Holding the Olympic Games in Northern California in 2012**

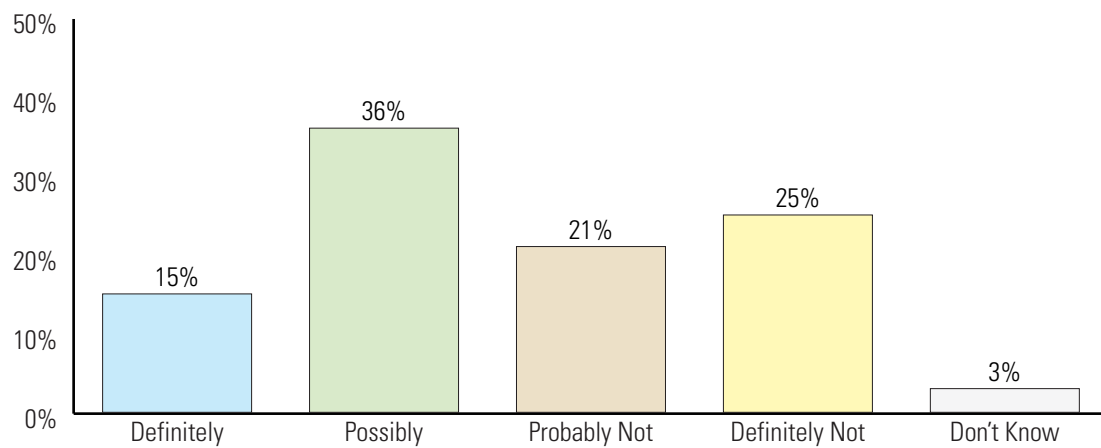


Nearly eight in ten (78%) said that either they or members of their household would attend the 2012 Olympic Games, and half (51%) said they would definitely or possibly be involved as volunteers.

**Graph 1.11d Would Attend Olympic Games**

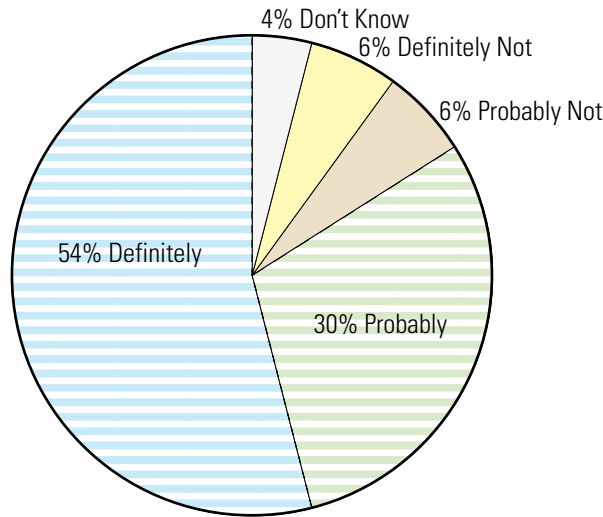


**Graph 1.11e Would Be Involved as Volunteers**

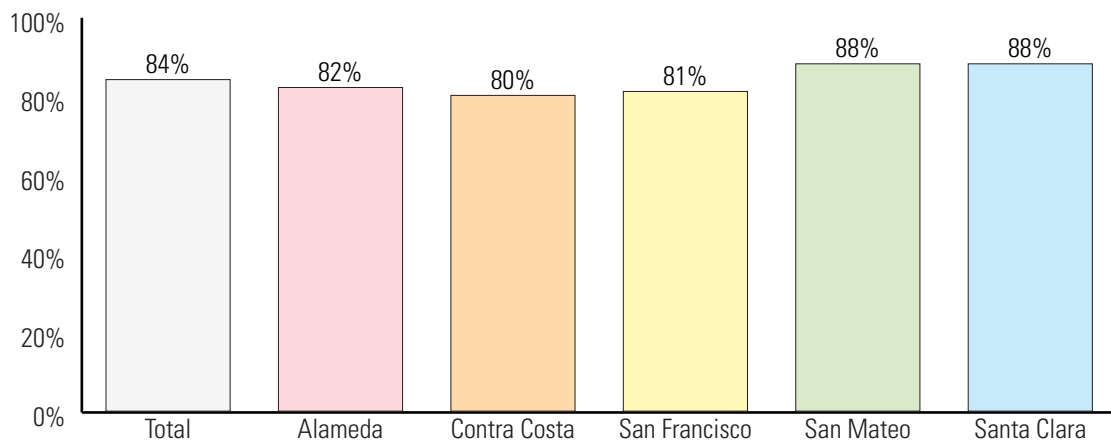


The final question, which asked whether or not BASOC should continue to pursue the 2012 Olympic Games, delivered the most dramatic numbers. Over eight in ten (84%) of respondents said “definitely” (54%) or “probably” (30%). Only 12% were not receptive, which gives a 7-to-1 positive-to-negative support for BASOC’s bid.

**Chart 1.11f Support Effort to Bring 2012 Olympic Games Here**



**Graph 1.11g Support Effort to Bring 2012 Olympic Games Here by County**



**1.12** *Give information on the existence, or the likely formation, of groups opposed to the bid. Describe the means which could be used to oppose the bid and, if successful, the holding of the Olympic Games.*

Presently, there is no organized opposition to the Bay Area Sports Organizing Committee's (BASOC) Bid to bring the 2012 Olympic Games to the San Francisco Bay Area. Concerns over traffic impacts and/or environmental issues could prompt formal organized opposition, but BASOC believes it has reduced that possibility by including representatives from a variety of organizations and viewpoints in the planning of our bid.

Regarding transportation, BASOC is confident that this bid demonstrates that the staging of the 2012 Olympic Games will provide tangible improvements to the transportation infrastructure of the San Francisco Bay Area (refer to **Theme 14 – Transportation**).

Concerning the environment, by pooling all of the considerable resources and expertise resident in the San Francisco Bay Area and soliciting the concerns of local groups throughout the planning process, BASOC is fully committed to making the 2012 Olympic Games 100% “green,” from its earliest discussions to the staging of the event itself to the dissolution of the organizing committee.

**1.13** *State whether other localities are concerned by the holding of the Olympic Games. If so, describe the nature of the support given your bid by the competent local authorities. Letters of support must be given to the USOC (Theme 19 – Guarantees).*

BASOC has received regionwide enthusiasm and support from the localities composing the San Francisco Bay Area, and we are aware of none that is concerned by the holding of the 2012 Olympic Games. The letters of support we have received from San Francisco Bay Area cities and organizations can be found in **Theme 19 – Guarantees**.

**1.14** *List the benefits for your city, region and state that you expect to derive from holding the Olympic Games.*

As has been the case for all cities that have hosted an Olympic Games, the San Francisco Bay Area stands to benefit greatly from the process of creating, staging and managing the 2012 Olympic Games. But our foremost goal is to deliver the truest Olympic experience possible, from our perspective, to the athletes who participate, to the officials and members of the Olympic Family, to the media, to those that reside here, and to fans from the region, state, country and the world who attend or tune in via television or the Internet.

Nevertheless, the 2012 Olympic Games will leave the San Francisco Bay Area significant legacies in the form of:

- Opportunity, as our citizens will experience firsthand Olympians and the Olympic Movement as a celebration of human potential, pride and achievement;
- Teamwork, as the Organizing Committee, staff and volunteers who come from all parts of the region will work together toward a common goal;
- Housing, as we will transform the Olympic Village into much-needed residences, for rent and for sale, for the general market as well as low-income families and seniors;
- Transportation, as we believe the 2012 Olympic Games will catalyze the creation of a mass-transit system that circles the San Francisco Bay;

- Environmental education, as we will showcase numerous environmentally responsible processes and practices at the 2012 Olympic Games;
- Key new venues, as we will build a new tennis center in the San Francisco Bay Area, a shooting range near San Jose and the Monterey Horse Park, the largest equestrian center in the western United States;
- Existing venues, as we will upgrade them technologically as well as cosmetically;
- Promotion of the region, as many will visit the cities and towns of Northern California; and
- Investment in the future, as we will create new, and augment existing, youth sports and fitness programs.

The intangible benefits of hosting the 2012 Olympic Games will arguably be more memorable and powerful: the simple sense of pride in holding the Olympic Games in our beloved bayside community; the opportunity for our large, diverse, local population to be part of an historic international event; and the very real experience of unifying the culturally varied and highly tolerant San Francisco Bay Area around the ultimate symbol of diversity and mutual respect.