

File No. 210672

Committee Item No. 4

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Appropriations Committee

Date June 14, 2021

Board of Supervisors Meeting

Date _____

Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

OTHER (Use back side if additional space is needed)

- Administrative Provisions to the Annual Salary Ordinance
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Completed by: Linda Wong

Date June 7, 2021

Completed by: Linda Wong

Date _____

1
2 Note: Additions are *single-underline italics Times New Roman*;
3 deletions are ~~*strikethrough italics Times New Roman*~~.
4 Board amendment additions are double underlined.
5 Board amendment deletions are ~~strikethrough normal~~.

6 AN ORDINANCE ENUMERATING POSITIONS IN THE ANNUAL BUDGET AND
7 APPROPRIATION ORDINANCE FOR THE FISCAL YEARS ENDING JUNE 30, 202~~2~~4, AND
8 JUNE 30, 202~~3~~2 CONTINUING, CREATING, OR ESTABLISHING THESE POSITIONS;
9 ENUMERATING AND INCLUDING THEREIN ALL POSITIONS CREATED BY CHARTER OR
10 STATE LAW FOR WHICH COMPENSATIONS ARE PAID FROM CITY AND COUNTY
11 FUNDS AND APPROPRIATED IN THE ANNUAL APPROPRIATION ORDINANCE;
12 AUTHORIZING APPOINTMENTS OR CONTINUATION OF APPOINTMENTS THERETO;
13 SPECIFYING AND FIXING THE COMPENSATIONS AND WORK SCHEDULES THEREOF;
14 AND AUTHORIZING APPOINTMENTS TO TEMPORARY POSITIONS AND FIXING
15 COMPENSATIONS THEREFORE.

16 BE IT ORDAINED BY THE PEOPLE OF THE CITY AND COUNTY OF SAN FRANCISCO.

17
18 SECTION 1. ESTABLISHMENT, CREATION AND CONTINUATION OF POSITIONS.

19
20 In accordance with the provisions of the Administrative Code, the positions hereinafter
21 enumerated under the respective departments are hereby created, established, or continued
22 for the fiscal year ending June 30, ~~2024~~2022. Positions created or authorized by Charter or
23 State law, compensations for which are paid from City and County funds and appropriated in
24 the Annual Appropriation Ordinance, as that ordinance may be modified during the fiscal year
25 in supplemental appropriation or deappropriation ordinances (together "Annual Appropriation

1 Ordinance”), are enumerated and included herein.

2
3 The word “position” or “positions” as used in the ordinance shall be construed to include office
4 or offices, and the word “employee” or “employees” shall be construed to include officer or
5 officers. The terms “requisition” and “request to fill” are intended to be synonymous and shall
6 be construed to mean a position authorization that is required by the Charter.

7
8 Section 1.1. APPOINTMENTS AND VACANCIES PERMANENT POSITIONS.

9
10 Section 1.1A. Appointing officers as specified in the Charter are hereby authorized,
11 subject to the provisions of this ordinance, to make or continue appointments as needed
12 during the fiscal year to permanent positions enumerated in their respective sections of
13 this ordinance. Such appointments shall be made in accordance with the provisions of
14 the Charter. Appointing officers shall not make an appointment to a vacancy in a
15 permanent position until the request to fill for such position is approved by the Controller.
16 Provided further, that if the Mayor declares an intent to approve requests to fill due to
17 unanticipated financial reasons, appointing officers shall not make an appointment to a
18 vacancy in a permanent position until the request to fill for such position is approved by
19 the Mayor. Provided further, that if changes occur to the classification, compensation, or
20 duties of a permanent position, appointing officers shall not make an appointment to a
21 vacancy in such position until the request to fill for such position is approved by the
22 Department of Human Resources. Provided further, that in order to prevent the
23 stoppage of essential services, the Human Resources Director may authorize an
24 emergency appointment pending approval or disapproval of a request to fill, if funds are
25 available to pay the compensation of such emergency appointee.

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Provided that if the proposed employment is for inter-departmental service, the Controller shall approve as to conformity with the following inter-departmental procedure. Appointing officers shall not authorize or permit employees to work in inter-departmental service unless the following provisions are satisfied. The payment of compensation for the employment of persons in inter-departmental service shall be within the limit of the funds made available by certified inter-departmental work orders and such compensation shall be distributed to the inter-departmental work orders against which they constitute proper detailed charges.

A. If the appointing officer is unable to employ a qualified person to cover the work schedule of a position herein established or authorized, the appointing officer, subject to the provisions of this ordinance and the Annual Appropriation Ordinance and with the approval of the Department of Human Resources, may in the appointing officer's discretion employ more than one person on a lesser work schedule but the combined salaries shall not exceed the compensation appropriated for the position, or may appoint one person on a combined work schedule but subject to the limitation of the appropriation and the compensation schedule for the position and without amendment to this ordinance.

B. Where a vacancy exists in a position, the Human Resources Director may and is hereby authorized to approve a temporary (diverted) request to fill in a different class, provided that the Controller certifies that funds are available to fill that vacancy on this basis, and provided that no action taken as a result of the application of this section will affect the classification of the position concerned as established in the Annual

1 Appropriation Ordinance and this ordinance.

2
3 An appointing officer, subject to the provisions of this ordinance, the Annual
4 Appropriation Ordinance, the Controller's certification of funds, and Civil Service
5 certification procedures, may employ more than one person on a combined work
6 schedule not to exceed the permanent full-time equivalent, or may combine the
7 appropriations for more than one permanent part-time position in order to create a single
8 full-time equivalent position limited to classifications of positions herein established or
9 authorized and their respective compensation schedules. Such changes shall be
10 reported to the Department of Human Resources and the Controller's office. No full-time
11 equivalent position which is occupied by an employee shall be reduced in hours without
12 the voluntary consent of the employee, if any, holding that position. However, the
13 combined salaries for part-time positions created shall not exceed the compensation
14 appropriated for the full-time position, nor will the salary of a single full-time position
15 created exceed the compensation appropriated for part-time positions. Each permanent
16 part-time employee shall receive the same benefits as existing permanent part-time
17 employees. The funding of additional fringe benefit costs subject to availability of funds
18 will be from any legally available funds.

19
20 Section 1.1B. The Human Resources Director is solely authorized to administratively
21 adjust the terms of this ordinance as follows:

22
23 A. To change the classification of a position provided that the rate of pay is the
24 same or less and the services are in the same functional area.

1 B. To adjust the compensation of a position pursuant to an approved Memorandum
2 of Understanding or ordinance.

3
4 C. To reflect the initial rates of compensation for a newly established classification,
5 excluding classes covered under Administrative Code Sections 2A.76 and 2A.90.

6
7 D. To add positions funded in accordance with section 10.22 of the Annual
8 Appropriation Ordinance, regarding Professional Service Contracts, and section 26
9 of the Annual Appropriation Ordinance, regarding work order appropriations.

10
11 The Department of Human Resources shall promptly notify the Controller, the Clerk of the
12 Board, the Mayor's Office and the affected department(s) if the Human Resources Director
13 takes such actions as authorized above.

14
15 Section 1.1C. Provided further, that if requests to fill for vacant permanent positions issued by
16 departments where the appointing officers are elected officials enumerated in Article II and
17 Section 6.100 of the Charter (the Board of Supervisors, Assessor-Recorder, City Attorney,
18 District Attorney, Public Defender, Sheriff and Treasurer) are approved by the Controller and
19 are not approved or rejected by the Mayor and the Department of Human Resources within 15
20 working days of submission, the requests to fill shall be deemed approved. If such requests
21 to fill are rejected by the Mayor and/or the Department of Human Resources, the appointing
22 officers listed above may appeal that rejection in a hearing before the Budget and Finance
23 and/or Budget and Appropriations Committee of the Board of Supervisors, and the Board of
24 Supervisors in its discretion may then grant approval of said requests to fill.

1 Section 1.1D. The Human Resources Director is authorized to make permanent exempt
2 appointments for a period of up to 6 months to permit simultaneous employment of an existing
3 City employee who is expected to depart City employment and a person who is expected to
4 be appointed to the permanent position previously held by the departing employee when such
5 an appointment is necessary to ensure implementation of successful succession plans and to
6 facilitate the transfer of mission-critical knowledge within City departments.

7
8 Section 1.1E. The Human Resources Director, with concurrence of the Controller, is
9 authorized to adjust the terms of this ordinance to reflect the conversion of temporary
10 positions to a permanent position(s) when sufficient funding is available and conversion is
11 needed either (A) to maintain services when elimination of temporary positions is consistent
12 with the terms of Memoranda of Understanding or (B) to address City staffing needs created
13 by the San Francisco Housing Authority's changing scope of work.

14
15 Section 1.2. APPOINTMENTS TEMPORARY POSITIONS.

16
17 Section 1.2A. Temporary appointments to positions defined by Charter Section 10.104(16) as
18 seasonal or temporary positions may be made by the respective appointing officers in excess
19 of the number of permanent positions herein established or enumerated and such other
20 temporary services as required at rates not in excess of salary schedules if funds have been
21 appropriated and are available for such temporary service. Such appointments shall be
22 limited in duration to no more than 1040 hours in any fiscal year. No appointment to such
23 temporary or seasonal position shall be made until the Controller has certified the availability
24 of funds, and the request to fill for such service is approved by the Controller and the
25 Department of Human Resources. Provided further that in order to prevent the stoppage of

1 essential services, the Human Resources Director may authorize an emergency appointment
2 pending approval or disapproval of the request to fill, if funds are available to pay the
3 compensation of such emergency appointee. No such appointment shall continue beyond the
4 period for which the Controller has certified the availability of funds. Provided that if the
5 proposed employment is for inter-departmental service, the Controller shall approve as to
6 conformity with the following inter-departmental procedure. Appointing officers shall not
7 authorize or permit employees to work in inter-departmental service unless the following
8 provisions are complied with. The payment of compensation for the employment of persons
9 in inter-departmental service shall be within the limit of the funds made available by certified
10 inter-departmental work orders and such compensation shall be distributed to the
11 inter-departmental work orders against which they constitute proper detailed charges.

12
13 Section 1.2B. Temporary Assignment, Different Department. When the needs and the best
14 interests of the City require, appointing officers are authorized to arrange among themselves
15 the assignment of personnel from one department to another department on a temporary
16 basis. Such temporary assignments shall not be treated as transfers, and may be used to
17 alleviate temporary seasonal peak-load situations, complete specific projects, provide
18 temporary transitional work programs to return injured employees to work, or other
19 circumstances in which employees from one department can be effectively used on a
20 temporary basis in another department. All such temporary assignments between
21 departments shall be reviewed and approved by the Department of Human Resources.

22
23 Section 1.3. EXCEPTIONS TO NORMAL WORK SCHEDULES FOR WHICH NO EXTRA
24 COMPENSATION IS AUTHORIZED.

1 Employees appointed to salaried classifications (i.e., designated –Z symbol) shall work such
2 hours as may be necessary for the full and proper performance of their duties and shall
3 receive no additional compensation for work on holidays or in excess of eight hours per day
4 for five days per week, but may be granted compensatory time off under the provisions of any
5 applicable Memorandum of Understanding or ordinance. Provided that, subject to the fiscal
6 provisions of the Charter and the availability of funds, the Human Resources Director may
7 suspend the provisions of this section to allow overtime payment. Approval of overtime
8 payments shall be limited to extraordinary circumstances in which employees are required to
9 work a significant number of hours in excess of their regular work schedules for a prolonged
10 period of time, with a limited ability to use compensatory time off. Further, such payment shall
11 be consistently applied to all personnel in a class.

12
13 SECTION 2. COMPENSATION PROVISIONS.

14
15 Section 2.1. PUC EMPLOYEES ASSIGNED TO HETCH HETCHY AND RECREATION
16 AND PARK EMPLOYEES PERMANENTLY ASSIGNED TO CAMP MATHER.

17
18 The Public Utilities Commission and Recreation and Park Department will pay a stipend of
19 \$443.43 ~~\$418.62~~ per month to employees residing in designated zip code areas enrolled
20 in the Health Services System with employee plus two or more dependents where HMOs
21 are not available and such employees are limited to enrollment to the City Plan I. The
22 Public Utilities Commission will pay a stipend of \$129.10 ~~\$121.90~~ per month to employees
23 residing in designated zip code areas enrolled in the Health Services System with
24 employee plus one dependent where HMOs are not available and such employees are
25 limited to enrollment to City Plan I. These rates may be adjusted by the Health Service

1 System Board to reflect the increase in premiums effective January 1, ~~2022~~2024. The City
2 reserves the right to either reimburse the affected employees or provide an equivalent
3 amount directly to the Health Services System.

4
5 Section 2.2. MOVING EXPENSES.

6
7 Where needed to recruit employees to fill Department Head, Deputy Director or Manager
8 Level IV or higher (Manager V or higher for SFMTA) positions, an appointing authority may
9 authorize the expenditure of pre-offer recruitment expenses, such as interview travel
10 expenses, and reimbursement of post-offer expenses, such as moving, lodging/temporary
11 housing and other relocation costs, not to exceed ~~\$23,181~~\$22,823. Reimbursement will
12 be made for actual expenses documented by receipts. As an alternative, the Controller
13 may authorize advance payment of approved expenses. Payments under this section are
14 subject to approval by the Controller and the Human Resources Director (except for
15 SFMTA, where the approval is the Controller and Director of Transportation). This amount
16 shall be indexed to the growth rate in the Consumer Price Index – All Urban Consumers
17 (CPI-U), as reported by the Bureau of Labor Statistics for the San Francisco Metropolitan
18 Statistical Area from February to February of the preceding fiscal year.

19
20 Section 2.3. SUPPLEMENTATION OF MILITARY PAY.

21
22 A. In accordance with Charter Section A8.400(h) and in addition to the benefits provided
23 pursuant to Section 395.01 and 395.02 of the California Military and Veterans Code and
24 the Civil Service Rules, any City employee who is a member of the reserve corps of the
25 United States Armed Forces, National Guard or other uniformed service organization of

1 the United States and is called into active military service in response to the September
2 11th, 2001 terrorist attacks, international terrorism, conflict in Iraq or related extraordinary
3 circumstances, or to provide medical or logistical support to federal, state, or local
4 government responses to the COVID-19 pandemic shall have the benefits provided for in
5 subdivision (B).

6
7 B. Any employee to whom subdivision (A) applies, while on military leave, shall receive
8 from the City the following supplement to their military pay and benefits:

9
10 1. The difference between the amount of the individual's gross military pay and the
11 amount of gross pay the individual would have received as a City employee, had the
12 employee worked the employee's regular work schedule (excluding overtime unless
13 regularly scheduled as part of the employee's regular work schedule).

14
15 2. Retirement service credit consistent with Section A8.520 of the Charter.

16
17 3. All other benefits to which the employee would have been entitled had the employee
18 not been called to eligible active military service, except as limited under state law or
19 the Charter.

20
21 C. As set forth in Charter Section A8.400(h), this section shall be subject to the following
22 limitations and conditions:

23
24 1. The employee must have been called into active service for a period greater than 30
25 consecutive days.

1
2 2. The purpose for such call to active service shall have been to respond to the
3 September 11th, 2001 terrorist attacks, international terrorism, conflict in Iraq or related
4 extraordinary circumstances, or to the COVID-19 pandemic, and shall not include
5 scheduled training, drills, unit training assemblies or similar events.
6

7 3. The amounts authorized under this section shall be offset by amounts required to be
8 paid pursuant to any other law, so there are no double payments to the employee.
9

10 4. Any employee receiving compensation under this section shall execute an
11 agreement providing that if the employee does not return to City service within 60 days
12 of release from active duty (or if the employee is not fit for employment at that time,
13 within 60 days of a determination that the employee is fit for employment), then the
14 compensation described in Sections (B)(1) through (B)(3) shall be treated as a loan
15 payable with interest at a rate equal to the greater of (i) the rate received for the
16 concurrent period by the Treasurer's Pooled Cash Account or (ii) the minimum amount
17 necessary to avoid imputed income under the Internal Revenue Code of 1986, as
18 amended from time to time, and any successor statute. Interest shall begin to accrue
19 90 days after the employee's release from active service or return to fitness for
20 employment. Such loan shall be payable in equal monthly installments over a period
21 not to exceed 5 years, commencing 90 days after the individual's release from active
22 service or return to fitness for employment.
23

24 5. This section shall not apply to any active duty served voluntarily after the time that
25 the employee is called to active service.

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Section 2.4 CITY EMPLOYEES SERVING ON CHARTER-MANDATED BOARDS AND COMMISSIONS, OR BOARDS, COMMISSIONS AND COMMITTEES CREATED BY INITIATIVE ORDINANCE.

A. City employees serving on Charter-mandated boards and commissions, or boards, commissions and committees created by initiative ordinance, shall not be compensated for the number of hours each pay period spent in service of these boards and commissions, based on a 40-hour per week compensation assumption.

B. City employees covered by this provision shall submit to the Controller each pay period a detailed description of the time spent in service, including attending meetings, preparing for meetings, meeting with interested stakeholders or industry, and writing or responding to correspondence. There is a rebuttable presumption that such employees spend 0.25 of their time in service of these duties. This information shall be made publicly available pursuant to the Sunshine Ordinance.

C. This provision shall not apply to City employees whose service is specified in the Charter or by initiative ordinance, nor shall it apply to City employees serving on interdepartmental or other working groups created by initiative of the Mayor or Board of Supervisors, nor shall it apply to City employees who serve on the Health Service Board, Retiree Health Care Trust Fund Board, or Retirement Board

Section 2.5 STIPEND FOR PLANNING COMMISSIONERS FOR ATTENDANCE AT PLANNING COMMISSION MEETINGS.

1
2 Each commissioner serving on the Planning Commission may receive full stipend for that
3 commissioner’s attendance at each meeting of the Commission, as enumerated and included
4 herein, if the commissioner is present at the beginning of the first action item on the agenda
5 for such meeting for which a vote is taken until the end of the public hearing on the last
6 calendared item. A commissioner of the Planning Commission who attends a portion of a
7 meeting of the Planning Commission, but does not qualify for full stipend, may receive one-
8 quarter of the stipend available for the commissioner’s attendance at each meeting of the
9 commission, as enumerated and included herein

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1 EXPLANATION OF SYMBOLS.

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3 The following symbols used in connection with the rates fixed herein have the significance
4 and meaning indicated.

- 5
6 B. Biweekly.
7 C. Contract rate.
8 D. Daily.
9 E. Salary fixed by Charter.
10 F. Salary fixed by State law.
11 G. Salary adjusted pursuant to ratified Memorandum of Understanding.
12 H. Hourly.
13 I. Intermittent.
14 J. Rate set forth in budget.
15 K. Salary based on disability transfer.
16 L. Salary paid by City and County and balance paid by State.
17 M. Monthly.
18 O. No funds provided.
19 P. Premium rate.
20 Q. At rate set under Charter Section A8.405 according to prior service.
21 W. Weekly.
22 Y. Yearly.

CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292
FAX (415) 252-0461

June 11, 2021


TO: Budget and Appropriations Committee
FROM: Budget and Legislative Analyst 
SUBJECT: June 14, 2021 Special Budget and Appropriations Committee Meeting

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Items 3 & 4 Files 21-0671 & 21-0672	Department: Controller
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MANDATE STATEMENT/DETAILS OF PROPOSED LEGISLATION

File 21-0671: Administrative Provisions of the Annual Appropriation Ordinance

The proposed FY 2021-22 and FY 2022-23 Annual Appropriation Ordinance (AAO) contains the administrative provisions governing the appropriation ordinance. The proposed AAO for FY 2021-22 and FY 2022-23 contain the following major changes to the administrative provisions:

Section 5- Transfers of Functions and Duties

The proposed ordinance updates language describing the process by which the Controller and Human Resources Director make transfers or reassignment of personnel when a duty or performance has been transferred from one department to another. Currently, the AAO states that when there is such a transfer of duties, the Controller and Human Resources Director are authorized to make personnel transfers or reassignments between affected departments at a mutually convenient time not to exceed 100 days from the effective date of the ordinance transferring the duty or function. [emphasis added]

The proposed change adds that the transfers or reassignments of personnel shall not exceed 100 days from the date of the ordinance or Mayoral memorandum transferring the duty or function. According to Ms. Michelle Allersma and Ms. Risa Sandler from the Controller's Office, this new language is being updated to reflect the Charter provisions under which the Mayor and Board may transfer functions between departments. Under Charter Section 4.132, the Mayor may transfer functions with Mayoral "transfer of function" memos, subject to rejection by the Board within 30 days.

Section 10.4- Salary Adjustments, Memoranda of Understanding (MOUs)

The proposed ordinance makes a correction to account for an administrative practicality in the transfer of funds from the City's Salary and Benefits Reserve to department budgets to reflect adjustments in salaries and related mandatory fringe benefits of employees whose compensation is determined through collective bargaining agreements. Specifically, the proposed change adds that adjustments are made to pay requirements above the funding level established in the base and adopted budget of the respective departments. The base budget does not always assume the correct required appropriation for salary and mandatory fringe benefits.

The proposed ordinance also changes language in this section referring to "premium" pay to "other" pay as this broader term encompasses all of the types of pay that fall under mandatory fringe benefits, such as payouts upon retirement.

Section 11.25- Housing Trust Fund

The proposed ordinance notes that the Controller shall account for the appropriation of \$17,600,000 for eligible affordable housing projects in FY 2021-22 as an advance of future year Housing Trust Fund allocations, and shall credit such advance against required appropriations to

that fund for a period of five years, beginning in FY 2023-24, in an annual amount of \$3,250,000. According to Ms. Allersma from the Controller's Office, this pre-payment of obligations to the Housing Trust Fund is included in the Mayor's proposed budget to account for the availability of General Fund revenues in FY 2021-22 and the projected General Fund deficits beginning in FY 2023-24.

Section 12.15- Unclaimed Funds Escheatment Noticing & Accounting Procedures

The proposed ordinance provides authorization to the Treasurer to transfer certain unclaimed funds to the General Fund without public notice if they remain unclaimed for a period of at least one year. Specifically, the Treasurer would be able to transfer any individual items of less than \$15 and any individual items of \$5,000 or less if the depositor's name is unknown. According to Ms. Allersma, several departments have unclaimed funds in small amounts and Government Code Sections 50055 and 50057 allow for transfer of such funds to the General Fund under these circumstances.

The proposed FY 2021-22 General City Responsibility budget includes \$946,782 in one-time escheatment funds, which reflects the transfer of these funds that have built up over time. According to Ms. Allersma, \$900,000 of this amount is from the Office of Labor Standards Enforcement (OLSE) under the Department of Administrative Services and \$46,782 is from the Juvenile Probation Department. The Controller's Office anticipates that amounts transferred to the General Fund after FY 2021-22 will be minimal.

Section 32 - COVID-19 Response and Economic Loss Contingency Reserve; Federal and State Emergency Grant Disallowance Reserve

The proposed ordinance removes the COVID-19 Response and Economic Loss Contingency Reserve and adds the proposed Federal and State Emergency Grant Disallowance Reserve.

The COVID-19 Response and Economic Loss Contingency Reserve was established in FY 2020-21 from \$507 million in FY 2019-20 unassigned fund balance for the purpose of managing costs related to the coronavirus public health emergency and revenue shortfalls caused by the effect of the pandemic on the state and local tax bases, as well as mitigating uncertainty around future funding from the Federal Emergency Management Agency (FEMA) and voter approval of November 2020 business tax measures that were assumed in the FY 2020-22 budget.

The Federal and State Emergency Grant Disallowance Reserve is being proposed in the amount of \$100 million from FY 2020-21 unassigned fund balance for the purpose of managing revenue shortfalls related to reimbursement disallowances from FEMA and other state and federal agencies. According to Ms. Allersma, the City has budgeted to receive \$430 million of reimbursements from FEMA in total since the beginning of the public health emergency, including \$49.5 million in the proposed FY 2021-22 budget. Further, the City has submitted claims to date of \$180.5 million, of which \$36.3 million have been approved (i.e. obligated) by FEMA and \$14.6 million has been paid. According to Ms. Allersma, the balance of funds not approved or paid by FEMA are subject to risk of both lower claiming than that assumed in the budget and potential disallowance of claimed costs. Further, Ms. Allersma noted that the federal

reimbursement and auditing process will likely continue for the coming fiscal year at a minimum, which presents an ongoing risk to budgeted reserves.

Sections 32.1 & 32.2 - Fiscal Cliff Reserve; Federal and State Emergency Revenue Revisions

The Fiscal Cliff Reserve (Section 32.1) is being proposed in the amount of \$293,900,000 from FY 2020-21 unassigned fund balance for the purpose of managing projected budget shortfalls following the spend down of federal and state stimulus funds and other one-time sources used to balance the FY 2021-23 two-year budget. The March Update to the Five-Year Financial Plan (Joint Report) projected a \$499.3 million cumulative shortfall in the General Fund through FY 2025-26 (inclusive of the funds the City expects to receive from the American Rescue Plan Act (ARPA) signed into law in March 2021). Although ARPA funds have helped to balance the City's budget over the next two years, a structural deficit remains. The proposed Fiscal Cliff Reserve is comprised of the balance of the COVID-19 Response and Economic Loss Contingency Reserve (COVID Reserve) remaining after funding the Federal and State Emergency Grant Disallowance Reserve in Section 32 and accounting for the use of the COVID Reserve in the FY 2021-23 two-year budget.

The proposed ordinance provides new authority to the Controller (Section 32.2) to revise approved revenue budgets for federal and state emergency-related revenues in order to manage timing differences and cash flow needs driven by changing guidance and approvals from granting agencies. The ordinance does not allow the Controller to revise such revenue budgets beyond the cumulative total revenue budgets in a given fund for FY 2020-21 through FY 2022-23 and such revisions shall not change the approved expenditure authority. The proposed ordinance requires the Controller to report any such revisions to the Mayor and Board of Supervisors within 30 days of their enactment. According to Ms. Allersma, this authority will help the Controller manage the uncertainty in timing and eligibility for emergency grant funds.

Section 35 – Administration of Appropriation Advances to Contested Taxes

The proposed ordinance removes Section 35, which was established to allow for appropriation advances for contested taxes as the litigation against such taxes has been finally resolved. Specifically, Section 35 of the current AAO provided for the advancing of funds to address the policy goals of three measures (June 2018 Prop C Early Care and Education Commercial Rents Tax ordinance; June 2018 Prop G Living Wage for Educators Parcel Tax; and November 2018 Prop C Homelessness Gross Receipts Tax ordinance). According to Mr. Jon Givner from the City Attorney's Office, the litigation regarding the June 2018 Prop C and November 2018 Prop C are both finally resolved. Therefore, the proposed budget spends those tax revenues directly rather than appropriating advances to fund programs covered by the two ballot measures. Further, June 2018 Prop G was repealed by the voters effective July 1, 2021, and was replaced by the November 2020 Prop J Fair Wages For Educators Parcel Tax ordinance.

Section 36 – Equity Investment Report

The proposed ordinance deletes the requirement for the Human Rights Commission (HRC) to submit a report to the Mayor and Board of Supervisors detailing the final investment plan for various appropriated equity investments following the completion of a community driven

planning process. According to Mr. Givner, it is the recommendation of the City Attorney's Office to remove the requirement from the AAO as the Board generally imposes reporting requirements by separate ordinance, rather than through the budget. According to Ms. Sheryl Evans Davis, Executive Director of the HRC, the Department is preparing its report and plans to present it at its first scheduled budget hearing on June 14, 2021.

File 21-0672: Administrative Provisions of the Annual Salary Ordinance

The proposed FY 2021-22 and FY 2022-23 Annual Salary Ordinance (ASO) contains the administrative provisions governing the appropriation ordinance. The changes to the proposed ASO for FY 2021-22 and FY 2022-23 are mostly related to updating compensation provisions to account for changes in inflation, specifically for stipends to employees permanently assigned to Hetch Hetchy and Camp Mather and for moving expenses for new employees in the Manager IV classification or higher. In addition, the proposed ASO adds language regarding supplemental military pay for employees called into active military service in response to the September 11, 2001 terrorist attacks, international terrorism, conflict in Iraq or related extraordinary circumstances.

POLICY CONSIDERATION

The proposed AAO provides for the advance of \$17,600,000 in FY 2021-22 for five years of required transfers from the General Fund to the Housing Trust Fund from FY 2023-24 to FY 2027-28. The Board of Supervisors could consider requesting a report from the Mayor's Office of Housing and Community Development on how this advance might affect the acquisition or development of affordable housing.

The proposed AAO establishes two new reserves: (1) the Federal and State Emergency Grant Disallowance Reserve in the amount of \$100 million and (2) the Fiscal Cliff reserve in the amount of \$293,900,000. The establishment and amount of reserve funds is a policy matter for the Board of Supervisors to consider. We are reviewing these reserves as part of our analysis of the General City Responsibility budget and will present our report on this budget at the Budget and Appropriations Committee hearing scheduled for June 21, 2021.

The proposed AAO removes the requirement for HRC to present a report to the Mayor and Board of Supervisors detailing the final investment plan for various appropriated equity investments following the completion of a community driven planning process. The Board could consider requesting such a report from the HRC Director if it is not presented at the first hearing scheduled on the Department's budget on June 14, 2021.

RECOMMENDATIONS

1. Consider requesting that the Director of the Mayor's Office of Housing and Community Development provide a report to the Board of Supervisors on how the advancement of \$17,600,000 to the Housing Trust Fund in FY 2021-22 may affect the acquisition or development of affordable housing.
2. Consider requesting a report from the Director of the Human Rights Commission detailing the final investment plan for various appropriate equity investments if such a report is not provided on June 14, 2021 at the Budget and Appropriations Committee hearing on the Department's budget.
3. Approve the proposed ordinance.