File No. 120285

Committee Item No. 7
Board Item No. 12

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget and Finance Sub-Committee **Date:** April 18, 2012

Board of Supervisors Meeting **Date** 5/1/2012

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Completed by: Victor Young **Date:** April 12, 2012
Completed by: Victor Young **Date:** 4-19-12

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

[De-Appropriating $320,000 in Salaries and Re-Appropriating to Overtime in the Public Utilities Commission for FY2011-2012]

Ordinance de-appropriating $320,000 consisting of $250,000 in salaries in the Public Utilities Commission Clean Water Department operating budget and re-appropriating $250,000 to overtime, and de-appropriating $70,000 in salaries in the Public Utilities Commission Hetch Hetchy Power Department and re-appropriating $70,000 to overtime, in order to support the department's projected increases in overtime as required per Ordinance No. 194-11, and requires a two-thirds vote of all members of the Board of Supervisors for approval.

Note: Additions are *single-underline italics Times New Roman*; deletions are ~~*strikethrough italics Times New Roman*~~. Board amendment additions are double underlined. Board amendment deletions are ~~strikethrough normal~~.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The uses of funding outlined below are herein de-appropriated to reflect the funding available for FY2011-2012.

Uses De-appropriation--Clean Water Department

Fund	Index/Project Code	Subobject	Description	Amount
5C AAA AAA CWP-Operating-Non Project Controlled	920301	00101	Permanent Salaries	$250,000
Total USES De-appropriation--Clean Water Department				**$250,000**

Uses De-appropriation--Hetch Hetchy Power Department

Fund	Index/Project Code	Subobject	Description	Amount
5T AAA AAA Hetchy Operating-Non Project Controlled	326112	00101	Permanent Salaries	$70,000
Total USES De-appropriation--Hetch Hetchy Power Department				**$70,000**
Total USES De-appropriation				**$320,000**

Section 2. The uses of funding outlined below are herein re-appropriated in Subobject 01101 (Salaries – Overtime) and reflects the projected uses of funding to support the increases in overtime spending in the Public Utilities Commission Clean Water Department and in the Public Utilities Commission Hetch Hetchy Power Department for Fiscal Year 2011-2012.

USES Re-appropriation--Clean Water Department

Fund	Index/Project Code	Subobject	Description	Amount
5C AAA AAA CWP-Operating-Non Project Controlled	920301	01101	Salaries - Overtime - Miscellaneous	$250,000
Total USES Re-appropriation--Clean Water Department				**$250,000**

USES Re-appropriation--Hetch Hetchy Power Department

Fund	Index/Project Code	Subobject	Description	Amount
5T AAA AAA	326112	01101	Salaries - Overtime	$70,000
Hetchy Operating-			- Miscellaneous	
Non Project Controlled				
Total USES Re-appropriation--Hetch Hetchy Power Department				**$70,000**
Total USES Re-appropriation				**$320,000**

Section 3. The Controller is authorized to record transfers between funds and adjust the accounting treatment of sources and uses appropriated in this Ordinance as necessary to conform with Generally Accepted Accounting Principles.

Section 4. The Fiscal Year 2011-12 Annual Appropriation Ordinance includes the rejection of funding for $100,226 in overtime and associated fringe benefits in the Public Utilities Commission Clean Water Department by the Board of Supervisors. Pursuant to Section 3.15 of the Administrative Code, the funding of any item previously rejected or reduced by the Mayor or Board of Supervisors in consideration of the annual budget shall require a two-thirds vote of all members of the Board of Supervisors for approval.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: _____

Deputy City Attorney

FUNDS AVAILABLE
Ben Rosenfield, Controller

By: _____

Date: March 19, 2012

OFFICE OF THE MAYOR
SAN FRANCISCO

EDWIN M. LEE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors

FROM: for Mayor Edwin M. Lee

RE: De-appropriating $320,000 in salaries and re-appropriating to overtime in the Public Utilities Commission for Fiscal Year 2011-2012

DATE: March 20, 2012

Attached for introduction to the Board of Supervisors is the ordinance de-appropriating $320,000 consisting of $250,000 in salaries in the Public Utilities Commission Clean Water Department operating budget and re-appropriating $250,000 to overtime, and de-appropriating $70,000 in salaries in the Public Utilities Commission Hetch Hetchy Power Department and re-appropriating $70,000 to overtime, in order to support the department's projected increases in overtime as required per Ordinance 194-11, and requires a two-thirds vote of all members of the Board of Supervisors for approval.

I request that this item be calendared in Budget and Finance Sub-Committee.

Should you have any questions, please contact Jason Elliott (415) 554-5105.

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1 DR. CARLTON B. GOODLETT PLACE, ROOM 200
SAN FRANCISCO, CALIFORNIA 94102-4681
TELEPHONE: (415) 554-6141

120285

Item 7 File 12-0285	Departments: Public Utilities Commission

EXECUTIVE SUMMARY

Legislative Objective

The proposed ordinance would (a) de-appropriate $320,000 of salaries in the Public Utilities Commission's FY 2011-12 operating budget, and (b) re-appropriate the $320,000 for Overtime in the Public Utilities Commission's FY 2011-12 budget in order to resolve the Department's projected budgetary shortfall in Overtime as required per Administrative Code Section 3.17. The proposed ordinance would re-appropriate (a) $250,000 for Overtime in the Clean Water Department (Wastewater Enterprise) and (b) $70,000 for Overtime in the Hetch Hetchy Water and Power Department (Hetchy Water Division).

Key Points

- Administrative Code Section 3.17, which was approved by the Board of Supervisors in September of 2011, requires that the Annual Appropriation Ordinance contain a separate Overtime appropriation for the Public Utilities Commission (PUC), and the PUC must request a supplemental appropriation ordinance, subject to Board of Supervisors approval, if their Overtime expenditures are proposed to be greater than the amount of overtime appropriated in the Annual Appropriation Ordinance.

- The FY 2011-12 approved budget for the PUC includes $1,300,976 in Overtime expenditures for the Wastewater Enterprise and $777,906 in Overtime expenditures for the Hetchy Water Division.

- The three primary reasons for the requested additional Overtime expenditures for the Wastewater Enterprise are unanticipated staff coverage for (a) the 49ers National Football Conference Championship Game, (b) Islais Creek- Selby-Marin Outfalls Facility, and (c) ongoing staffing issues of vacant permanent positions, coupled with delays in permanent position hiring.

- The three primary reasons for the requested additional Overtime expenditures for the Hetchy Water Division are (a) strict scheduling requirements included in the City's labor agreement with Local 6, International Brotherhood of Electrical Workers, (b) critical staffing shortages in the power generation classifications, and (c) several ongoing special projects and related regulatory requirements.

Fiscal Impacts

- Of the total requested additional $320,000 of Overtime expenditures, the Wastewater Enterprise's requested $250,000 re-appropriation would increase Overtime from $1,300,976 to $1,550,976, an increase of 19.2 percent; and the Hetchy Water Division's requested re-appropriation of $70,000 would increase Overtime from $777,906 to $847,960, an increase of 9.0 percent.

- Based on the Budget and Legislative Analyst's projections for FY 2011-12, the PUC is estimated to need an additional (a) $1,571,616 for the Wastewater Enterprise, which is $20,640 more than the $1,550,976 request, and (b) an additional $834,731 for the Hetchy Water Division, which is $13,175 less than the $847,906 request. However, according to the PUC, it will need the entire requested $320,000 to manage its budget for the balance of FY 2011-12. The Budget and Legislative Analyst concurs.

Recommendation

- Approve the proposed ordinance.

MANDATE STATEMENT / BACKGROUND

Mandate Statement

Charter Section 9.105 requires that amendments to the Annual Appropriation Ordinance be subject to approval by ordinance of the Board of Supervisors, after Controller certifies the availability of funds.

Administrative Code Section 3.17, which was approved by the Board of Supervisors in September of 2011, requires that the Annual Appropriation Ordinance contain a separate Overtime appropriation within the Airport, Emergency Management, Police, Public Health, Public Utilities, and Public Works, Recreation and Park and Sheriff Departments' operating budgets. In accordance with Administrative Code Section 3.17(b), these eight identified City departments must also request a supplemental appropriation ordinance, which is subject to Board of Supervisors approval, if their Overtime expenditures are proposed to be greater than the amount of Overtime appropriated in the Annual Appropriation Ordinance.

Background

Table 1 below shows the Public Utilities Commission's (PUC) actual Overtime expenditures for FY 2010-11 and the approved Overtime budget appropriations for FY 2011-12, for the Clean Water Department (Wastewater Enterprise) and Hetch Hetchy Water and Power Department (Hetchy Water Division). As shown in Table 1 below, the FY 2011-12 approved budget for the PUC includes $1,300,976 in Overtime expenditures for the Wastewater Enterprise and $777,906 in Overtime expenditures for the Hetchy Water Division.

Table 1
Public Utilities Commission Overtime
FY 2010-11 and FY 2011-12

	FY 2010-11 Actual	FY 2011-12 Budget	Increase/ (Decrease)	Percent
Wastewater Enterprise	$1,730,874	$1,300,976	$(429,898)	(24.8%)
Hetchy Water Division	843,540	777,906	(65,634)	(7.7%)

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would (a) de-appropriate $320,000 of Permanent Salaries in the PUC's FY 2011-12 budget, and (b) re-appropriate the $320,000 for Overtime in the PUC's FY 2011-12 budget in order to resolve the PUC's projected FY 2011-12 budgetary shortfall in Overtime as required per Administrative Code Section 3.17. The $320,000 de-appropriation and re-appropriation consist of (a) $250,000 for the PUC's Wastewater Enterprise and (b) $70,000 for the PUC's Hetchy Water Division as shown in Table 2 below.

Table 2
Public Utilities Commission's Proposed Overtime Supplemental Appropriation

	FY 2011-12 Budget	Proposed De/Re-Appropriations	Total Change	Percent Change
Wastewater Enterprise				
Permanent Salaries	$36,242,640	($250,000)	$35,992,640	(0.7)
Overtime	1,300,976	250,0001	,550,976	19.2
Hetchy Water Division				
Permanent Salaries	13,981,018	(70,000)	$13,911,018	(0.5)
Overtime	777,906	70,000	847,906	9.0

As shown in Table 2 above, the PUC's requested $250,000 re-appropriation would result in a 19.2 increase in Overtime expenditures for the Wastewater Enterprise, and the requested re-appropriation of $70,000 would result in a 9.0 percent increase in Overtime expenditure for the Hetchy Water Division.

FISCAL IMPACTS

As shown in Table 3 below, in FY 2011-12, $1,300,976 was appropriated for Overtime expenditures PUC's Wastewater Enterprise and $777,906 was appropriated for Overtime expenditures for Hetchy Water Division. As of March 30, 2012, PUC's Wastewater Enterprise's actual Overtime expenditures incurred were $1,120,002 (86.1 percent), which for the remainder of FY 2011-12 leaves a balance of $180,974 ($1,300,976 less $1,120,002). Hetchy Water Division's actual Overtime expenditures incurred were $596,216 (76.6 percent) as of March 30, 2012, which leaves a balance of $181,690 ($777,906 less $596,216) for the remainder of the current fiscal year.

Table 3
Public Utilities Commission's Comparison of FY2011-12 Budgeted Overtime And Year-to-Date March 30, 2012 Overtime Actuals

	FY 2011-12 Budget	FY 2011-12 YTD Actuals as of 3/30/2012	Balance	Percent of Overtime Budget Expended
Wastewater Enterprise				
Permanent Salaries	$36,242,640	$24,290,337	$11,952,303	67.0
Overtime	1,300,976	1,120,002	180,974	86.1
Hetchy Water Division				
Permanent Salaries	13,981,018	9,169,029	4,811,989	65.6
Overtime	777,906	596,216	181,690	76.6

Wastewater Enterprise

The proposed ordinance would re-appropriate $250,000 of Permanent Salaries to Overtime in the Wastewater Enterprise in the FY 2011-12 budget to resolve a budgetary shortfall in Overtime. According to Mr. Carlos Jacobo, Budget Manager at the PUC, Overtime expenditures have been higher than anticipated due to the unanticipated staff coverage for (a) the 49ers National Football Conference (NFC) Championship Game, (b) Islais Creek- Selby-Marin Outfalls Facility, and (c) ongoing staffing issues of vacant permanent positions, coupled with delays in permanent position hiring.

Mr. Jacobo advises that regarding the 49ers NFC Championship Game held at Candlestick Park on January 22, 2012, the PUC Wastewater Enterprise incurred additional Overtime costs from January 17, 2012 through January 24, 2012, because the weather forecast for that week predicted significant rainfall, and as a result, the PUC's Department Operations Center (DOC) was activated earlier in the week prior to the NFC Championship Game. Mr. Jacobo further reports that as a result of the significant rainfall, Candlestick Park's Parking Lots were flooded the day before the NFC Championship Game, such that the Wastewater Enterprise's crews were also required to work around the clock that weekend to pump down and keep clear the parking lots for the game.

Regarding the Islais Creek- Selby-Marin Outfalls Facility, Mr. Jacobo advises that since October 2011, the Wastewater Enterprise has been trying to minimize the impact that homeless persons have on PUC facilities along the shoreline at Islais Creek, including the impacts from direct homeless encampments, copper thefts, and camp fires near PUC facility pipelines. This effort resulted in unanticipated Overtime costs that included the Wastewater Enterprise participation in several weekend work details along with the Department of Public Works, the San Francisco Police Department, the California Highway Patrol, The Garden Project, and Cal-Trans to cleanup and to keep clean the area impacted at the tip of Islais Creek.

Regarding vacant permanent staffing and delays in hiring, Mr. Jacobo advises that the Wastewater Enterprise currently has 71 vacant Full-time Equivalent (FTE) positions, and of those, 54 FTE positions need to remain vacant to achieve the budgeted FY 2011-12 salary savings. As a result, Mr. Jacobo advises that the difference of 17 vacant FTE positions (71 FTEs

less 54 FTEs) have resulted in a surplus in salaries in the Wastewater Enterprise budget that is available to be re-appropriated for the requested Overtime needs. In addition, these 17 vacant positions, coupled with hiring delays have resulted in the need for Overtime for other PUC staff in order to fill the work demands from these vacant positions. Mr. Jacobo advises that the status of the 17 FTE permanent positions are as follows: (a) seven positions are pending approval of selection of qualified applicants, (b) four positions have eligible lists of applicants based on City testing, and (c) six positions are pending lists that require the City to test potential applicants to determine the appropriate position class.

Hetchy Water Division

The proposed ordinance would also re-appropriate $70,000 from Permanent Salaries to Overtime in the Hetchy Water Division in the FY 2011-12 budget to resolve a budgetary shortfall in Overtime. According to Mr. Jacobo, the Hetchy Water Division Overtime expenditures have been higher than budgeted due to: (a) strict scheduling requirements included in the City's labor agreement with Local 6, International Brotherhood of Electrical Workers, (b) critical staffing shortages in the power generation classifications, and (c) currently several ongoing special projects require additional Overtime and related regulatory requirements.

Mr. Jacobo reports that the City's Memorandum of Understanding (MOU) with Local 6, International Brotherhood of Electrical Workers, includes specific scheduling and staffing requirements regarding shifts and Overtime for the operation of the Moccasin, Kirkwood, and Holm powerhouses As a result, Mr. Jacobo reports that Hetchy Water Division has little discretion regarding the staffing and scheduling of these Local 6 members outside of the specific schedules set forth in the agreement. In order to comply with the Local 6 MOU, Mr. Jacobo notes that Hetchy Water Division is required to staff each powerhouse with one 7484 Senior Power Generation Technician and two 7482 Power Generation Technician IIs and the Moccasin Powerhouse requires 24/seven coverage, and as a result, Overtime is required when an employee is sick, on vacation, or attending training. Mr. Jacobo advises that approximately $7,000 of additional Overtime will be required in FY 2011-12 due to employee sick, vacation and training, that was not previously budgeted.

Regarding the critical staffing shortages, Mr. Jacobo advises that the Hetchy Water Division currently has five vacant FTE powerhouse positions, including: one 7482 Power Generation Technician II and four 7484 Senior Power Generation Technicians. According to Mr. Jacobo, the announcements for these vacant positions are currently in progress, such that the list for these five positions is anticipated to be issued in late April, 2012 with subsequent hiring in early May, 2012. However, Mr. Jacobo cautions that the Hetchy Water Division expects possible recruitment difficulties and limited candidates meeting the minimum requirements, such that the PUC may need to modify the minimum requirements which may result in further hiring delays. Overall, Mr. Jacobo estimates approximately $14,000 of additional Overtime is required due to these vacant positions.

In addition to the Local 6 MOU requirements and the critical staffing shortages, Mr. Jacobo notes that Hetchy Water Division is currently conducting several ongoing special projects requiring operation support for multiple double shifts during the week that require additional

Overtime. Mr. Jacobo reports that the Hetchy Water Division was required to register as a Transmission Owner and Transmission Operator with North American Electric Reliability Corporation on July 15, 2011. According to Mr. Jacobo, this regulatory requirement increased training requirements, which can only be accommodated through Overtime due to staffing shortages in operations. Mr. Jacobo notes that failure to comply with these regulatory requirements can result in financial penalties ranging from $10,000 to $1,000,000 per day. Overall, Mr. Jacobo estimates approximately $7,000 of additional Overtime is required due to these staffing shortages for special projects and $42,000 of additional Overtime is required to address the regulatory requirements.

In total $70,000 has been requested for additional Overtime for the Hetchy Water Division ($7,000 plus $14,000 plus $7,000 plus $42,000) as described above.

As shown in Table 3 above, as of March 30, 2012, PUC's Wastewater Enterprise's actual Overtime expenditures were $1,120,002 and Hetchy Water Division's actual Overtime expenditures were $596,216. Table 4 below identifies the monthly costs to date and projects the required Overtime expenditure for FY 2011-12, based on the actual expenditures incurred through March 2012.

Table 4: Actual Overtime Expenditures Incurred Through March, 2012 and Projected Need for FY 2011-12

Monthly Overtime Expenditures	Wastewater Enterprise	Hetchy Water Division
July, 2011	$81,399	$ 45,474
August	103,389	58,268
September	97,568	64,752
October	117,636	56,629
November*	193,441	124,260
December	94,038	85,571
January, 2012	83,307	58,057
February	184,379	44,721
March	164,844	58,486
Subtotal	$1,120,002	$ 596,216
*Budget and Legislative Analyst's Projections for FY 2011-12 Total **	*$1,571,616*	*834,731*
Requested Total Amount for FY 2011-12 (see Table 2)	$1,550,976	$847,906
Budget and Legislative Analyst's Recommendations	***($20,640)***	***$13,175***

**The month of November 2011, included three pay periods.*
*** Projections are rounded due to the approximations of separating Hetchy Water Division from the Hetch Hetchy Water and Power Department.*

As shown in Table 4 above, the Budget and Legislative Analyst projects a total Overtime need of $1,571,616 for the Wastewater Enterprise, which is $20,640 more than the $1,550,976 total being requested. In addition, the Budget and Legislative Analyst projects a total Overtime need of $834,731 for the Hetchy Water Division, which is $13,175 less than the $847,906 total being requested. However, according to Mr. Jacobo, given various additional Overtime needs between now and the end of FY 2011-12, the PUC anticipates that it will need all of the $320,000 in requested Overtime monies in order to manage its Overtime expenditures for the balance of FY 2011-12.B ased on further discussions with the PUC, the Budget and Legislative Analyst's office concurs with the PUC.

RECOMMENDATION

Approve the proposed ordinance.