File No. 120616

Committee Item No. 1
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee **Date** June 18, 2012

Board of Supervisors Meeting **Date** _____

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OTHER **(Use back side if additional space is needed)**

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Completed by: Victor Young **Date** June 14, 2012
Completed by: Victor Young **Date** _____

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

CITY AND COUNTY OF SAN FRANCISCO

INTERIM

PROPOSED BUDGET

AND

ANNUAL APPROPRIATION ORDINANCE

AS OF MAY 31, 2012

File No. 120616 Ordinance No. _____

FISCAL YEAR ENDING JUNE 30, 2013 and

FISCAL YEAR ENDING JUNE 30, 2014

** Complete copy of document is located in

File No. 120616

Items 1, 2 and 3 Files 12-0616, 12-0617 and 12-0594	Department(s):

EXECUTIVE SUMMARY

The proposed legislation would approve for FY 2012-13 and FY 2013-14: (a) the Interim Annual Appropriation Ordinance (File 12-0616), (b) the Interim Annual Salary Ordinance (File 12-0617), and one resolution approving an Interim Budget for the Treasure Island Development Authority (TIDA) (File 12-594).

Overview of Interim Budget

Interim Annual Appropriation Ordinance and Interim Annual Salary Ordinance

The annual budget process for the City and County requires that the Board of Supervisors approve an Interim Annual Appropriation Ordinance and an Interim Annual Salary Ordinance for the two-year budgets for FY 2012-13 and FY 2013-14 on or before June 30, 2012. The purpose of these interim ordinances is to provide position and expenditure authorization for the various departments of the City and County during the time that the Budget and Finance Committee of the Board of Supervisors is reviewing the Mayor's recommended budget for FY 2012-13.

In accordance with the FY 2012-13 Budget Calendar, the Interim Annual Appropriation Ordinance and the Interim Annual Salary Ordinance are anticipated to be passed on first reading at the June 19, 2012 meeting of the Board of Supervisors. Final passage of these ordinances is anticipated for June 26, 2012.

The Interim Annual Appropriation Ordinance and Interim Annual Salary Ordinance are based on the FY 2012-13 and FY 2013-14 proposed budget recommendations of the Mayor. Therefore, these ordinances include authorization and funding for all programs and program revisions which are included in the Mayor's proposed FY 2012-13 and FY 2013-14 budgets. An analysis of departmental programs and program revisions, together with the Budget and Legislative Analyst's recommendations will be submitted in budget reports for the Budget and Finance Committee's budget hearings scheduled from June 18 through June 28, 2012.

Interim Treasure Island Development Authority Budgets

The proposed resolution (File 12-0594), approving an interim budget for the Treasure Island Development Authority (TIDA), provides expenditure authority for TIDA for the period from July 1, 2012 until the Board of Supervisors adopts final approval of the FY 2012-13 and FY 2013-14 budgets for TIDA, as required by State Community Redevelopment Law. Approval of this proposed resolution would not constitute final approval of (a) any new positions, programs, capital improvements and equipment for TIDA.

Interim Annual Appropriation Ordinance

As a general policy, in previous years, the Board of Supervisors has not approved new positions, programs, capital improvements and equipment during the interim budget period without detailed review unless the Budget and Finance Committee and the full Board authorizes exceptions requested by the Mayor's Office. This general policy has been implemented by instructing the Controller not to certify the availability of funds for new positions, programs, capital improvements and equipment during the interim budget period between July 1 and July 31. If an exception is approved by the Board of Supervisors, new positions can be filled effective July 1, 2012. Otherwise, new positions will generally not be filled until October 1 of each fiscal year.

Exceptions to the Interim Budget

In certain cases, specific exceptions requested by the Mayor's Office to these general policies have been approved by the Board of Supervisors. Approval of such exceptions have been based on such factors as new positions and programs that produce revenue or cost savings or prevent major service deficiencies which would result from delays in filling new positions or starting new programs.

The Mayor's Budget Director submitted a memorandum on June 12, 2012, requesting hiring of 162.60 new positions as of July 1, 2012. We will review this request and make recommendations to the Budget and Finance Committee pertaining to the requested 162.60 new positions as exceptions to the interim budget as part of our review of each department's FY 2012-13 and FY 2013-14 proposed budgets.

Revisions to the Administrative Provisions of the Interim Annual Appropriation Ordinance

The Controller has recommended the following changes to the Administrative Provisions of the FY 2012-13 and FY 2013-14 Interim Annual Appropriation Ordinance:

Section 3.1. Two-Year Budget. The Board of Supervisors approved fixed two-year budgets for the Port, Airport, and Public Utilities Commission in FY 2012-13 and FY 2013-14, which are subject to amendment if actual revenues or expenditures change by more than 5% compared to the adopted two-year budget (Resolution 464-11). Under the proposed Section 3.1, the Controller is authorized to allot funds to the Port, Airport, and Public Utilities Commission on July 1, 2014, in accordance with the FY 2012-13 and FY 2013-14 budgets, unless budget amendments are approved. The proposed Section 3.1 also authorizes the Controller to allot funds to the Municipal Transportation Agency on July 1, 2014, in accordance with the FY 2012-13 and FY 2013-14 budgets, as provided under Charter Section 8A.

Section 11.24 Affordable Housing Loan Repayments and Interest The proposed Interim Annual Appropriation Ordinance contains a new provision that loan repayments and interest earnings in special revenue funds designated for affordable housing can only be used for affordable housing program expenditures.

Section 12.13 The proposed Interim Annual Appropriation Ordinance contains a new provision that addresses the City's role as successor agency to the former Redevelopment Agency. Section 12.13 authorizes the Controller to set up accounts within the City's financial systems to receive former Redevelopment Agency funds and to establish appropriation authority and to expend or encumber funds consistent with (a) the FY 2012-13 and FY 2013-14 budgets, approved by the Board of Supervisors, for former Redevelopment Agency functions, and (b) enforceable obligations that remain in effect as of July 1, 2012, consistent with State requirements.

Section 12.13 also authorizes the Purchaser to follow applicable contracting and purchasing procedures for the former Redevelopment Agency, including waiving inconsistent provisions of the City's Administrative Code. This provision applies only to contracts or purchasing procedures in effect at the time of the dissolution of the former Redevelopment Agency or as part of an enforceable obligation, as defined by the State. The authority to waive contract or purchasing procedures that are inconsistent with the City's Administrative Code expires on June 30, 2014.

Section 12.13 also provides the following:

- The Controller may increase or decrease former Redevelopment Agency appropriations, consistent with increases or decreases in Property Tax increment revenues allocated to redevelopment project areas or to enforceable obligations.
- The City Administrator's Office will act as the fiscal agent from Community Facilities District funds previously administered by the Redevelopment Agency.
- They Mayor's Office of Housing will act as the fiscal agent for the nonprofit Public Initiatives Development Corporation, established by the Redevelopment Agency for the development of affordable housing.

Hotel Taxes and Business Improvement Districts

Attachment I shows the FY 2012-13 and FY 2013-14 Hotel Tax allocations, specified under the City's Business and Tax Regulations Code. As noted in the Budget and Legislative Analyst's *Performance Audit of Governance and City Support of the Asian Art Museum, Fine Arts Museums, War Memorial, and the Academy of Sciences,* although the Business and Tax Regulations Code does not require the City to allocate Hotel Tax revenues to the Academy of Sciences Steinhart Aquarium, the Board of Supervisors has allocated Hotel Tax revenues to the Steinhart, which totaled $1,200,000 since FY 2004-05. The proposed FY 2012-13 and FY 2013-14 Hotel Tax allocations to the Steinhart Aquarium is $1,208,000 in each fiscal year. We recommend that the Board of Supervisors amend the Business and Tax Regulations Code to include the Hotel Tax allocation to the Academy of Sciences Steinhart Aquarium, consistent with previously Board of Supervisors policy.

Attachment II shows the FY 2012-13 and FY 2013-14 Business Improvement District assessments. These assessments are levied on real property in the Business Improvement Districts, established by ordinance of the Board of Supervisors, and are used for purposes defined

in the district plans, budgets, and management agreements, as approved by the Board of Supervisors.

Revisions to the Administrative Provisions of the Annual Salary Ordinance

The Department of Human Resources has recommended the following change to the Administrative Provisions of the Interim Annual Salary Ordinance:

Section 2.1. PUC Employees Assigned to Hetch Hetchy and Recreation and Park Department Employees Assigned to Camp Mather. Public Utilities Commission (PUC) and Recreation and Park Department employees, who work and reside locations that are not serviced by the Health Maintenance Organizations (HMOs) contracted by the City's Health Service System, and therefore are only eligible to enroll in the City Health Plan, receive a monthly stipend to compensate for the higher cost of the City Health Plan compared to the HMOs. Section 2.1 has been revised to show the new stipend amounts for Recreation and Park Department and PUC employees with two or more dependents, and for PUC employees with one dependent. These new stipend amounts are effective from July 1, 2012 through December 31, 2012, and may change as of January 1, 2013.

Approval of the Interim Annual Appropriation Ordinance and Interim Annual Salary Ordinance

Generally, in past years, the Mayor's recommended Interim Annual Appropriation Ordinance and the Interim Annual Salary Ordinance have been routinely approved by the Board of Supervisors, excluding exceptions for new positions, programs, capital improvements and equipment.

The Budget and Legislative Analyst has previously been advised by Ms. Adams of the City Attorney's Office that the Board of Supervisors is required to approve an Interim Annual Appropriation Ordinance and an Interim Annual Salary Ordinance (and therefore the Interim Budget). Ms. Adams has further advised the Budget and Legislative Analyst that if these ordinances are not approved by the Board of Supervisors by June 30, the Controller will no longer have authority to issue payroll warrants to City and County employees or to issue other warrants to pay for any other City and County services.

The Controller has previously advised the Budget and Legislative Analyst that he concurs with the opinion of Ms. Adams. The Controller would cease to issue any further City and County warrants unless the Board of Supervisors approves an Interim Annual Appropriation Ordinance and Interim Annual Salary Ordinance (the Interim Budget) by June 30.

Summary

- File 12-0616 is an ordinance approving the FY 2012-13 and FY 2013-14 Interim Annual Appropriation Ordinance and File 12-0617 is an ordinance approving the FY 2012-13 Interim Annual Salary Ordinance for the period from July 1, 2012 until the Board of Supervisors finally adopts the FY 2012-13 and FY 2013-14 budgets. These two ordinances will be

superseded by any further changes made by the Board of Supervisors during the Board of Supervisors FY 2012-13 and FY 2013-14 budget review.

- File 12-0594 is a resolution approving the interim budget for the Treasure Island Development Authority. Approval of this resolution provides expenditure authority for TIDA for the period from July 1, 2012 until the Board of Supervisors final approval of the FY 2012-13 and FY 2013-14 budgets, as required by State Community Redevelopment Law. Approval of this proposed resolution would not constitute final approval of any new positions, programs, capital improvements and equipment for TIDA.

Recommendations

- Except for the exemption to the Interim Budget, which as noted above include the hiring of 162.60 new positions as of July 1, 2012, positions which the Budget and Legislative Analyst will analyze and make recommendations to the Budget and Finance Committee during the review of each Department's budgets, approve (a) the FY 2012-13 and FY 2013-14 Interim Annual Appropriation Ordinance (File 12-0616), (b) the FY 2012-13 and FY 2013-14 Interim Annual Salary Ordinance (File 12-0617), and (d) the FY 2012-13 and FY 2013-14 Interim Treasure Island Development Authority Budget (File 12-0594).

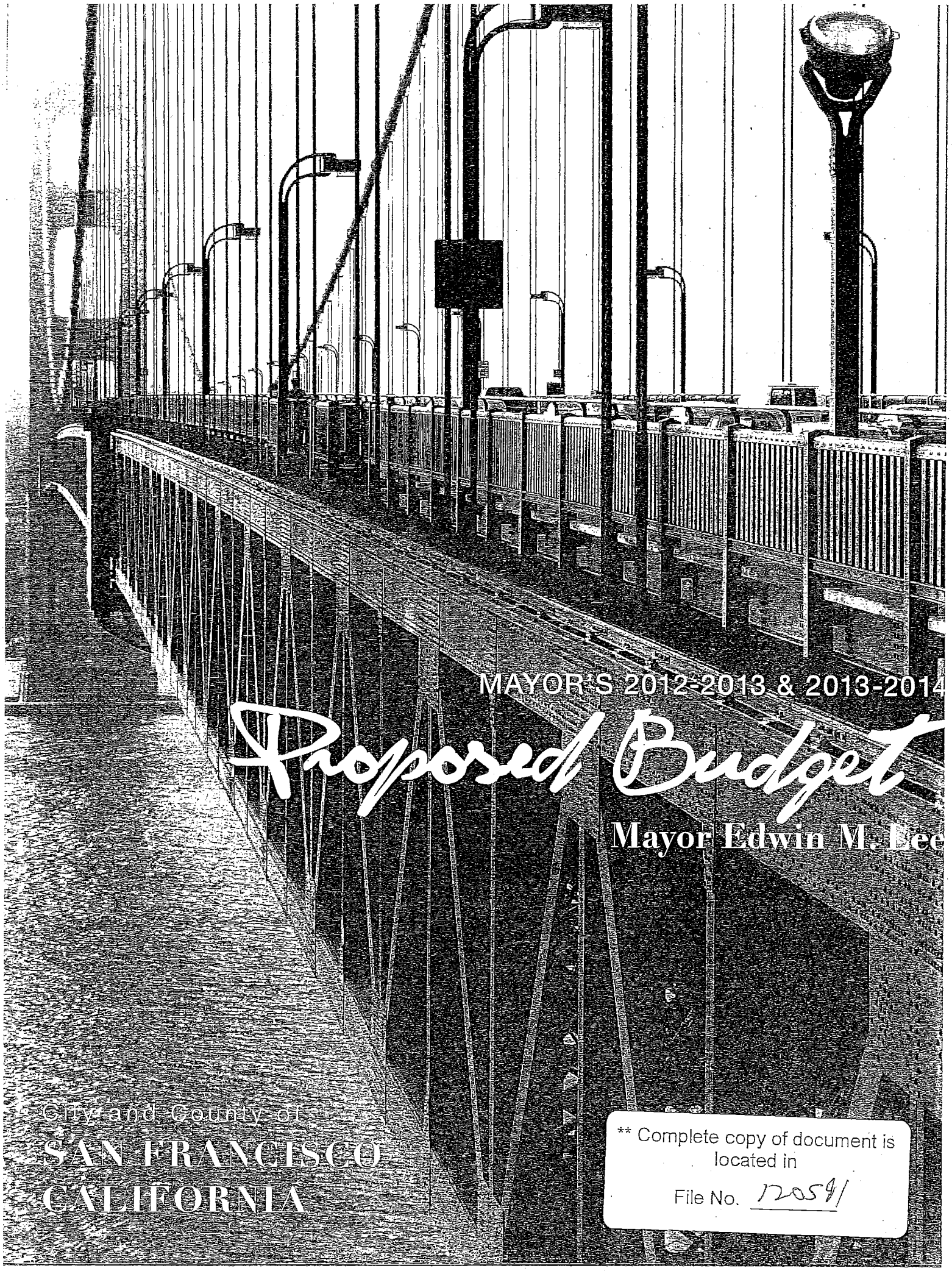
- Amend the Business and Tax Regulations Code to include the annual Hotel Tax allocation to the Academy of Sciences Steinhart Aquarium, consistent with previous Board of Supervisors policy.

Attachment I

Specified Hotel Tax Allocations	FY 2012-13	FY 2013-14
Publicity/Advertising: Recurring Events	11,177,000	11,177,000
Publicity/Advertising: Nonrecurring Events	191,000	191,000
Fine Arts Museum	5,620,000	5,620,000
Asian Art Museum	2,229,000	2,229,000
Steinhart Aquarium	1,208,000	1,208,000
Tax Collector	114,000	114,000
Culture Centers	1,516,000	1,516,000
Cultural Equity Endowment Fund	1,716,000	1,716,000
Convention Facilities	34,147,000	34,147,000
Convention and Visitors Bureau	7,580,000	7,580,000
Affordable Housing—Rental Assistance	5,500,000	5,560,000
War Memorial	9,158,500	9,071,000
Yerba Buena Gardens Debt Service	3,177,400	3,088,000

Attachment II

District/Resolution No./Special Assessment No.	FY 2012-13	FY 2013-14
Castro/Upper Market Community Benefit District, 582-05, 63	$408,091	$408,091
Central Market Community Benefit District, 631-06, 66	574,164	574,164
Civic Center Community Benefit District, 021-11, 31	695,819	695,819
Fisherman's Wharf Community Benefit District, 540-05, 64	600,215	600,215
Fisherman's Wharf Portside, 539-05, F-107	187,464	187,464
Greater Union Square Business Improvement District, 550-10, 57	3,025,830	3,025,830
Mission Miracle-2500 Block of Mission Street Business Improvement District, 473-10, 65	85,002	85,002
Noe Valley Community Benefit District, 583-05, 61	232,710	232,710
North of Market/Tenderloin Community Benefit District, 584-05, 62	1,004,623	1,004,623
Ocean Avenue, 587-10, 73	239,578	239,578
Tourism Improvement District, 504-08, 75	22,700,000	22,700,000
Yerba Buena Community Benefit District 330-08, 96	2,346,649	2,346,649



MAYOR'S 2012-2013 & 2013-2014

Proposed Budget

Mayor Edwin M. Lee

City and County of

SAN FRANCISCO

CALIFORNIA

** Complete copy of document is located in

File No. 120591