

CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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May 16, 2011

TO: Budget and Finance Committee
FROM: Budget and Legislative Analyst
SUBJECT: Recommendations of the Budget and Legislative Analyst for Amendment of the Mayor's Fiscal Year 2011-2012 Budget.

Page

Descriptions for Departmental Budget Hearing, May 18, 2011 Meeting, 10:00 a.m.

AIR Airport 1
PRT Port..... 14



Harvey M. Rose

cc: Supervisor Chu
Supervisor Mirkarimi
Supervisor Kim
Supervisor Wiener
President Chiu
Supervisor Avalos
Supervisor Campos
Supervisor Cohen
Supervisor Elsbernd
Supervisor Farrell
Supervisor Mar
Clerk of the Board
Cheryl Adams
Controller
Greg Wagner

BUDGET REVIEW EXECUTIVE SUMMARY

YEAR ONE: FY 2011-12

Budget Changes

The department's proposed \$755,782,848 budget for FY 2011-12 is \$8,034,926 or 1.1 percent more than the original FY 2010-11 budget of \$747,747,922.

Personnel Changes

The number of FTEs in FY 2011-12 is 1,382.52 or 88.93 more than the 1,293.59 FTEs in FY 2010-11. This represents a 6.9 percent increase in FTEs from the original FY 2010-11 budget.

YEAR TWO: FY 2012-13

Budget Changes

The department's proposed \$826,281,224 budget for FY 2012-13 is \$70,498,376 or 9.3 percent more than the original FY 2011-12 budget of \$755,782,848.

Personnel Changes

The number of FTEs in FY 2012-13 is 1,386.82 or 4.30 more than the 1,382.52 FTEs in FY 2011-12.

RECOMMENDED REDUCTIONS

The Budget and Legislative Analyst's recommended reductions to the proposed budget total \$2,176,068 in FY 2011-12 and \$2,247,106 in FY 2012-13. These reductions would still allow an increase of \$5,858,858 or 0.8 percent in the Department's FY 2011-12 budget and \$68,251,270 or 9.0 percent in the Department's FY 2012-13 budget.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS, FISCAL YEARS 2011-12 & 2012-13**

DEPARTMENT: AIR – AIRPORT

SUMMARY OF PROGRAM EXPENDITURES:

Program	2010-2011 Budget	2011-2012 Proposed	Change From 2010-2011	2012-2013 Proposed	Change From 2011-2012
ADMINISTRATION	37,156,965	36,884,934	(272,031)	37,946,208	1,061,274
AIRPORT DIRECTOR	10,979,545	14,643,261	3,663,716	8,808,672	(5,834,589)
BUREAU OF DESIGN AND CONSTRUCTION	2,856,659	2,707,041	(149,618)	2,789,437	82,396
BUSINESS & FINANCE	413,579,649	429,309,658	15,730,009	445,087,371	15,777,713
CAPITAL PROJECTS AND GRANTS	68,374,119	39,498,903	(28,875,216)	86,981,785	47,482,882
CHIEF OPERATING OFFICER	4,013,545	4,679,735	666,190	4,880,763	201,028
COMMUNICATIONS & MARKETING	5,867,878	5,933,000	65,122	6,126,590	193,590
CONTINUING PROJECTS, MAINT AND RENEWAL	6,000,000	7,075,000	1,075,000	8,500,000	1,425,000
DEPARTMENTAL FUND TRANSFER	0	0	0	0	0
FACILITIES	138,474,553	153,098,383	14,623,830	162,016,824	8,918,441
FACILITIES MAINTENANCE, CONSTRUCTION	0	0	0	0	0
FIRE AIRPORT BUREAU NON-PERSONNEL COST	849,417	813,542	(35,875)	705,843	(107,699)
OPERATIONS AND SECURITY	51,535,730	54,515,318	2,979,588	56,097,885	1,582,567
OTHER PROGRAMS	0	0	0	0	0
PLANNING DIVISION	3,888,957	4,126,230	237,273	4,290,376	164,146
POLICE AIRPORT BUREAU NON-PERSONNEL COST	4,170,905	2,497,843	(1,673,062)	2,049,470	(448,373)
AIRPORT COMMISSION Total	747,747,922	755,782,848	8,034,926	826,281,224	70,498,376

The Airport's proposed FY 2011-12 budget is \$8,034,926 more than the FY 2010-11 budget. The Airport has proposed new or increased programs in FY 2011-12, as noted below, offset by other reductions:

- The newly-renovated Terminal 2 opened on April 14, 2011. The Airport's FY 2010-11 and FY 2011-12 budget included 20 new positions to be funded in FY 2011-12, which was the second year of the two-year budget, for the operation and maintenance of Terminal 2. The Airport's FY 2011-12 budget also includes new expenditures for the Terminal 2 flight information display system and other automated systems.
- The Airport is expanding the role of the Contracts Administration Unit to assist Airport staff with competitive contracting processes for construction and professional services contracts. The Airport is adding two new Contracts Administration Unit positions in FY 2011-12.
- The Airport is adding five new positions to the Airport's Electric Shop and increasing expenditures for materials for fire protection system maintenance. These positions will be responsible for maintaining the fire alarm, fire protection, and smoke control systems at the Airport.
- The Airport is expanding the Equal Employment Opportunity program, which includes the Training and Development Center and Airport Academy to provide career services and professional development to Airport employees. The Airport is adding one new position to this program.

The Airport's proposed FY 2012-13 budget is \$70,498,376 more than the FY 2011-12 budget, largely due to increases in capital projects and debt service payments. The Airport will also have increased costs associated with the new Terminal 2 and its facility maintenance needs, including water and power from the Public Utilities Commission that alone are projected to increase from the FY2011-2012 budget by \$2,744,492.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS, FISCAL YEARS 2011-12 & 2012-13**

DEPARTMENT: AIR – AIRPORT

DEPARTMENT PERSONNEL SUMMARY:

The number of FTEs in FY 2011-12 is 1,382.52 or 88.93 more than the 1,293.59 FTEs in FY 2010-11. The number of FTEs in FY 2012-13 is 1,386.82 or 4.30 more than the 1,382.52 FTEs in FY 2011-12.

As noted above, the Airport's FY 2011-12 budget includes 20 new positions that were previously approved by the Board of Supervisors for the second-year (FY 2011-12) of the two-year FY 2010-11 and FY 2011-12 budget, and eight new positions for the Contracts Administration Unit, Equal Employment Opportunity program, and Electric Shop. The Airport has also reduced Attrition Savings to allow for increased hiring in the Personnel unit and Facilities division. As noted in the attached Recommendations, the Budget and Legislative Analyst recommends increased Attrition Savings in FY 2011-12 and FY 2012-13.

COMMENTS:

The Budget and Legislative Analyst's recommended reductions to the proposed budget total \$2,176,068 in FY 2011-12 and \$2,247,106 in FY 2012-13. These reductions would still allow an increase of \$5,858,858 or 0.8 percent in the Department's FY 2011-12 budget and \$68,251,270 or 9.0 percent in the Department's FY 2012-13 budget.

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
2011-2012 and 2012-2013**

AIR - Airport

		FY 2011-2012				FY 2012-2013				
Object Title	FTE		Amount		GF 1T	FTE		Amount		GF 1T
	From	To	From	To		From	To	From	To	
BG1 - Administration (5A AAA AAA)										
0931 Manager III	1.0	0.0	\$121,485	\$0				\$128,569	\$0	
1824 Principal Administrative Analyst	0.0	1.0	\$0	\$105,520				\$0	\$110,725	(\$110,725)
Disapprove the upward substitution of an 1824 Principal Administrative Analyst to a 0931 Manager III. The program currently has one Deputy Director V and one Manager III in a program with nine total employees. The upward substitution of the 1824 Principal Analyst to a 0931 Manager III would result in three high level managers to supervise six staff.										
Mandatory Fringe Benefits			\$47,280	\$0				\$53,476	\$0	\$53,476
Mandatory Fringe Benefits			\$0	\$40,447				\$0	\$45,816	(\$45,816)
Corresponds to recommended disapproval of upward substitution										
Ongoing reduction										
1044 IS Engineer Principal	1.0	0.0	\$127,626	\$0				\$133,922	\$0	\$133,922
1043 IS Engineer Senior	0.0	1.0	\$0	\$118,648				\$0	\$124,501	(\$124,501)
Disapprove the upward substitution of a 1043 IS Engineer Senior to a 1044 IS Engineer Principal. The upward substitution would result in a 1044 IS Engineer Principal with a much smaller span of control than other 1044 IS Engineer Principals in the division.										
Mandatory Fringe Benefits			\$44,943	\$0				\$50,959	\$0	\$50,959
Mandatory Fringe Benefits			\$0	\$43,170				\$0	\$48,771	(\$48,771)
Corresponds to recommended disapproval of upward substitution										
Ongoing reduction										

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
2011-2012 and 2012-2013**

AIR - Airport

Object Title	FY 2011-2012				FY 2012-2013			
	FTE From	FTE To	Amount From	Amount To	FTE From	FTE To	Amount From	Amount To
1044 IS Engineer Principal	1.0	0.0	\$0	\$0			\$0	\$0
Delete one 1044 IS Engineer-Principal position, which was included in the FY 2010-11 budget for the first time but was never hired. This position is off-budget.								
Mandatory Fringe Benefits			\$0	\$0			\$0	\$0
Corresponds to recommended deletion of off-budget position								
9993 M Attrition Savings			(\$330,822)	(\$405,822)			(\$344,714)	(\$419,714)
The Airport has reduced Attrition Savings by \$283,685, from -\$614,507 in FY 2010-11 to -\$330,822 in FY 2011-12 to allow for the hiring of vacant information technology positions. Increase Attrition Savings by \$75,000 to reflect actual hiring dates and projected salary surplus in FY 2010-11.								
Mandatory Fringe Benefits			(\$129,698)	(\$159,102)			(\$147,186)	(\$179,210)
Corresponds to recommended increase in Attrition Savings								
Attrition Savings			(\$279,372)	(\$329,372)			(\$291,103)	(\$341,103)
The Airport has reduced Attrition Savings by \$226,275, from -\$505,647 in FY 2010-11 to -\$279,372 in FY 2011-12 to allow for the hiring of vacant personnel positions to process new hires and other human resource functions. Increase Attrition Savings by \$50,000 to reflect actual hiring dates and projected salary surplus in FY 2010-11.								
Mandatory Fringe Benefits			(\$109,529)	(\$129,132)			(\$124,295)	(\$145,644)
Corresponds to recommended increase in Attrition Savings								

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
2011-2012 and 2012-2013**

AIR - Airport

Object Title	FY 2011-2012				FY 2012-2013					
	FTE From	FTE To	Amount From	Amount To	FTE From	FTE To	Amount From	Amount To	Savings	GF IT
Other Materials and Supplies							\$19,000	\$4,000	\$15,000	
Equipment Purchases			\$29,300	\$29,076						
Based on vendor quote									\$0	
Decreased to reflect one time costs that should not be carried forward to FY 2012-13.										
BG2 - Business and Finance (5A AAA AAA)										
Other Professional Services			\$2,338,747	\$2,303,747			\$2,338,747	\$2,303,747	\$35,000	
Reduce the contract with Leigh Fisher for general management services in retail concession planning by \$35,000, from \$110,000 to \$75,000 to reflect projected actual expenditures for these services.										
Other Professional Services			\$18,384,746	\$17,619,955			\$18,384,746	\$17,619,955	\$764,791	
The Airport's contract with New South Parking provides parking management services. The Airport has increased the contract amount by \$630,391, from \$17,619,955 in FY 2010-11 to \$18,250,346 in FY 2011-12. A contract amount at the budgeted FY 2010-11 level is adequate.										
Other Professional Services			\$742,000	\$700,000			\$742,000	\$700,000	\$42,000	
The Airport has a contract with AvAir Professionals to provide liaison services between the Airport Commission and the airlines. The Airport has not fully expended on the contract in FY 2010-11.										
Ongoing reduction										

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
2011-2012 and 2012-2013**

AIR - Airport

Object Title	FY 2011-2012				FY 2012-2013					
	FTE From	FTE To	Amount From	Amount To	FTE From	FTE To	Amount From	Amount To	Savings	GF IT
Maintenance Services - Equipment			\$525,768	\$475,768			\$525,768	\$475,768	\$50,000	
Reduce to reflect actual expenditures in prior fiscal years.										
BG 3 - Communications and Marketing (5A AAA AAA)										
Air Travel			\$78,860	\$50,000			\$78,860	\$50,000	\$28,860	
Reduce to reflect actual expenditures in prior fiscal years.										
Non Air Travel			\$34,700	\$30,000			\$34,700	\$30,000	\$4,700	
Reduce to reflect actual expenditures in prior fiscal years.										
Other Professional Services			\$1,718,805	\$1,684,000			\$1,718,805	\$1,684,000	\$34,805	
The Airport has increased 027 Professional Services for the Public Affairs unit by \$34,805 from \$1,684,000 in FY 2010-11 to \$1,718,805 in FY 2011-12 to pay for proposed consulting services for (1) promotional events for new services, and (2) analyses and surveys of current and future issues. Reduce 027 Professional Services to the FY 2010-11 amount which is sufficient to provide these services.										
BG4 - Chief Operating Officer (5A AAA AAA)										
Other Professional Services			\$187,746	\$107,746			\$187,746	\$107,746	\$80,000	
The Airport has prosed \$187,746 for various consulting contracts to provide management consulting services to "achieve the goals in the new strategic plan for the Airport". Reduce the total amount for consulting service to FY 2010-11 expenditure levels, which are sufficient to provide the requested services.										

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
2011-2012 and 2012-2013**

AIR - Airport

Object Title	FY 2011-2012				FY 2012-2013							
	FTE From	FTE To	Amount From	Amount To	GF 1T	Savings	FTE From	FTE To	Amount From	Amount To	Savings	GF 1T
BG5 - Director's Office(5A AAA AAA)												
0932 Manager IV	1.0	0.0	\$130,306	\$0		\$130,306			\$137,904	\$0	\$137,904	
0922 Manager I	0.0	1.0	\$0	\$104,946		(\$104,946)			\$0	\$111,066	(\$111,066)	
Disapprove the upward substitution of a 0922 Manager I to a 0932 Manager IV in the Equal Employment Opportunity Office (EEO), which would result in the EEO having three high-level manager positions and three journey level positions (two training officers and one management assistant).												
Mandatory Fringe Benefits			\$49,029	\$0		\$49,029			\$55,598	\$0	\$55,598	
Mandatory Fringe Benefits			\$0	\$43,909		(\$43,909)			\$0	\$49,761	(\$49,761)	
Corresponds to recommended disapproval of upward substitution												
Air Travel			\$25,500	\$17,000		\$8,500			\$25,500	\$17,000	\$8,500	
Reduce to reflect actual expenditures in prior fiscal years.												
Non Air Travel			\$26,500	\$18,000		\$8,500			\$26,500	\$18,000	\$8,500	
Reduce to reflect actual expenditures in prior fiscal years.												
Training			\$581,832	\$550,000		\$31,832			\$581,832	\$550,000	\$31,832	
Reduce to reflect actual expenditures in prior fiscal years.												
Training			\$3,500	\$1,500		\$2,000			\$3,500	\$1,500	\$2,000	
Reduce training expenditures to reflect actual projected expenditures in FY 2010-11.												

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
2011-2012 and 2012-2013**

AIR - Airport

Object Title	FY 2011-2012				FY 2012-2013						
	FTE From	FTE To	Amount From	Amount To	FTE From	FTE To	Amount From	Amount To	Savings	GF	IT
BG6 - Facilities (5A AAA AAA)											
Premium Pay											
Miscellaneous							\$168,000	\$84,000	\$84,000		
<p>Employees covered by the Memoranda of Understanding (MOUs) between the City and the labor unions for the Consolidated Crafts, Electrical Workers, Plumbers and Steamfitters, Laborers, and other employee unions receive lead worker premium pay if (1) the employee is assigned to be lead in a crew of at least two employees of the same classification, or (2) plans, designs, sketches, lays out, details, estimates, or orders materials. In the Budget and Legislative Analyst's pending performance audit of City Departments' Management of Lead Worker Premium Pay and Standby Pay, the Budget and Legislative Analyst found that City departments lack effective management oversight of lead worker assignments. Many lead worker assignments are rotated among all or most of the employees in a classification without adequate distinction between the lead worker and other employees within the classification. Also, City departments may pay lead worker premiums to employees who supervise no other employees but are considered to "plan, design, sketch, lay out, detail, estimate, or order materials".</p> <p>The Budget and Legislative Analyst recommends that the Department of Human Resources meet and confer with the respective labor unions prior to the expiration of the subject MOUs on June 30, 2012 to (1) define the responsibilities and span of control of a lead worker assignment and qualifications of lead workers, and (2) negotiate revised MOU provisions. A reduction in lead worker premium pay would result in an estimated savings of \$84,000, or 50 percent, from \$168,000 in FY 2011-12 to \$84,000 in FY 2012-13.</p>											
Mandatory Fringe Benefits							\$13,356	\$6,678	\$6,678		
Corresponds to recommended decrease in Premium Pay											

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
2011-2012 and 2012-2013**

AIR - Airport

Object Title	FY 2011-2012				FY 2012-2013					
	FTE From	FTE To	Amount From	Amount To	FTE From	FTE To	Amount From	Amount To		
Attrition Savings			(\$214,892)	(\$314,892)			(\$219,526)	(\$319,526)	\$100,000	
<p>The Airport has reduced Attrition Savings by \$397,800, from -\$612,692 in FY 2010-11 to -\$214,892 in FY 2011-12 to allow for the hiring of vacant positions. Increase Attrition Savings by \$100,000 to reflect actual hiring dates and projected salary surplus in FY 2010-11.</p>										
Mandatory Fringe Benefits			(\$100,688)	(\$147,543)			(\$110,773)	(\$161,233)	\$50,460	
<p>Corresponds to recommended increase in Attrition Savings</p>										
Other Equipment Maintenance			\$4,752,560	\$4,552,560			\$4,752,560	\$4,552,560	\$200,000	
<p>The budget for 02999 Other Equipment Maintenance has increased by \$452,292, from \$4,300,268 in FY 2010-11 to \$4,752,560 in FY 2011-12 and FY 2012-13. Reduce by \$200,000 to reflect projected expenditures in FY 2010-11 and actual expenditures in prior years. The Budget and Legislative Analyst's recommendation would still provide an increase of \$252,292 to pay for expected increases in elevator and escalator maintenance contracts.</p>										
Equipment Purchases			\$50,000	\$48,907			\$1,093		\$0	
<p>Based on vendor quotes.</p>										
Equipment Purchases			\$51,000	\$49,837			\$1,163		\$0	
<p>Based on vendor quote</p>										
Equipment Purchases			\$76,000	\$72,816			\$3,184		\$0	
<p>Based on vendor quote</p>										
Equipment Purchases			\$158,000	\$153,837			\$4,163		\$0	
<p>Based on vendor quote</p>										

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
2011-2012 and 2012-2013**

AIR - Airport

		FY 2011-2012				FY 2012-2013					
Object Title	FTE		Amount		GF 1T	FTE		Amount		Savings	GF 1T
	From	To	From	To		From	To	From	To		
Equipment Purchases			\$30,000	\$23,710	x					\$0	
Based on vendor quote											
Automotive & Other Vehicles			\$930,002	\$923,301	x					\$0	
Based on vendor quote											
BG7 - Operations & Security (5A AAA AAA)											
Other Equipment Maintenance			\$2,680,000	\$2,400,000				\$2,680,000	\$2,400,000	\$280,000	
Airport has requested \$2,680,000 in new expenditures for maintenance of passenger processing, baggage handling, and other passenger systems. Reduce Other Equipment Maintenance by \$280,000 to reflect the actual expected expenditures in FY 2011-12.											
BG8 - Facilities (5A AAA AAA)											
Equipment Purchases			\$30,000	\$26,303	x					\$0	
Based on vendor quote											
BG9 - Planning and Environmental Affairs(5A AAA AAA)											
5299 Planner IV	1.0	0.0	\$112,447	\$0				\$112,447	\$0	\$117,994	
5291 Planner III	0.0	1.0	\$0	\$94,779				(\$94,779)	\$0	(\$99,455)	
Disapprove upward substitution of a 5291 Planner III to a 5299 Planner IV. The Airport has requested that this position assume more tasks and functions without assigning the position a higher level of responsibility.											
Ongoing reduction											

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
2011-2012 and 2012-2013**

AIR - Airport

Object Title	FY 2011-2012				FY 2012-2013							
	FTE From	FTE To	Amount From	Amount To	GF 1T	Savings	FTE From	FTE To	Amount From	Amount To	Savings	GF 1T
Mandatory Fringe Benefits			\$41,910	\$0		\$41,910			\$47,260	\$0	\$47,260	
Mandatory Fringe Benefits			\$0	\$37,596		(\$37,596)			\$0	\$42,499	(\$42,499)	
Corresponds to recommended increase in Attrition Savings												
Attrition Savings			(\$50,966)	(\$150,966)		\$100,000			(\$53,056)	(\$153,056)	\$100,000	
The Airport has reduced Attrition Savings by \$240,373, from -\$291,339 in FY 2010-11 to -\$50,966 in FY 2011-12 to allow for the hiring of vacant positions. Increase Attrition Savings by \$100,000 to reflect actual hiring dates and projected salary surplus in FY 2010-11.												
Mandatory Fringe Benefits			(\$20,375)	(\$60,353)		\$39,978			(\$23,090)	(\$66,610)	\$43,520	
Corresponds to recommended increase in Attrition Savings												
Non Air Travel			\$11,290	\$6,290		\$5,000			\$11,290	\$6,290	\$5,000	
Reduce to reflect actual expenditures in prior fiscal years.												
Ongoing reduction												
BGQ - Fire Airport Bureau (5A AAA AAA)												
Equipment Purchases			\$23,000	\$20,829		\$2,171					\$0	
Based on vendor quote												
BGR - Police Airport Bureau (5A AAA AAA)												
Equipment Purchases			\$36,600	\$35,083		\$1,517					\$0	
Based on vendor quote												

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
2011-2012 and 2012-2013**

AIR - Airport

Object Title	FY 2011-2012				FY 2012-2013									
	FTE From	FTE To	Amount From	Amount To	Savings	GF	IT	FTE From	FTE To	Amount From	Amount To	Savings	GF	IT
Automotive & Other Vehicles			\$290,000	\$275,539	\$14,461		x							\$0
Based on vendor quote														
Equipment Purchases			\$13,075	\$13,037	\$38		x							\$0
Based on vendor quote														
Animal Purchase			\$20,000	\$11,471	\$8,529		x							\$0
Based on vendor quote														

GF = General Fund

IT = One Time Reductions

FY 2011-2012

Total Recommended Reductions

	One-Time	Ongoing	Total
General Fund Impact	\$0	\$0	\$0
Non-General Fund Impact	\$53,231	\$2,122,837	\$2,176,068
Total	\$53,231	\$2,122,837	\$2,176,068

FY 2012-2013

Total Recommended Reductions

	One-Time	Ongoing	Total
General Fund Impact	\$0	\$0	\$0
Non-General Fund Impact	\$0	\$2,247,106	\$2,247,106
Total	\$0	\$2,247,106	\$2,247,106

BUDGET REVIEW EXECUTIVE SUMMARY

YEAR ONE: FY 2011-12

Budget Changes

The Port's proposed \$77,785,511 budget for FY 2011-12 is \$3,792,412 or 5.1 percent more than the original FY 2010-11 budget of \$73,993,099.

Personnel Changes

The number of Net Operating full-time equivalent positions (FTE) budgeted for FY 2011-12 is 222.16 FTEs, which is 5.33 FTEs more than the 216.83 FTEs in the original FY 2010-11 budget. This represents a 2.5 percent increase of FTEs from the original FY 2010-11 budget.

Revenue Changes

Port revenues, consistent with expenditures, have increased \$3,792,412 or 5.1 percent percent, from the original FY 2010-11 budget of \$73,993,099 to the proposed FY 2011-12 budget of \$77,785,511.

YEAR TWO: FY 2012-13

Budget Changes

The Port's proposed \$74,771,106 budget for FY 2012-13 is \$3,014,405 or 4.0 percent less than the original FY 2011-12 budget of \$77,785,511.

Personnel Changes

The number of Net Operating FTEs budgeted for FY 2012-13 is 222.71 FTEs, which is .55 FTEs more than the 222.16 FTEs in the original FY 2011-12 budget.

Revenue Changes

Port revenues, consistent with expenditures, have decreased by \$3,014,405 or 4.0 percent, from the original FY 2011-12 budget of \$77,785,511 to the proposed FY 2012-13 budget of \$74,771,106.

RECOMMENDED REDUCTIONS

The Budget and Legislative Analyst's recommended reductions to the proposed budget total \$530,000 in FY 2011-12 and \$545,481 in FY 2012-13. The recommended reductions in FY 2011-12 would still allow an increase of \$3,262,412 or 4.4 percent in the Department's FY 2011-12 budget.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS, FISCAL YEARS 2011-12 & 2012-13**

DEPARTMENT: PRT – PORT

SUMMARY OF PROGRAM EXPENDITURES:

Program	2009-2010 Actual	2010-2011 Budget	2011-2012 Proposed	Change From 2010-2011	Pct Change	2012-2013 Proposed	Change From 2011-2012	Pct Change
PORT								
ADMINISTRATION	16,153,907	21,911,534	22,942,839	1,031,305	5%	23,859,553	916,714	4%
ENGINEERING & ENVIRONMENTAL	2,823,638	4,192,624	4,197,396	4,772	0%	4,516,346	318,950	8%
MAINTENANCE	22,887,455	30,588,386	33,809,680	3,221,294	11%	29,237,083	(4,572,597)	(14%)
MARITIME OPERATIONS & MARKETING	2,222,307	3,186,781	3,834,026	647,245	20%	3,749,341	(84,685)	(2%)
NON-GRANT CONSTRUCTION PROJECTS	0	139,456	0	(139,456)	(100%)	0	0	N/A
PLANNING & DEVELOPMENT	2,839,768	3,491,920	2,946,078	(545,842)	(16%)	3,093,412	147,334	5%
REAL ESTATE & MANAGEMENT	8,607,298	10,482,398	10,055,492	(426,906)	(4%)	10,315,371	259,879	3%
PORT Total	55,534,373	73,993,099	77,785,511	3,792,412	5%	74,771,106	(3,014,405)	(4%)

The Port's proposed FY 2011-12 budget has increased by \$3,792,412 largely due to:

- \$488,412 increase in salaries from three new positions, and an annualization of one position approved in current FY 2010-11 and two upgraded position substitutions;
- \$1,038,297 increase in related fringe benefits, due to increase in retirement, health service and dental benefit costs;
- \$208,943 increase in equipment to purchase eight trucks, cleaning and other equipment;
- \$775,887 increase in debt service costs to issue an additional \$15 million of Port revenue bonds for the Cruise Terminal Project;
- \$2,505,541 net increase in capital and facilities repair and replacement projects for Information Technology acquisitions and upgrades and to address various Port facilities projects; and
- Offset by a \$1,054,179 decrease in Services of Other Departments, from reductions in DPW's architectural services, City Planning fees, Police security, Real Estate staffing and PUC expenditures.

The Port's proposed FY 2012-13 budget will decrease by \$3,014,405 largely due to:

- \$987,770 increase in salaries and \$1,051,585 increase in related fringe benefits;
- \$821,508 increase in debt service costs;
- Offset by \$212,808 decrease in Services of Other Departments; and
- \$5,704,414 reductions in various capital projects, primarily resulting from reductions in capital repair and replacement expenditures and Information Technology equipment acquisitions and upgrades.

• **DEPARTMENT PERSONNEL SUMMARY:**

The number of Net Operating FTEs in FY 2011-12 is 5.33 more than the 216.83 FTEs in FY 2010-11.

The FY 2012-13 budget includes .55 FTEs new positions.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS, FISCAL YEARS 2011-12 & 2012-13**

DEPARTMENT: PRT – PORT

America's Cup

On December 31, 2010, San Francisco was selected to host the 34th America's Cup, under the terms specified in the Host City and Venue Agreement approved by the Board of Supervisors on December 14, 2010 (File 10-1259; Resolution No. 585-10). In accordance with this Agreement, Piers 19, 23, 27-29, 26, 28 and 30-32 and Seawall Lot 330 are proposed for America's Cup activities. In late March, 2011, the Board of Supervisors approved a Memorandum of Understanding (MOU) between the Port and the Controller specifying that the estimated lost rent and costs are greater than the Port's ability to pay for the 34th America's Cup (File 10-1564). As estimated at the time of approval of this MOU, \$2,183,760 of General Fund revenues are included in the proposed FY 2011-12 Port budget and \$2,989,258 of General Fund revenues are included in the proposed FY 2012-13 Port budget to offset the Port's estimated revenue losses from tenants required to vacate Port property in order to provide such facilities for the America's Cup.

In addition, the Port's capital budget includes \$1,000,000 in FY 2011-12 and \$1,225,000 in FY 2012-13 for the Pier 27 Cruise Terminal Project and the Port's Real Estate promotions budget would increase by \$85,000 from \$65,000 to \$150,000, to provide increased promotions for the America's Cup. Additionally, as related to the America's Cup but not supported with Port revenues, in FY 2011-12, the Port has requested that the Office of Economic and Workforce Development (OEWD) include a Project Manager (0932) at an estimated cost of \$189,280, a Property Manager (9395) at an estimated cost of \$131,980, and a Planner IV at an estimated cost of \$148,856, as well as \$350,000 funding for the Department of Building Inspection's (DBI) permit review, and \$750,000 for America's Cup Project contingency.

COMMENTS:

The Budget and Legislative Analyst's recommended reductions to the proposed budget total \$530,000 in FY 2011-12 and \$545,481 in FY 2012-13. The recommended reductions in FY 2011-12 would still allow an increase of \$3,262,412 or 4.4 percent in the Department's FY 2011-12 budget.

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
2011-2012 and 2012-2013**

PRT - Port		FY 2011-2012				FY 2012-2013						
		FTE		Amount		FTE		Amount				
Object Title	From	To	From	To	Savings	GF	IT	From	To	Savings	GF	IT
BKZ - Real Estate & Management												
Rents & Leases- Bldgs & Structures			\$2,995,000	\$2,845,000	\$150,000			\$3,017,000	\$2,867,000	\$150,000		
Reduce rents by \$150,000 to reflect actual rent and lease rates.												
BKO - Administration												
Materials and Supplies			\$151,295	\$101,295	\$50,000		x	\$133,313	\$108,313	\$25,000		x
Reduce to reflect reductions in Information Technology (IT) materials and supplies which are proposed for increase.												
Professional & Specialized Services			\$10,000	\$0	\$10,000		x					
Eliminate \$10,000 for consultant services to update Nexus studies and provide economic feasibility analysis to evaluate effectiveness of new projects which will not occur in FY 2011-2012.												
Reduce to reflect reductions in IT materials and supplies budget.												

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
2011-2012 and 2012-2013**

PRT - Port	FY 2011-2012						FY 2012-2013					
	Object Title		FTE		Amount		Savings		GF		IT	
	From	To	From	To	From	To	From	To	From	To	From	To
BKY - Maintenance												
Premium Pay- Miscellaneous							\$163,274				\$125,774	\$37,500
<p>Employees covered by the Memoranda of Understanding (MOUs) between the City and the labor unions for the Consolidated Crafts, Electrical Workers, Plumbers and Steamfitters, Laborers, and other employee unions receive lead worker premium pay if (1) the employee is assigned to be lead in a crew of at least two employees of the same classification, or (2) plans, designs, sketches, lays out, details, estimates, or orders materials. In the Budget and Legislative Analyst's pending performance audit of City Departments' Management of Lead Worker Premium Pay and Standby Pay, the Budget and Legislative Analyst found that City departments lack effective management oversight of lead worker assignments. Many lead worker assignments are rotated among all or most of the employees in a classification without adequate distinction between the lead worker and other employees within the classification. Also, City departments may pay lead worker premiums to employees who supervise no other employees but are considered to "plan, design, sketch, lay out, detail, estimate, or order materials".</p> <p>The Budget and Legislative Analyst recommends that the Department of Human Resources meet and confer with the respective labor unions prior to the expiration of the subject MOUs on June 30, 2012 to (1) define the responsibilities and span of control of a lead worker assignment and qualifications of lead workers, and (2) negotiate revised MOU provisions. In FY 2010-11, the Port's projected expenditures for lead worker premium pay is \$75,000. Assuming comparable expenditures in future fiscal years, a 50 percent reduction in lead worker premium pay would result in an estimated savings of \$37,500 from \$75,000 in FY 2011-12 to \$37,500 in FY 2012-13.</p>												
Mandatory Fringe Benefits							\$12,981				\$10,000	\$2,981
Corresponds to recommended reduction in Lead Worker Premium Pay.												

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
2011-2012 and 2012-2013**

PRT - Port		FY 2011-2012						FY 2012-2013						
		FTE		Amount		GF	IT	FTE		Amount		GF	IT	
Object Title	From	To	From	To	Savings			From	To	From	To			Savings
Equipment Purchase			\$594,999	\$414,999	\$180,000		x			\$500,000	\$320,000	\$180,000		x
<p>The Department budgeted to purchase 8 medium replacement F250/350 Trucks for the Maintenance Division at a cost of \$45,000 per truck or a total of \$360,000. However, the Department did not purchase the 4 Trucks budgeted in the current fiscal year, such that those funds will be carried forward for purchase in FY 2011-2012. Therefore, the proposed above reduction would enable the Maintenance Division to purchase 4 medium F250/350 Trucks at a cost of \$45,000 per vehicle for the Maintenance Division in FY 2011-2012.</p>														
Equipment Purchase			\$414,999	\$374,999	\$40,000		x			\$320,000	\$270,000	\$50,000		x
<p>The Department budgeted to purchase 8 medium replacement F250/350 Trucks at a cost of \$45,000 per truck or a total of \$360,000. The previous recommendation reduced this purchase from 8 Trucks to 4 Trucks at a cost of \$45,000 per truck, or a total savings of \$180,000. However, the actual cost for each truck based on vendor quotes is \$35,000 or \$10,000 less per vehicle than is budgeted. Therefore, the proposed recommendation would reduce each of the 4 recommended Trucks by \$10,000 each, or a further reduction of \$40,000.</p>														
Facilities Maintenance and Capital Projects										\$150,000	\$100,000	\$50,000		x
<p>Reduce the proposed Disaster Recovery Project by \$50,000 from \$150,000 to \$100,000 as the detailed explanation identifies a specific need for \$100,000.</p>														
Facilities Maintenance and Capital Projects			\$50,000	\$0	\$50,000		x							
<p>The Department has requested \$50,000 in FY 2011-2012 and an additional \$250,000 in FY 2012-2013 to upgrade the Port's Oracle software for internal finances and other future functions. This recommendation will delete the \$50,000 in FY 2011-2012 but maintain the budgeted \$250,000 in FY 2012-2013 in order to delay the implementation of this project, given all of the other computer-related enhancements budgeted in FY 2011-2012.</p>														

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
2011-2012 and 2012-2013**

PRT - Port	FY 2011-2012				FY 2012-2013																																					
	FTE		Amount		FTE		Amount																																			
	From	To	From	To	From	To	From	To																																		
Facilities Maintenance and Capital Projects			\$475,000	\$450,000			\$475,000	\$450,000					\$25,000																													
The Department, based on revised estimates, only requires \$450,000 for Architectural and Engineering Consulting Services Project (GPO551).																																										
Facilities Maintenance and Capital Projects			\$205,000	\$190,000			\$205,000	\$190,000					\$15,000																													
The Department, based on revised estimates, only requires \$190,000 for the Storm Water Pollution Control Project (GPO228).																																										
Facilities Maintenance and Capital Projects			\$100,000	\$90,000			\$100,000	\$90,000					\$10,000																													
The Department, based on revised estimates, only requires \$90,000 for Sanitary Sewer Management Plan Project (GPO565).																																										
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:50%;"></th> <th style="width:10%;">One-Time</th> <th style="width:10%;">Ongoing</th> <th style="width:10%;">Total</th> <th style="width:10%;">One-Time</th> <th style="width:10%;">Ongoing</th> <th style="width:10%;">Total</th> </tr> </thead> <tbody> <tr> <td>General Fund Impact</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> </tr> <tr> <td>Non-General Fund Impact</td> <td>\$330,000</td> <td>\$200,000</td> <td>\$530,000</td> <td>\$305,000</td> <td>\$240,481</td> <td>\$545,481</td> </tr> <tr> <td>Total</td> <td>\$330,000</td> <td>\$200,000</td> <td>\$530,000</td> <td>\$305,000</td> <td>\$240,481</td> <td>\$545,481</td> </tr> </tbody> </table>																One-Time	Ongoing	Total	One-Time	Ongoing	Total	General Fund Impact	\$0	\$0	\$0	\$0	\$0	\$0	Non-General Fund Impact	\$330,000	\$200,000	\$530,000	\$305,000	\$240,481	\$545,481	Total	\$330,000	\$200,000	\$530,000	\$305,000	\$240,481	\$545,481
	One-Time	Ongoing	Total	One-Time	Ongoing	Total																																				
General Fund Impact	\$0	\$0	\$0	\$0	\$0	\$0																																				
Non-General Fund Impact	\$330,000	\$200,000	\$530,000	\$305,000	\$240,481	\$545,481																																				
Total	\$330,000	\$200,000	\$530,000	\$305,000	\$240,481	\$545,481																																				