

CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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May 20, 2014

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 2014-2015 to Fiscal Year 2015-2016 Budget.

Page

Descriptions for Departmental Budget Hearing, May 21, 2014 Meeting, 10:00 a.m.

RET	Retirement System	1
PUC	Public Utilities Commission	8

BUDGET REVIEW EXECUTIVE SUMMARY

YEAR ONE: FY 2014-15

Budget Changes

The department's proposed \$27,909,428 budget for FY 2014-15 is \$5,502,664 or 24.6% more than the original FY 2013-14 budget of \$22,406,764.

Personnel Changes

The number of full-time equivalent positions (FTE) budgeted for FY 2014-15 are 106.82 FTEs, which are 9.33 FTEs more than the 97.49 FTEs in the original FY 2013-14 budget. This represents a 9.6% change in FTEs from the original FY 2013-14 budget.

Revenue Changes

The Department's revenues of \$27,909,428 in FY 2014-15 are \$5,502,664 or 24.6% more than FY 2013-14 revenues of \$22,406,764.

YEAR TWO: FY 2015-16

Budget Changes

The department's proposed \$25,886,464 budget for FY 2015-16 is \$2,022,964 or 7.3% less than the Mayor's proposed FY 2014-15 budget of \$27,909,428.

Personnel Changes

The number of FTE budgeted for FY 2015-16 are 110.57 FTEs, which are 3.75 FTEs more than the 106.82 FTEs in the Mayor's proposed FY 2014-15 budget. This represents a 3.5% increase in FTEs from the Mayor's proposed FY 2014-15 budget.

Revenue Changes

The Department's revenues of \$25,886,464 in FY 2015-16, are \$2,022,964 or 7.3% less than FY 2014-15 estimated revenues of \$27,909,428.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2014-15 AND FY 2015-16**

DEPARTMENT: RET – RETIREMENT SYSTEM

RECOMMENDATIONS

YEAR ONE: FY 2014-15

The Budget and Legislative Analyst's recommended reductions to the proposed budget total \$1,659,406 in FY 2014-15. Of the \$1,659,406 in recommended reductions, \$814,046 are ongoing savings and \$845,360 are one-time savings. These reductions would still allow an increase of \$3,843,258 or 17.2% in the Department's FY 2014-15 budget.

YEAR TWO: FY 2015-16

The Budget and Legislative Analyst's recommended reductions to the proposed budget total \$689,517 in FY 2015-16, all of which are ongoing savings.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2014-15 AND FY 2015-16**

DEPARTMENT: RET – RETIREMENT SYSTEM

SUMMARY OF PROGRAM EXPENDITURES:

Program	FY 2013-2014 Budget	FY 2014-2015 Proposed	Increase/ Decrease from FY 2013-2014	FY 2015-2016 Proposed	Increase/ Decrease from FY 2014-2015
RETIREMENT SYSTEM					
ADMINISTRATION	1,590,839	2,184,652	593,813	2,319,125	134,473
EMPLOYEE DEFERRED COMP PLAN	1,116,513	1,201,610	85,097	1,129,364	(72,246)
INVESTMENT	3,201,735	4,310,219	1,108,484	5,222,340	912,121
RETIREMENT SERVICES	16,497,677	20,212,947	3,715,270	17,215,635	(2,997,312)
RETIREMENT SYSTEM	22,406,764	27,909,428	5,502,664	25,886,464	(2,022,964)

FY 2014-15

The Department's proposed FY 2014-15 budget has increased by \$5,502,664 largely due to:

- A major shift from the current consultant-driven investment model to a staff-driven investment model, in which the Retirement System proposes to hire five new Investment Division positions in FY 2014-15 to implement new investment strategies, including hedge funds and alternative equities. The Retirement System advises that the proposed hedge fund strategy should provide superior risk-return and the alternative equities strategy should earn higher returns by investing in more differentiated ways, as compared to the Retirement System's current traditional equity and fixed income investment strategies. The proposed increases of in-house investment staff are intended to result in higher returns on investment, ability to invest in alternative strategies that are not currently available and protection against downside risk.
- The proposed budget for approval by the Board of Supervisors does not include the non-personnel investment division budget which includes outside private (a) investment management fees of approximately \$56 million annually and (b) investment consultant fees of approximately \$6 million annually, which provide investment expertise for the San Francisco Employees Retirement System (SFERS) Trust of approximately \$19 billion. Therefore, the proposed budget does not reflect any offsetting reductions in such outside investment management or investment consultant fees, although the department indicates that such costs may be able to be reduced in future years.
- An additional three new permanent positions to provide additional administrative and analytical support, increased temporary salaries, upward substitutions, incentive pay for investment staff and across-the-board cost of living salary and fringe benefit increases.
- Increased ongoing lease costs and one-time expenditures in FY 2014-15 for tenant improvements, Department of Technology's (DT) service installation costs, equipment and furnishings, and moving expenses to relocate the Retirement System from their existing City-owned space at 30 Van Ness to leased space at 1145 Market Street.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2014-15 AND FY 2015-16**

DEPARTMENT: RET – RETIREMENT SYSTEM

FY 2015-16

The Department's proposed FY 2015-16 budget has decreased by \$2,022,964 largely due to:

- Continued shift from the current consultant-driven investment model to a staff-driven investment model, in which the Retirement System annualizes the five new Investment Division positions hired in FY 2014-15 and hires two additional new Investment Division positions in FY 2015-16.
- Annualization of the positions hired in FY 2014-15, one new position added in FY 2015-16 and additional cost of living salary and fringe benefit cost increases.
- Reductions primarily due to the one-time costs incurred in FY 2014-15 for the tenant improvements, DT's costs, equipment and furnishing, and moving expenses.

SUMMARY OF DEPARTMENT POSITION CHANGES:

FY 2014-15

The number of full-time equivalent positions (FTE) budgeted for FY 2014-15 are 106.82 FTEs, which are 9.33 FTEs more than the 97.49 FTEs in the original FY 2013-14 budget. This represents a 9.6% increase in FTEs from the original FY 2013-14 budget.

The proposed new positions include:

- One 0943 Manager VIII – Managing Director for Alternative Equity
- One 0942 Manager VII – Director of Portfolio Strategy
- One 0941 Manager VI – Senior Portfolio Manager for Real Assets
- One 4331 Security Analyst – Security Analyst for Alternative Equity
- Two 1842 Management Assistants
- One 1824 Principal Administrative Analyst
- One 1844 Senior Management Assistant

In addition, the department proposes to add over \$200,000 of additional temporary salary funds to assist with special projects and provide as-needed staff.

FY 2015-16

The number of FTE budgeted for FY 2015-16 are 110.57 FTEs, which are 3.75 FTEs more than the 106.82 FTEs in the Mayor's proposed FY 2014-15 budget. This represents a 3.5% increase in FTEs from the Mayor's proposed FY 2014-15 budget.

The proposed new positions include:

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2014-15 AND FY 2015-16**

DEPARTMENT: RET – RETIREMENT SYSTEM

- One 0942 Manager VII – Director of Portfolio Strategy
- One 4331 Security Analyst for Direct and Co-investments (Real Estate)
- One 1060 Principal Programmer Analyst

In addition, the department will be annualizing the positions added in FY 2014-15.

DEPARTMENT REVENUES:

FY 2014-15

The Department's revenues of \$27,909,428 in FY 2014-15 are \$5,502,664 or 24.6% more than FY 2013-14 revenues of \$22,406,764. The Department does not receive General Fund revenues. The Department is fully supported by the SFERS Trust, which as noted above, currently totals approximately \$19 billion.

FY 2015-16

The Department's revenues of \$25,886,464 in FY 2015-16 are \$2,022,964 or 7.3% less than FY 2014-15 estimated revenues of \$27,909,428. The Department is fully supported by the SFERS Trust and does not receive any General Fund revenues.

RECOMMENDATIONS:

FY 2014-15

The Budget and Legislative Analyst's recommended reductions to the proposed budget total \$1,659,406 in FY 2014-15. Of the \$1,659,406 in recommended reductions, \$814,046 are ongoing savings and \$845,360 are one-time savings. These reductions would still allow an increase of \$3,843,258 or 17.2% in the Department's FY 2014-15 budget.

FY 2015-16

The Budget and Legislative Analyst's recommended reductions to the proposed budget total \$689,517 in FY 2015-16, all of which are ongoing savings.

**Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2014-15 and FY 2015-16 Two-Year Budget**

RET - Retirement System

Object Title	FY 2014-15					FY 2015-16						
	FTE		Amount		GF 1T	FTE		Amount		GF 1T		
	From	To	From	To		From	To	From	To		Savings	
FDD - Retirement Services												
Attrition Savings	(5.02)	(7.23)	(\$454,433)	(\$654,433)			(5.02)	(7.18)	(\$463,557)	(\$663,557)	\$200,000	
Mandatory Fringe Benefits			(\$206,951)	(\$298,094)		\$91,143			(\$203,096)	(\$290,770)	\$87,674	
	Total Savings					\$291,143	Total Savings				\$287,674	
	Increase Attrition Savings due to projected salary savings of over \$700,000 in FY 2013-14 and significant increases in temporary salaries and permanent salaries in FY 2014-15.											
Management Assistant	1.00	0.00	\$78,587	\$0		\$78,587		1.00	0.00	\$80,164	\$0	\$80,164
Mandatory Fringe Benefits			\$37,318	\$0		\$37,318				\$36,497	\$0.00	\$36,497
	Total Savings					\$115,905	Total Savings				\$116,661	
	Delete existing vacant 1842 Management Assistant. The proposed budget includes one new 1844 Senior Management Assistant position, a higher level position that can provide additional support for the Deputy Executive Director. We recommend approval of the new 1844 position.											
Principal Admin Analyst	0.50	0.00	\$57,645	\$0		\$57,645		1.00	0.00	\$117,605	\$0	\$117,605
Mandatory Fringe Benefits			\$24,353	\$0		\$24,353				\$47,577	\$0.00	\$47,577
	Total Savings					\$81,998	Total Savings				\$165,182	
	Delete requested new 1824 Principal Administrative Analyst. The proposed budget also includes one new 1842 Management Assistant position. We recommend approval of the new 1842 position.											
Training			\$67,300	\$42,300		\$25,000				\$67,300	\$47,300	\$20,000
	Reduce training budget. The proposed reduction still allows for an increase of 60% in training funds.											
Professional & Specialized Services			\$1,113,400	\$813,400		\$300,000				\$913,400	\$813,400	\$100,000
	Reduce professional service contract services based on historical under-expenditures and because the moving expenses are already budgeted under the workorder with the Real Estate Division.											
Equipment Purchase			\$653,544	\$153,544		\$500,000						
	Reduce equipment expenditures of \$500,000 for new workstations at the new leased location that are already budgeted under the workorder with the Real Estate Division.											

Recommendations of the Budget and Legislative Analyst

RET - Retirement System

Object Title	FY 2014-15						FY 2015-16					
	FTE		Amount		GF 1T	Savings	FTE		Amount		GF 1T	Savings
	From	To	From	To			From	To	From	To		
Real Estate Services					x	\$345,360						
	Reduce the funds needed for Real Estate services based on a recently approved 10-year office space lease for the Retirement System at 1145 Market Street. These workorder expenses to Real Estate reflect the portion of the cost of tenant improvements to be paid by the Retirement System, as well as moving expenses and equipment purchases for new workstations.											

FY 2013-14

Total Recommended Reductions

	One-Time	Ongoing	Total
General Fund	\$0	\$0	\$0
Non-General Fund	\$845,360	\$814,046	\$1,659,406
Total	\$845,360	\$814,046	\$1,659,406

FY 2014-15

Total Recommended Reductions

	One-Time	Ongoing	Total
General Fund	\$0	\$0	\$0
Non-General Fund	\$0	\$689,517	\$689,517
Total	\$0	\$689,517	\$689,517

BUDGET REVIEW EXECUTIVE SUMMARY

YEAR ONE: FY 2014-15

Budget Changes

The Department's proposed \$930,501,387 budget for FY 2014-15 is \$56,948,749 or 6.5% more than the original FY 2013-14 budget of \$873,552,638.

Personnel Changes

The number of full-time equivalent positions (FTE) budgeted for FY 2014-15 are 1,844.10 FTEs, which are 17.63 FTEs more than the 1,826.47 FTEs in the original FY 2013-14 budget. This represents a 1.0% increase in FTEs from the original FY 2013-14 budget.

Revenue Changes

The Department's revenues of \$930,501,387 in FY 2014-15, are \$56,948,749 or 6.5% more than FY 2013-14 revenues of \$873,552,638.

YEAR TWO: FY 2015-16

Budget Changes

The Department's proposed \$995,606,925 budget for FY 2015-16 is \$65,105,538 or 7.0% more than the Mayor's proposed FY 2014-15 budget of \$ 930,501,387.

Personnel Changes

The number of full-time equivalent positions (FTE) budgeted for FY 2015-16 are 1,851.48 FTEs, which are 7.38 FTEs more than the 1,844.10 FTEs in the Mayor's proposed FY 2014-15 budget. This represents a 0.4% increase in FTEs from the Mayor's proposed FY 2014-15 budget.

Revenue Changes

The Department's revenues of \$995,606,925 in FY 2015-16, are \$65,105,538 or 7.0% more than FY 2014-15 estimated revenues of \$930,501,387.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2014-15 AND FY 2015-16**

DEPARTMENT: **PUC – PUBLIC UTILITIES COMMISSION**

RECOMMENDATIONS

YEAR ONE: FY 2014-15

The Budget and Legislative Analyst's recommended reductions to the proposed budget total \$4,496,988 in FY 2014-15. Of the \$4,496,988 in recommended reductions, \$4,277,242 are ongoing savings and \$219,746 are one-time savings. These reductions would still allow an increase of \$52,451,761 or 6.0% in the Department's FY 2014-15 budget.

YEAR TWO: FY 2015-16

The Budget and Legislative Analyst's recommended reductions to the proposed budget total \$4,434,257 in FY 2015-16. Of the \$4,434,257 in recommended reductions, \$4,378,694 are ongoing savings and \$55,563 are one-time savings. These reductions would still allow an increase of \$60,671,281 or 6.5% in the Department's FY 2015-16 budget.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2014-15 AND FY 2015-16**

DEPARTMENT: PUC – PUBLIC UTILITIES COMMISSION

SUMMARY OF PROGRAM EXPENDITURES:

Program	FY 2013-2014 Budget	FY 2014-2015 Proposed	Increase/ Decrease from FY 2013-2014	FY 2015-2016 Proposed	Increase/ Decrease from FY 2014-2015
PUBLIC UTILITIES COMMISSION					
ADMINISTRATION	132,271,368	141,909,058	9,637,690	140,509,200	(1,399,858)
CITY CAPITAL PROJECTS	0	0	0	0	0
CUSTOMER SERVICES	13,795,151	13,966,323	171,172	14,149,686	183,363
DEBT SERVICE	272,054,871	290,136,299	18,081,428	325,432,906	35,296,607
ENGINEERING	0	0	0	0	0
FACILITIES MGMT & OPERATIONS	0	0	0	0	0
FINANCE	11,120,890	11,287,588	166,698	11,243,331	(44,257)
GENERAL MANAGEMENT	(62,540,562)	(68,762,029)	(6,221,467)	(67,719,368)	1,042,661
HETCH HETCHY CAPITAL PROJECTS	47,723,652	31,463,100	(16,260,552)	32,334,000	870,900
HETCH HETCHY POWER	0	0	0	0	0
HETCH HETCHY PROJECT OPERATIONS	0	0	0	0	0
HETCHY WATER OPERATIONS	55,922,493	67,192,346	11,269,853	65,998,152	(1,194,194)
HUMAN RESOURCES	10,450,022	11,643,754	1,193,732	11,646,223	2,469
MANAGEMENT INFORMATION	21,637,054	25,461,616	3,824,562	24,304,257	(1,157,359)
OPERATING RESERVE	4,535,327	21,807,583	17,272,256	21,620,213	(187,370)
POWER INFRASTRUCTURE DEV.	20,295,346	54,097,713	33,802,367	75,301,176	21,203,463
POWER PURCHASING/ SCHEDULING	45,889,480	10,532,805	(35,356,675)	10,760,017	227,212
POWER UTILITY FIELD SERVICES	0	0	0	0	0
POWER UTILITY SERVICES	357,000	357,000	0	0	(357,000)
STRATEGIC PLANNING/COMPLIANCE	12,782,488	14,250,842	1,468,354	14,228,727	(22,115)
WASTEWATER CAPITAL PROJECTS	37,000,000	39,000,000	2,000,000	41,000,000	2,000,000
WASTEWATER COLLECTION	31,366,160	32,314,684	948,524	32,391,497	76,813
WASTEWATER DISPOSAL	0	0	0	0	0
WASTEWATER OPERATIONS	3,565,309	3,098,890	(466,419)	3,155,949	57,059
WASTEWATER TREATMENT	71,395,185	75,000,871	3,605,686	76,075,842	1,074,971
WATER CAPITAL PROJECTS	25,772,600	5,173,000	(20,599,600)	17,799,400	12,626,400
WATER PUMPING	0	0	0	0	0
WATER SOURCE OF SUPPLY	23,170,324	53,104,321	29,933,997	46,457,582	(6,646,739)
WATER TRANSMISSION/ DISTRIBUTION	51,709,956	53,433,328	1,723,372	54,044,394	611,066
WATER TREATMENT	43,278,524	44,032,295	753,771	44,873,741	841,446
PUBLIC UTILITIES COMMISSION	873,552,638	930,501,387	56,948,749	995,606,925	65,105,538

FY 2014-15

Major changes in the Department's FY 2014-15 budget are as follows:

Water Enterprise

The Water Enterprise's proposed FY 2014-15 budget has increased by \$40 million largely due to:

- Increased debt service costs of \$25.9 million;
- Increased transfers to the PUC Bureaus to pay for administrative overhead (\$3.0 million), the Hetch Hetchy Enterprise (\$3.5 million), and other internal PUC transfers; and
- Increased transfers to the Capital Improvement Reserve (\$6.0 million).

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2014-15 AND FY 2015-16**

DEPARTMENT: **PUC – PUBLIC UTILITIES COMMISSION**

The Water Enterprise is also proposing the following expenditure increases in the FY 2014-15 budget:

- The Water Enterprise is undertaking a two-year migration of communications services from the existing AT&T system that will be discontinued in 2015. This project will move the Water Enterprise's primary communications to an AT&T VPN (virtual private network) network.
- The Water Enterprise is increasing its water main replacement rate in San Francisco's distribution system, requiring increased staffing and funding for design, construction, and service connections.
- The Water Enterprise maintains a system of online sensor systems to continuously monitor the water system for contamination and provide early warning of abnormalities. Initially part of a pilot grant program, PUC intends to transition this program to a sustainable operation and expand monitoring from the distribution network to the regional system.

Hetch Hetchy Enterprise

The Hetch Hetchy Enterprise's proposed FY 2014-15 budget has a net decrease of \$2.0 million. The changes in the Hetch Hetchy Enterprise budget are largely due to:

- Reductions in power distribution and transmission expenditures based on historical transmission charges imposed by the California Independent System Operator and historical rate increases approved by the Federal Energy Regulatory Commission for the interconnection agreement between PUC and PG&E; and purchase of power for resale to Hetch Hetchy customers that reflect changes in Hetch Hetchy maintenance and operations;
- Increases in expenditure recoveries from the Port, Airport, and other public agencies due to increased electricity consumption; and
- Increases in expenditures for streetlight maintenance.

The Hetch Hetchy Enterprise is required to expand or develop new compliance programs as a result of increased regulatory requirements imposed by the North American Electric Reliability Corporation (NERC). New requirements over the coming years include increased network security and reliability, increasing the department's information technology costs.

Wastewater Enterprise

The Wastewater Enterprise's proposed FY 2014-15 budget has increased by \$19 million due primarily to an increase in reserves, including approximately \$19 million to the General Reserve and \$2.0 million to the Capital Improvements Reserve, offset by reductions in annual debt service. Other increases in the Wastewater Enterprise budget in FY 2014-15 include:

- Professional services contracts in the Wastewater Enterprise to support: (1) Urban Agriculture programs; (2) the North Point document assessment project; (3) specialized

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2014-15 AND FY 2015-16**

DEPARTMENT: **PUC – PUBLIC UTILITIES COMMISSION**

analytical testing for wastewater discharge, biofuel and biosolid programs; (4) educating businesses on Fats, Oils and Greases; and (5) implementation of a Resource Recovery Program.

- A new initiative which seeks to integrate Information technology systems throughout the Wastewater Enterprise business processes. The integrated Emergency Response and Incident Command System will contain a shared database for mobile deployment of Wastewater Enterprise crews in order to optimize resource use.
- Increased cost of hauling and disposing of biosolids and grit under the contract with S&S Trucking, previously approved by the Board of Supervisors (File 13-0962).
- Equipment costs in the Wastewater Enterprise budget primarily due to the purchase of technologies to detect sewer defects that will allow infiltration into the wastewater collection system.

Bureaus

The budget for the PUC Bureaus, which include General Management, Business Services, External Affairs and Infrastructure, has increased by \$6 million, which is funded by transfers to the Bureaus from the Wastewater, Water, and Hetch Hetchy Enterprises. The increase in the Bureau's budget is due largely to the following:

- A new initiative in the Business Services Division for workforce development planning, including (1) developing competency models to serve as core descriptions and proficiency targets in selection, promotion, training, and performance evaluation of PUC staff.
- New funding in the Infrastructure Division to secure leased property to house (1) the Contractor's Assistance Center located at 5 Thomas Mellon Circle; and (2) property at 544 Golden Gate Avenue to house employees and consultants working on the Sewer System Improvement Program.
- Annualization of professional services contracts implemented by the Infrastructure Division in FY 2013-14 support the (1) Cypress Mandela Training Center to provide education and training services to economically disadvantaged individuals, and (2) Contractors Assistance Center to provide on-call consultation and technical assistance to small businesses.
- Professional services contracts in the Business Services Division for new one-time contracts to (1) conduct a cost of service study and evaluate PUC rates, (2) assess document recovery procedures at the North Point Plant, (3) clean up electronic records prior to migration of these records to a new information management system, and (4) workforce development and succession planning.
- New professional services contracts in the External Affairs Division to (1) digitally email PUC's newsletters, notices, and publications, (2) language outreach for the Sewer System Improvement Program, (3) public outreach and education on large scale capital

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2014-15 AND FY 2015-16**

DEPARTMENT: **PUC – PUBLIC UTILITIES COMMISSION**

programs, (4) services to implement recommendations of the 2009 Outmigration Task Force, and (5) support youth workforce programming.

- the new information systems for the Continuity of Operations program to support disaster preparedness throughout San Francisco and San Francisco International Airport.

FY 2015-16

Major changes in the Department's FY 2015-16 budget are as follows:

Water Enterprise

The Water Enterprise's proposed FY 2015-16 budget has increased by \$33.0 million largely due to increased debt service costs (\$24.2 million), increased transfers to the Capital Improvement Reserve (\$8.3 million), and other internal transfers within the Water Enterprise.

Hetch Hetchy Enterprise

The Hetch Hetchy Enterprise's proposed FY 2015-16 budget has increased by \$18.0 million largely due to increased costs associated with power purchasing following the expiration of an interconnection agreement with PG&E. This reflects increases in both Power for Resale and Power Distribution Transmission budget items. The cost projections are based on load increases, historical averages, and expected rate increases.

Wastewater Enterprise

The Wastewater Enterprise's FY 2015-16 budget has increased by \$14.1 million due to \$3.0 million in new funds to the Capital Improvement Reserve and \$11.1 million in debt service payments for proposed new bond issuances in FY 2014-15 and FY 2015-16.

Bureaus

The PUC Bureaus' FY 2015-16 budget increased by approximately \$600,000, and includes new funding for technology upgrades that will include networking equipment, data storage and new servers.

SUMMARY OF DEPARTMENT POSITION CHANGES:

FY 2014-15

The number of full-time equivalent positions (FTE) budgeted for FY 2014-15 are 1,844.10 FTEs, which are 17.63 FTEs more than the 1,826.47 FTEs in the original FY 2013-14 budget. This represents a 1% increase in FTEs from the original FY 2013-14 budget.

Water Enterprise

The Water Enterprise is requesting three new positions: one new project-funded 5207 Associate Engineer to addressing an increasing quantity of projects that require engineering design; one new project-funded 2482 Water Quality Technician to address regulatory compliance issues with increased construction activity; and one new 2482 Water Quality Technician III in the operating budget to address regulatory compliance issues and ensure conformance to sanitary practices.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2014-15 AND FY 2015-16**

DEPARTMENT: **PUC – PUBLIC UTILITIES COMMISSION**

Hetch Hetchy

Hetch Hetchy Water and Power is requesting three new project-funded information technology positions to comply with increased regulatory requirements imposed by the North American Electric Reliability Corporation (NERC).

Wastewater Enterprise

The FY 2014-15 Wastewater Enterprise budget includes three new project-funded positions:

- One new 5602 Post-Construction Policy & Regulatory Specialist to support compliance with the new regulatory requirements and system-wide planning and policy-making for the collection system;
- One 5602 Redevelopment Reviewer to assist in the design of new SFPUC related infrastructure that is compatible with new real estate developments in San Francisco; and
- One new 0932 Manager IV to manage the regulatory interface with the Sewer System Improvement Program.

Bureaus

The PUC Bureaus' FY 2014-15 budget includes 25 new positions. Twenty-one of the 25 new positions have been requested by the Infrastructure Division including:

- One 1822 Administrative Analyst and one 1632 Senior Account Clerk to support the Contractor's Assistance Center;
- One 1822 Administrative Analyst and one 1842 Management Assistant to support the Hetchy System Improvement Program;
- One 1822 Administrative Analyst to support the Sewer System Improvement Program;
- Seven 6318 Construction Inspectors for the Water and Sewer Repair and Replacement Program, and the Hetchy System Improvement Program;
- Two 5207 Associate Engineers to support the Sewer System Improvement Program;
- Two 5241 Engineers to support the Hetchy System Improvement Program and one 5241 Engineer to support the Sewer System Improvement Program;
- Two 5364 Engineer Associates I to work as drafters, updating archival and Geographic Information System (GIS) records as part of the expanded Water and Sewer Repair Replacement Program; and
- Two 5504 Project Managers for the Sewer System Improvement Program.

Four new positions have been requested in Business Services Division including:

- One 1042 IS Engineer-Journey and one 1054 IS Business Analyst-Principal, as well as adjustments to attrition savings to allow the hire of two vacant information technology

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
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FY 2014-15 AND FY 2015-16**

DEPARTMENT: **PUC – PUBLIC UTILITIES COMMISSION**

systems positions to support enterprise-wide information systems and integration of PUC systems; and

- One 1244 Senior Personnel Analyst and one 1824 Principal Administrative Analyst as part of the PUC's new workforce development initiative in FY 2014-15 as noted above.

FY 2015-16

The number of full-time equivalent positions (FTE) budgeted for FY 2015-16 are 1851.48FTEs, which are 7.38 FTEs more than the 1,844.10 FTEs in the Mayor's proposed FY 2014-15 budget. This represents a 0.4% increase in FTEs from the Mayor's proposed FY 2014-15 budget.

Water Enterprise

The Water Enterprise is requesting one new project-funded 5207 Associate Engineer to perform construction management to oversee water main replacement projects.

Hetch Hetchy Enterprise

The Hetch Hetchy Enterprise is requesting an additional three new project-funded information technology positions to comply with increased regulatory requirements imposed by NERC.

Bureaus

The Business Services division has requested two new 1232 Training Officer positions in FY 2015-16 as part of the PUC's new workforce development initiative in FY 2014-15 as noted above.

DEPARTMENT REVENUES:

FY 2014-15

The Department's revenues of \$930,501,387 in FY 2014-15, are \$56,948,749 or 6.5% more than FY 2013-14 revenues of \$873,552,638.

Water Enterprise

Specific changes in the Department's FY 2014-15 revenues include:

- Increased Water Enterprise revenue from the (1) sale of water to San Francisco consumers and suburban retail customers and (2) water service installation charges.
- Transfer of \$29.2 million from the Water Enterprise fund balance to the operating budget to pay for the revenue portion of capital projects and reserves. The projected Water Enterprise fund balance as of June 30, 2014 is \$221.7 million.

Hetch Hetchy Enterprise

Specific changes in the Department's FY 2014-15 revenues include:

- Increased revenues from the sale of electricity to the City's enterprise departments and non-City agencies, and sale of water;

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2014-15 AND FY 2015-16**

DEPARTMENT: **PUC – PUBLIC UTILITIES COMMISSION**

- Offset by reduced use of fund balance in FY 2014-15 (the Hetch Hetchy Enterprise used \$20.7 million in FY 2013-14 and \$0 in FY 2014-15). The Hetch Hetchy Enterprise's projected fund balance as of June 30, 2014 is \$19.3 million.

Wastewater Enterprise

The Wastewater Enterprise's revenues in the FY 2014-15 budget are increasing by \$14.1 million due primarily to increases in sewer rates to commercial and residential customers.

FY 2015-16

The Department's revenues of \$995,606,925 in FY 2015-16, are \$65,105,538 or 7.0% more than FY 2014-15 revenues of \$930,501,387.

Water Enterprise

Increased Water Enterprise revenue in FY 2015-16 come from the sale of water to San Francisco consumers and suburban retail and wholesale customers.

Hetch Hetchy Enterprise

Specific changes in the Hetch Hetchy Enterprise's FY 2015-16 revenues include: Increased revenue from the sale of electricity to non-city customers in addition to the use of \$10.6 million in the Hetch Hetchy fund balance.

Wastewater Enterprise

The Wastewater Enterprise's revenues in the FY 2015-16 budget are increasing by \$14.9 million due primarily to increases in sewer rates to commercial and residential customers.

COMMENTS:

FY 2014-15

The Budget and Legislative Analyst's recommended reductions to the proposed budget total \$4,496,988 in FY 2014-15. Of the \$4,496,988 in recommended reductions, \$4,277,242 are ongoing savings and \$219,746 are one-time savings. These reductions would still allow an increase of \$52,451,761 or 6.0% in the Department's FY 2014-15 budget.

FY 2015-16

The Budget and Legislative Analyst's recommended reductions to the proposed budget total \$4,434,257 in FY 2015-16. Of the \$4,434,257 in recommended reductions, \$4,378,694 are ongoing savings and \$55,563 are one-time savings. These reductions would still allow an increase of \$60,671,281 or 6.5% in the Department's FY 2015-16 budget.

**Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2014-15 and FY 2015-16 Two-Year Budget**

WTR - Water

Title	FY 2014-15						FY 2015-16					
	FTE		Amount		GF 1T	Savings	FTE		Amount		Savings	GF 1T
	From	To	From	To			From	To	From	To		
BDA - Administration												
Travel			\$61,560	\$57,965		\$3,595			\$61,560	\$57,965	\$3,595	
	Ongoing savings.											
Training			\$255,675	\$230,000		\$25,675			\$255,675	\$230,000	\$25,675	
	Ongoing savings.											
Other Current Expenses			\$8,000	\$0		\$8,000			\$8,000	\$0	\$8,000	
	Insufficient justification provided for new funding.											
1934 Storekeeper	1.00	0.00	\$57,816	\$0		\$57,816			\$58,976	\$0	\$58,976	
Mandatory Fringe Benefits			\$30,766	\$0		\$30,766			\$30,181	\$0	\$30,181	
	Total Savings \$88,582											\$89,157
	Delete 1.0 FTE 1934 Storekeeper position based on actual need. The position has been vacant since March 2009. The Department projects a FY 2013-14 salary surplus of \$1.5 million, offset by an increase in Attrition Savings of \$297,836 in FY 2014-15. The Department will still have sufficient funds to meet their FY 2014-15 hiring plan.											
BDJ - Water Source of Supply												
City Grant Programs			\$2,704,178	\$2,404,178		\$300,000			\$2,626,578	\$2,404,178	\$222,400	
	Ongoing savings.											
BDK - Water Transmission/Distribution												
1478 Senior Water Services Clerk	1.00	0.00	\$68,254	\$0		\$68,254		1.00	\$69,624	\$0	\$69,624	
Mandatory Fringe Benefits			\$34,058	\$0		\$34,058			\$33,354	\$0	\$33,354	
	Total Savings \$102,312											\$102,978
	Delete 1.0 FTE 1478 Senior Water Services Clerk, which has been vacant since October 2008. The Department projects a FY 2013-14 salary surplus of \$1.5 million offset by an increase in Attrition Savings in FY 2014-15 of \$297,836. The Department will still have sufficient funds to meet their FY 2014-15 hiring plan.											
3417 Gardener	10.00	9.00	\$645,206	\$580,685		\$64,521		10.00	\$658,160	\$592,344	\$65,816	
Mandatory Fringe Benefits			\$332,660	\$299,394		\$33,266			\$326,103	\$293,493	\$32,610	
	Total Savings \$97,787											\$98,426
	Delete 1.0 FTE 3417 Gardener position to reflect actual needs. The position has been vacant since April 2009. The Department projects a FY 2013-14 salary surplus of \$1.5 million offset by an increase in Attrition Savings in FY 2014-15 of \$297,836. The Department will still have sufficient funds to meet their FY 2014-15 hiring plan.											

**Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2014-15 and FY 2015-16 Two-Year Budget**

WTR - Water

Title	FY 2014-15						FY 2015-16					
	FTE		Amount		GF	1T	FTE		Amount		GF	1T
	From	To	From	To			From	To	From	To		
7339 Apprentice Stationary Engineer Water Treatment	1.00	0.00	\$82,110	\$0	\$82,110		1.00	0.00	\$83,759	\$0	\$83,759	
Mandatory Fringe Benefits			\$37,439	\$0	\$37,439				\$39,097	\$0	\$39,097	
			Total Savings		\$119,549				Total Savings		\$122,856	
	Delete 1.0 FTE 7339 Apprentice Stationary Engineer- Water Treatment. This position has been vacant since August 2011. The Department projects a FY 2013-14 salary surplus of \$1.5 million offset by an increase in Attrition Savings in FY 2014-15 of \$297,836. The Department will still have sufficient funds to meet their FY 2014-15 hiring plan.											
7341 Stationary Engineer, Water Treatment Plant	11.00	10.00	\$950,640	\$864,218	\$86,422		11.00	10.00	\$969,727	\$881,570	\$88,157	
Mandatory Fringe Benefits			\$453,299	\$412,090	\$41,209				\$444,494	\$404,085	\$40,409	
			Total Savings		\$127,631				Total Savings		\$128,566	
	Delete 1.0 FTE 7341 Stationary Engineer - Water Treatment Plant position, which has been vacant since August 2009. The Department projects a FY 2013-14 salary surplus of 1.5 million offset by an increase in Attrition Savings in FY 2014-15 of \$297,836. The Department will still have sufficient funds to meet their FY 2014-15 hiring plan.											
7388 Utility Plumber	36.00	35.00	\$3,543,741	\$3,445,304	\$98,437		36.00	35.00	\$3,614,891	\$3,514,477	\$100,414	
Mandatory Fringe Benefits			\$1,663,775	\$1,617,559	\$46,216				\$1,638,694	\$1,593,175	\$45,519	
			Total Savings		\$144,653				Total Savings		\$145,933	
	Delete 1.0 FTE 7388 Utility Plumber position, which has been vacant since February 2010. The Department projects a FY 2013-14 salary surplus of \$1.5 million offset by an increase in Attrition Savings in FY 2014-15 of \$297,836. The Department will still have sufficient funds to meet their FY 2014-15 hiring plan.											
7514 General Laborer	24.00	23.00	\$1,496,120	\$1,433,782	\$62,338		24.00	23.00	\$1,526,158	\$1,462,568	\$63,590	
Mandatory Fringe Benefits			\$781,857	\$749,280	\$32,577				\$766,724	\$734,777	\$31,947	
			Total Savings		\$94,916				Total Savings		\$95,537	
	Delete 1.0 FTE 7514 General Laborer position, which has been vacant since June 2009. The Department projects a FY 2013-14 salary surplus of \$1.5 million offset by an increase in Attrition Savings in FY 2014-15 of \$297,836. The Department will still have sufficient funds to meet their FY 2014-15 hiring plan.											

**Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2014-15 and FY 2015-16 Two-Year Budget**

WTR - Water

Title	FY 2014-15						FY 2015-16					
	FTE		Amount		GF 1T	Savings	FTE		Amount		GF 1T	Savings
	From	To	From	To			From	To	From	To		
	BDM - Water Treatment											
5207 Associate Engineer	1.00	0.00	\$114,186	\$0	\$114,186				\$116,478	\$0	\$116,478	
Mandatory Fringe Benefits			\$48,362	\$0	\$48,362				\$47,247	\$0	\$47,247	
	Total Savings				\$162,548	Total Savings				\$163,725		
	Delete 1.0 FTE 5207 Associate Engineer position based on actual need. The position has been vacant since June 2008. The Department projects a FY 2013-14 salary surplus of \$1.5 million offset by an increase in Attrition Savings in FY 2014-15 of \$297,836. The Department will still have sufficient funds to meet their FY 2014-15 hiring plan.											
	Ongoing savings.											

FY 2014-15

Total Recommended Reductions

	One-Time		Ongoing		Total
	General Fund	Non-General Fund	General Fund	Non-General Fund	
	\$0	\$0	\$0	\$1,275,247	\$0
Total	\$0	\$0	\$1,275,247	\$1,275,247	\$1,275,247

FY 2015-16

Total Recommended Reductions

	One-Time		Ongoing		Total
	General Fund	Non-General Fund	General Fund	Non-General Fund	
	\$0	\$0	\$0	\$1,206,848	\$0
Total	\$0	\$0	\$1,206,848	\$1,206,848	\$1,206,848

**Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2014-15 and FY 2015-16 Two-Year Budget**

**HHP - Hetch Hetchy
Water and Power**

Title	FY 2014-15						FY 2015-16					
	FTE		Amount				FTE		Amount			
	From	To	From	To	Savings	GF 1T	From	To	From	To	Savings	GF 1T
BDA - Administration												
Manager VII	1.00	0.00	\$177,971	\$0	\$177,971		1.00	0.00	\$181,544	\$0	\$181,544	
Mandatory Fringe Benefits			\$68,765	\$0	\$68,765				\$68,776	\$0	\$68,776	
Manager V	0.00	1.00	\$0	\$154,939	(\$154,939)		0.00	1.00		\$158,049	(\$158,049)	
Mandatory Fringe Benefits			\$0	\$63,130	(\$63,130)					\$63,438	(\$63,438)	
	Total Savings				\$28,667		Total Savings				\$28,833	
	Downgrade 1.0 FTE vacant Manager VII position to 0933 Manager V based on Department's representation of required classification.											
Attrition Savings			(\$48,234)	(\$100,000)	\$51,766				(\$49,202)	(\$100,000)	\$50,798	
Mandatory Fringe Benefits			(\$20,638)	(\$42,787)	\$22,149				(\$20,346)	(\$41,352)	\$21,006	
	Total Savings				\$73,915		Total Savings				\$71,804	
	Increase Attrition Savings. Department has projected FY 2013-14 salary surplus of \$1.6 million. Department decreased attrition savings by \$195,000. Our recommendation still gives the Department sufficient funds to hire vacant positions.											
Air Travel			\$22,850	\$13,074	\$9,776				\$22,850	\$13,074	\$9,776	
	Reduce to FY 2013-14 amount. Department has not shown that the increased air travel to conferences, training and other events is necessary.											
Non Air Travel			\$42,350	\$18,946	\$23,404				\$42,350	\$18,946	\$23,404	
	Reduce to FY 2013-14 amount. Department has not shown that the increased travel to conferences, training and other events is necessary.											
Training			\$90,177	\$63,926	\$26,251				\$94,177	\$63,926	\$30,251	
	Reduce to FY 2013-14 amount. Department has not shown that the increased conferences, training and other events are necessary.											
BDO - Hetchy Water Operations												
Electronic Maintenance Technician	10.00	9.00	\$1,053,258	\$947,932	\$105,326		10.00	9.00	\$1,074,404	\$966,964	\$107,440	
Mandatory Fringe Benefits			\$475,956	\$428,360	\$47,596				\$465,158	\$418,642	\$46,516	
	Total Savings				\$152,921		Total Savings				\$153,956	
	Delete one position that has been vacant since August 2012. Hetch Hetchy projects FY 2013-14 year-end salary savings of \$1.6 million.											

**Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2014-15 and FY 2015-16 Two-Year Budget**

**HHP - Hetch Hetchy
Water and Power**

Title	FY 2014-15						FY 2015-16					
	FTE		Amount		GF 1T	GF 1T	FTE		Amount		Savings	GF 1T
	From	To	From	To			From	To	From	To		
Temporary Salaries			\$810,610	\$700,000			10.00	9.00	\$810,610	\$700,000	\$110,610	
Mandatory Fringe Benefits			\$64,002	\$55,269					\$64,165	\$55,410	\$8,755	
			Total Savings						Total Savings			
			\$119,343		The Department increased temporary salaries based on prior years' expenditures, including for temporary information technology staff. The FY 2014-15 budget includes four new information technology positions and therefore the increase in temporary salaries is not justified.							
Training			\$114,020	\$80,000					\$114,020	\$80,000	\$34,020	
	Department has not shown that the increased conferences, training and other events are necessary. This reduction allows an increase of \$21,178.											
	Ongoing savings.											
	BDG - Hetchy Power Operations											
Manager III	2.00	1.00	\$267,653	\$133,827			2.00	1.00	\$273,027	\$136,514	\$136,514	
Mandatory Fringe Benefits			\$115,934	\$57,967					\$117,089	\$58,545	\$58,545	
			Total Savings						Total Savings			
			\$191,794		Delete one position that has been vacant since December 2010. Hetch Hetchy projects FY 2013-14 year-end salary savings of \$1.6 million.							
	BDG - Power Purchasing											
Manager III	4.00	3.00	\$535,306	\$401,480			4.00	3.00	\$546,053	\$409,540	\$136,513	
Mandatory Fringe Benefits			\$231,867	\$115,934					\$234,181	\$117,091	\$117,091	
			Total Savings						Total Savings			
			\$249,760		Delete one position that has been vacant since April 2012. Hetch Hetchy projects FY 2013-14 year-end salary savings of \$1.6 million.							
	Ongoing savings.											

**Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2014-15 and FY 2015-16 Two-Year Budget**

**HHP - Hetch Hetchy
Water and Power**

Title	FY 2014-15						FY 2015-16					
	FTE		Amount		GF 1T	Savings	FTE		Amount		GF 1T	
	From	To	From	To			From	To	From	To		
Attrition Savings			(\$140,438)	(\$200,000)		\$59,562			(\$143,258)	(\$100,000)	(\$43,258)	
Mandatory Fringe Benefits			(\$59,809)	(\$85,175)		\$25,366			(\$58,755)	(\$41,013)	(\$17,742)	
	Total Savings				\$84,928	Total Savings (\$61,000)						
Department has projected FY 2013-14 salary surplus of \$1.6 million. Department decreased attrition savings by \$158,000. Our recommendation still gives the Department sufficient funds to hire vacant positions.												
Ongoing savings.												

FY 2014-15

Total Recommended Reductions

	One-Time	Ongoing	Total
General Fund	\$0	\$0	\$0
Non-General Fund	\$0	\$994,779	\$994,779
Total	\$0	\$994,779	\$994,779

FY 2015-16

Total Recommended Reductions

	One-Time	Ongoing	Total
General Fund	\$0	\$0	\$0
Non-General Fund	\$0	\$859,072	\$859,072
Total	\$0	\$859,072	\$859,072

**Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2014-15 and FY 2015-16 Two-Year Budget**

CWP - Waste Water

Object Title	FY 2014-15							FY 2015-16						
	FTE		Amount		Savings	GF	IT	FTE		Amount		Savings	GF	IT
	From	To	From	To				From	To	From	To			
BDC - TREATMENT														
1043 IS Engineer - Senior	1.00	0.00	\$129,856	\$0	\$129,856			1.00	0.00	\$132,463	\$0	\$132,463		
Mandatory Fringe Benefits			\$52,396	\$0	\$52,396					\$50,901	\$0	\$50,901		
			\$182,252							Total Savings		\$183,364		
Delete one position which has been vacant since July 2011. Department currently has other filled positions that fit the needs of this classification. The Department's projected FY 2013-14 salary savings are \$2.0 million.														
1820 Junior Administrative Analyst	1.00	0.00	\$64,994	\$0	\$64,994			1.00	0.00	\$66,298	\$0	\$66,298		
Mandatory Fringe Benefits			\$33,028	\$0	\$33,028					\$32,364	\$0	\$32,364		
			\$98,022							Total Savings		\$98,662		
Delete one position which has been vacant since July 2012. Department currently has other filled positions that fit the needs of this classification. The Department's projected FY 2013-14 salary savings are \$2.0 million.														
3417 Gardener	1.00	0.00	\$64,521	\$0	\$64,521			1.00	0.00	\$65,816	\$0	\$65,816		
Mandatory Fringe Benefits			\$33,266	\$0	\$33,266					\$32,610	\$0	\$32,610		
			\$97,787							Total Savings		\$98,426		
Delete one position which has been vacant since July 2011. Department currently has other filled positions that fit the needs of this classification. The Department's projected FY 2013-14 salary savings are \$2.0 million.														
Attrition Savings			(\$1,297,010)	(\$1,355,000)	\$57,990					(\$1,323,050)	(\$1,385,000)	\$61,950		
Mandatory Fringe Benefits			(\$615,607)	(\$643,131)	\$27,524					(\$603,032)	(\$631,268)	\$28,236		
			\$85,514							Total Savings		\$90,186		
Increase Attrition Savings because the Department has projected salary savings of \$2.0 million in FY 2013-14 and multiple long term vacancies.														
7345 Electrician	1.00	0.00	\$95,124	\$0	\$95,124			1.00	0.00	\$97,034	\$0	\$97,034		
Mandatory Fringe Benefits			\$44,931	\$0	\$44,931					\$43,951	\$0	\$43,951		
			\$140,055							Total Savings		\$140,985		
Delete one position which has been vacant since June 2012. Department currently has other filled positions that fit the needs of this classification. The Department's projected FY 2013-14 salary savings are \$2.0 million.														
7514 General Laborer	25.00	23.00	\$1,558,458	\$1,433,781	\$124,677			25.00	23.00	\$1,589,748	\$1,462,568	\$127,180		
Mandatory Fringe Benefits			\$814,432	\$749,277	\$65,155					\$798,670	\$734,776	\$63,894		
			\$189,831							Total Savings		\$191,073		
The Treatment Division has 25 General Laborer positions of which 5 are vacant. Deletion of two positions, which have been vacant since July 2012, allows the Treatment Division 23 positions.														

**Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2014-15 and FY 2015-16 Two-Year Budget**

CWP - Waste Water

Object Title	FY 2014-15						FY 2015-16						
	FTE		Amount		Savings	GF	FTE		Amount		Savings	GF	IT
	From	To	From	To			From	To	From	To			
7372 Stationary Engineer, Sewage Plant	81.00	80.00	\$7,000,166	\$6,913,744	\$86,422		81.00	80.00	\$7,140,712	\$7,052,555	\$88,157		
Mandatory Fringe Benefits			\$3,337,923	\$3,296,714	\$41,209				\$3,273,086	\$3,232,678	\$40,408		
			Total Savings		\$127,631		Total Savings		\$128,565				
	The Treatment Division has 119 total authorized 7372 Stationary Engineer positions of which 13 are vacant. Deletion of one position which has been vacant since February 2012 allows the Treatment Division 118 positions.												
7373 Senior Stationary Engineer, Sewage Plant	28.00	27.00	\$2,738,575	\$2,640,769	\$97,806		28.00	27.00	\$2,793,559	\$2,693,789	\$99,770		
Mandatory Fringe Benefits			\$1,254,422	\$1,209,621	\$44,801				\$1,228,371	\$1,184,501	\$43,870		
			Total Savings		\$142,607		Total Savings		\$143,640				
	The Treatment Division has 40 total authorized 7373 Senior Stationary Engineer positions of which 9 are vacant. Deletion of one position which has been vacant since April 2011 allows the Treatment Division 39 positions.												
7373 Senior Stationary Engineer, Sewage Plant	10.00	9.00	\$978,063	\$880,257	\$97,806		10.00	9.00	\$997,699	\$897,929	\$99,770		
Mandatory Fringe Benefits			\$448,008	\$403,207	\$44,801				\$438,704	\$394,834	\$43,870		
			Total Savings		\$142,607		Total Savings		\$143,640				
	Delete one position which has been vacant since July 2011. Department currently has other filled positions that fit the needs of this classification. The Department's projected FY 2013-14 salary savings are \$2.0 million.												
4 Wheel Electric Burden/ Personnel Carrier									\$20,563	\$0	\$20,563		x
	The proposed equipment purchase was justified because the current vehicle is being borrowed occasionally from another department. No description on the functional efficiency of the equipment was given and as a result it is not a justifiable expense.												
Electric Cart 2 Seat									\$20,000	\$0	\$20,000		x
	Department requests two additional carts. The justification of use or efficiencies gained for each cart was not specified.												

**Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2014-15 and FY 2015-16 Two-Year Budget**

CWP - Waste Water

Object Title	FY 2014-15							FY 2015-16						
	FTE		Amount					FTE		Amount				
	From	To	From	To	Savings	GF	1T	From	To	From	To	Savings	GF	1T
BDE - COLLECTION														
Attrition Savings			(\$259,903)	(\$310,000)	\$50,097						(\$265,121)	(\$310,000)	\$44,879	
Mandatory Fringe Benefits			(\$119,040)	(\$141,985)	\$22,945						(\$116,910)	(\$136,700)	\$19,790	
	Total Savings				\$73,042			Total Savings				\$64,669		
	Increase Attrition Savings because the Department has projected salary savings in FY 2013-14 and multiple long term vacancies.													
	BDA - ADMINISTRATION													
Membership Fees			\$335,501	\$290,000	\$45,501						\$378,373	\$290,000	\$88,373	
	Reduce to previous year's budgeted level.													
	Ongoing savings													
Air Travel			\$35,120	\$24,600	\$10,520						\$34,420	\$24,600	\$9,820	
	Reduce to previous year's budgeted level.													
	Ongoing savings													

FY 2015-16

Total Recommendations			
One-Time	Ongoing	Total	
General Fund	\$0	\$0	\$0
Non-General Fund	\$40,563	\$1,381,405	\$1,421,968
Total	\$40,563	\$1,381,405	\$1,421,968

FY 2014-15

Total Recommendations			
One-Time	Ongoing	Total	
General Fund	\$0	\$0	\$0
Non-General Fund	\$0	\$1,335,369	\$1,335,369
Total	\$0	\$1,335,369	\$1,335,369

**Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2014-15 and FY 2015-16 Two-Year Budget**

PUC - Bureaus

Object Title	FY 2014-15							FY 2015-16						
	FTE		Amount		Savings	GF	1T	FTE		Amount		Savings	GF	1T
	From	To	From	To				From	To	From	To			
	BCV - STRATEGIC PLANNING													
Entertainment & Promotions			\$44,021	\$34,021	\$10,000					\$76,542	\$66,542	\$10,000		
Entertainment & Promotions			\$60,000	\$45,000	\$15,000					\$76,542	\$66,542	\$10,000		
	The Department is adding \$44,021 for a 2-year marketing effort on water conservation; the recommended reductions provide sufficient funds for promotional materials and other expenditures for this function.													
	The Department is requesting an additional \$60,000 to pay for promotional materials for PUC educational programming; the recommended reductions provide sufficient funds for promotional materials and other expenditures for this function.													
Professional & Specialized Services			\$797,400	\$747,400	\$50,000		x							
	The Strategic Planning Division increased spending for Professional Services by \$428,199 in FY 2014-15. The Strategic Planning Division has not fully spent all existing contracted services while adding new services in FY 2014-15.													
Professional & Specialized Services			\$93,199	\$53,199	\$40,000					\$93,445	\$53,445	\$40,000		
	The Strategic Planning Division increased spending for Professional Services by \$428,199 in FY 2014-15. The Strategic Planning Division has not fully spent all existing contracted services while adding new services in FY 2014-15.													
Food			\$25,000	\$15,000	\$10,000					\$45,000	\$25,000	\$20,000		
	No justification was given for this line item to warrant an increase from previous year's budgeted amount.													
	BCT - FINANCE													
Other Materials & Supplies			\$43,289	\$31,900	\$11,389					\$58,007	\$35,090	\$22,917		
Other Materials & Supplies			\$53,908	\$37,950	\$15,958					\$73,899	\$41,745	\$32,154		
	The Department requested an increase for purchases of electronics to adjust for inflation; our recommendation provides for a 10% COLA.													
	The Department requested an increase for purchases of electronics to adjust for inflation; our recommendation provides for a 10% COLA.													
	BCS - MANAGEMENT INFORMATION													
Equipment			\$236,000	\$118,000	\$118,000		x			\$0	\$118,000	(\$118,000)		x
	The Department is requesting upgraded audio-visual equipment for 7 conference rooms; our recommendation spreads the upgrades over 2 years													
	The Department is requesting upgraded audio-visual equipment for 7 conference rooms; our recommendation spreads the upgrades over 2 years													

**Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2014-15 and FY 2015-16 Two-Year Budget**

PUC - Bureaus

Object Title	FY 2014-15						FY 2015-16					
	FTE		Amount		GF	1T	FTE		Amount		GF	1T
	From	To	From	To			From	To	From	To		
Other Materials and Supplies			\$1,432,701	\$1,323,300	\$109,401				\$1,669,293	\$1,455,630	\$213,663	
The Department requested an increase for purchases of electronics to adjust for inflation; our recommendation provides for a 10% COLA.												
BCW - HUMAN RESOURCES												
Training			\$426,699	\$377,299	\$49,400				\$428,699	\$377,299	\$51,400	
Training			\$124,505	\$72,759	\$51,746	x						
The Department increased the training budget for FY 2014-15 and FY 2015-16 but did not demonstrate the benefits of the additional training expenditures; our recommendation allows the Department to have the same resources for training as in FY 2013-14.												
1244 Senior Personnel Analyst	0.77	0.00	\$80,109	\$0	\$80,109			1.00	0.00	\$106,127	\$0	\$106,127
Mandatory Fringe Benefits			\$34,470	\$0	\$34,470					\$43,722	\$0	\$43,722
Total Savings \$114,579												
This position was to support the new workforce development initiative which is also staffed by a 1824 Senior Administrative Analyst and Professional Services contracts.												
1232 - Training Officer								1.54	0.77	\$141,172	\$70,586	\$70,586
Mandatory Fringe Benefits										\$62,283	\$31,142	\$31,142
Total Savings \$101,728												
The Department is requesting two new training officers in FY 2015-16 to support the new workforce development planning initiative. Addition of one new training officer gives the Department four training officers to provide training services.												
BCU - ENGINEERING												
Professional & Specialized Services			\$2,388,190	\$2,188,190	\$200,000					\$2,388,190	\$2,188,190	\$200,000
The Department increased Professional Services by \$500,000 in FY 2014-15 to pay for new contracts but reports underspending on several existing contracts. The recommended reduction will provide sufficient funds for Professional Services.												
Air Travel			\$28,100	\$8,310	\$19,790					\$29,600	\$19,790	\$9,810
			\$18,850	\$6,100	\$12,750					\$18,700	\$12,750	\$5,950
The Department increased the travel budget for FY 2014-15 and FY 2015-16 but did not demonstrate the benefits of the additional training expenditures; our recommendation allows the Department to have the same resources for training as in FY 2013-14.												
Rents/Leases-Bldgs & Structures Budget										\$770,000	\$637,000	\$133,000
x												
Department anticipates reduction in tenant improvement spending for 2nd year of proposed lease. The Budget and Legislative Analyst recommends reducing this line item by \$133,000 to reflect projected expenditures.												

GF = General Fund
1T = One Time

Budget and Finance Committee, May 21, 2014

**Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2014-15 and FY 2015-16 Two-Year Budget**

PUC - Bureaus

Object Title	FY 2014-15						FY 2015-16					
	FTE		Amount		GF		FTE		Amount		GF	
	From	To	From	To	Savings	1T	From	To	From	To	Savings	1T
BDR - GENERAL MANAGEMENT												
Air Travel - Employees			\$18,069		\$5,953				\$18,569		\$5,953	
	The Department increased the travel budget for FY 2014-15 and FY 2015-16 but did not demonstrate the benefits of the additional travel expenditures; our recommendation allows the Department to have the same resources for training as in FY 2013-14.											
Non-Air Travel - Employees			\$22,347		\$7,697				\$22,847		\$7,697	
Non-Air Travel - Employees			\$13,106		\$3,983				\$13,106		\$3,983	
	The Department increased the travel budget for FY 2014-15 and FY 2015-16 but did not demonstrate the benefits of the additional travel expenditures; our recommendation allows the Department to have the same resources for training as in FY 2013-14.											
Training			\$22,898		\$3,148				\$22,898		\$3,148	
Training			\$14,940		\$7,000				\$15,200		\$7,940	
	The Department increased the training budget for FY 2014-15 and FY 2015-16 but did not demonstrate the benefits of the additional training expenditures; our recommendation allows the Department to have the same resources for training as in FY 2013-14.											

FY 2014-15

Total Recommendations

	One-Time		Ongoing		Total	
	General Fund		Non-General Fund		Total	
	\$0	\$0	\$0	\$0	\$0	\$0
	\$219,746	\$671,846	\$671,846	\$891,592	\$891,592	\$891,592
Total	\$219,746	\$671,846	\$671,846	\$891,592	\$891,592	\$891,592

FY 2015-16

Total Recommendations

	One-Time		Ongoing		Total	
	General Fund		Non-General Fund		Total	
	\$0	\$0	\$0	\$0	\$0	\$0
	\$15,000	\$931,370	\$931,370	\$946,370	\$946,370	\$946,370
Total	\$15,000	\$931,370	\$931,370	\$946,370	\$946,370	\$946,370

Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2014-15 and FY 2015-16 Two-Year Budget

**PUC -
Departmentwide**

		FY 2014-15			FY 2015-16		
		Total Recommendations			Total Recommendations		
		One-Time	Ongoing	Total	One-Time	Ongoing	Total
General Fund		\$0	\$0	\$0	\$0	\$0	\$0
Non-General Fund		\$219,746	\$4,277,242	\$4,496,988	\$55,563	\$4,378,694	\$4,434,257
Total		\$219,746	\$4,277,242	\$4,496,988	\$55,563	\$4,378,694	\$4,434,257